

Open

Audit Committee

Agenda

6pm
Wednesday, 6 July 2022
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 B S Dawes
Councillor P Dyke
Councillor A Totty

Councillor N J Desmond
Councillor C Rogers

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 Louisa Bright, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email louisa.bright@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Wednesday, 6 July 2022

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 25 May 2022.	5
5.	Internal Audit Annual Assurance Report 2021/22 To receive a report from the Audit Manager and the Section 151 Officer which informs members of the Internal Audit Annual Assurance Report for 2021/22.	8
6.	Report on Accounting Policies and Estimates To receive a report from the Head of Resources which presents the Accounting Policies for use in preparing the Council's Statement of Accounts for 2021-22 for approval, the accounting estimates and assumptions relied upon in the preparation of the statutory accounts, and details the main characteristics of the methods and models used to make the accounting estimates and the risks related to them.	19

7.	Risk Management – Corporate Risk Register To receive a report from the Head of Resources which informs members of the current Corporate Risk Register and the Budget Risk Matrix	46
8.	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.	
9.	Exclusion of the Press and Public To consider passing the following resolution: “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”.	

Part 2

Not open to the Press and Public

10.	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.	
-----	--	--

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

25 MAY 2022 (6PM)

Present:

Councillors: R H Coleman (Chairman), A Coleman, B S Dawes,
N J Desmond, P Dyke, S Miah and C Rogers.

Observers

Observed remotely: Councillors: H E Dyke and M Rayner.

AUD.01 Apologies for Absence

Apologies for absence were received from Councillors:
P W M Young (Vice-Chairman) and A Totty.

AUD.02 Appointment of Substitutes

Councillor A Coleman was appointed as a substitute for Councillor P Young.
Councillor S Miah was appointed as a substitute for Councillor A Totty.

AUD.03 Declarations of Interests by Members

No declarations of interest were made.

AUD.04 Minutes

Agreed: The minutes of the meeting held on 23 March 2022 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.05 Sector update

The Committee received a verbal sector update from the Council's external auditors, Grant Thornton (GT).

Councillor N Desmond joined the meeting at this point (6.04pm).

The Director GT announced a revised running order for the agenda in that item 7 would be taken before item 6.

The Director GT gave a brief summary of the audit process that was completed in the summer of 2021. He drew members' attention to the range of different recommendations that can be raised by the auditors, namely; statutory, key and improvement. He said that overall, the audit had concluded that the

Agenda Item No. 4

arrangements within the authority were satisfactory and no significant or key recommendations for improvement had been raised. He added that a number of areas had been identified for improvement, which are the lowest recommendation level.

The Director GT answered questions on the update from members.

Agreed: The update be noted.

AUD.06 Annual Audit Report (VFM Report)

The Committee received the Annual Audit report for 2020/2021 from GT.

The Engagement Lead presented the report and outlined the key issues. She advised that they had not identified any significant Value For Money (VFM) weaknesses, but had identified six opportunities for improvement under the financial sustainability, governance and improving economy, efficiency and effectiveness criteria as set out on page 32 of the report.

The Committee discussed the findings and representatives from GT answered questions on the report from members.

The Head of Resources and S.151 Officer advised that the new Corporate Leadership Team (CLT) had taken on board the recommendations. She added that CLT were in the process of undertaking a review of the corporate risk register and this would be presented at a future meeting of the Audit Committee.

The Chairman thanked GT for their reports and advised that he had spoken to the Head of Resources and S.151 Officer regarding member training and this was in hand.

Agreed: The report be noted.

AUD.07 Annual Audit Plan

The Committee received the Annual Audit Plan for the year ending 31 March 2022 from GT.

The Key Audit Partner GT presented the report and outlined the key points. She advised members that the VFM risk assessment had not yet being completed and an update would be included in the next progress report to the Committee.

Agreed: The plan be noted.

AUD.08 Internal Audit Monitoring Report Quarter ended 31 March 2022

The Committee received a report from the Audit Manager which detailed the Internal Audit Monitoring Report for the Quarter ended 31 March 2022.

The Audit Manager presented the report and appendix and outlined the key

Agenda Item No. 4

issues. She took members through each page of the report in detail offering opportunity for questions on each section. The Chairman thanked the Audit Manager and her team for the report.

Agreed: The Committee considered and noted the Internal Audit Monitoring Report for the Quarter ended 31 March 2022 as detailed in the Appendix to the report.

AUD.09 Annual Governance Statement 2020-21 Action Plan Update

The Committee received the Annual Governance Statement 2020-21 Action Plan update from the Head of Resources and S.151 Officer.

The Head of Resources and S.151 Officer presented the report and outlined the key issues. Members were advised that the report set out the current position in relation to the action plan that was developed to address the issues identified in 2020-21. She added that this was the final update on the action plan and was happy to report that many of the actions had been completed.

Agreed: The Committee noted the progress against the Annual Governance Statement Action Plan 2020-21 as attached at Appendix 1 of the report.

AUD.10 Annual Governance Statement 2021-22

To Committee received a report from the Head of Resources and S.151 Officer which sought approval of the Annual Governance Statement 2021-22.

The Head of Resources and S.151 Officer presented the report outlined the key issues. She advised that the format of the action plan had not changed from the previous year.

She explained that to continue to strengthen the Council's governance arrangements, the plan detailed the significant new and continuing governance issues identified and actions had been put in place against each issue for progression in 2022-23.

Agreed: The Committee approved the Annual Governance Statement attached at Appendix 1 of the report.

There being no further business, the meeting ended at 7.03pm.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****6th JULY 2022****INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2021/22**

OPEN	
CABINET MEMBER	Councillor Mary Rayner: Finance and Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Extension 2907 helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 - Internal Audit Annual Assurance Report – 2021/22

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Annual Assurance Report for 2021/22

2. RECOMMENDATIONS

- 2.1 **The Audit Committee is asked to APPROVE the Internal Audit Annual Assurance report for 2021/22 attached as Appendix 1.**

3. BACKGROUND

- 3.1 It is management's responsibility to develop and maintain the internal control systems, to ensure compliance with them and for ensuring that public money is safeguarded 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, since it is an independent appraisal function for the review of the entire internal control system. It is Internal Audit's responsibility to draw any concerns about the adequacy of the system of internal controls and its audit plans to the attention of the Audit Committee.

The definition of Internal Audit as described in the Public Sector Internal Audit Standards is:

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”

- 3.2 In accordance with the UK Public Sector Internal Audit Standards {PSIAS}, the Audit Committee are required to receive an annual report on the work of the Internal Audit Service. In addition, the Internal Audit Charter requires that the Section 151 Officer in consultation with the Audit Manager, prepare an Annual report to the Audit Committee to:-

Agenda Item No. 5

- include an opinion on the overall adequacy and effectiveness of the Council's internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work undertaken to formulate the opinion
- draw attention to any issues judged to be particularly relevant to the preparation of the statement on internal control
- compare the work actually undertaken with the work that was planned
- comment on compliance of the Internal Audit Team with the UK Public Sector Internal Audit Standards.

3.3 The opinion is a personal opinion of the Audit Manager to the Section 151 Officer on the overall adequacy and effectiveness of the Council's internal control environment. The system of internal control is designed to help the Council manage and control risks, which could affect the achievement of the Council's objectives and one of the key elements referenced in the Annual Governance Statement.

3.4 In the giving of this opinion, it should be noted that assurance cannot be absolute in that Internal Audit can only provide for "reasonable" assurance that the systems of internal control processes in those areas subject to review are operating effectively.

4. **KEY ISSUES**

4.1 It is a statutory requirement that this Council has an Internal Audit service as part of its Corporate Governance framework.

4.2 An Annual Governance Statement is required to be published with the Council's Annual Statement of Accounts which is required to be signed by the Leader of the Council and the Chief Executive. The Internal Audit Annual Assurance report contributes to the evidence necessary in order for this statement to be prepared.

4.3 The Accounts and Audit Regulations 2015 require the Council to conduct a review to ensure that it has a sound system of internal control. The Internal Audit Annual Assurance Report provides evidence in respect of this requirement.

4.4 Internal Audit make recommendations to management to improve the internal control environment of the system being reviewed. It is management's responsibility to develop and maintain the internal control systems and take the necessary action to implement agreed recommendations included in final internal audit reports.

4.5 The approved Internal Audit Charter requires that an annual report is prepared covering the items detailed in paragraph 3.2 and this is attached as Appendix 1.

4.6 The aim of most audit reports is to give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment. The levels of assurance arising from the internal audit reviews for 2021/22 together with those of the previous year are as follows:

Agenda Item No. 5

		KEY SYSTEMS <u>Assurance Level</u>			SUBSIDIARY SYSTEMS <u>Assurance Level</u>			
		Full	Some	Limited	Full	Some	Limited	TOTAL
2020~21	Number	14	1	0	0	0	0	15
2021~22	Number	15	4	0	4	0	0	23

- 4.7 The results of this table give an overall perspective only, it should be noted that some audit reviews of both key and subsidiary systems can range from a very large and complicated system to a very straightforward one.
- 4.8 During 2021/22 Internal Audit have sought to further progress work with all service areas and to provide advice and assistance on the implementation of recommendations and actions. As a result, measures have been put into place to facilitate a timelier proactive approach to improving systems and it is fair to conclude that there has been continued improvement in control which is enhanced by the introduction of Action Plans/Progress Reports issued during the course of audit reviews. The aim of these Action Plans/Progress Reports is to enable Managers to react to observations with prompt remedial action which can be evidenced during the audit review and lead to an improved final audit assessment. This collaborative approach has enabled Managers to actively work with the Internal Audit Team to improve the control environment.
- 4.9 The annual report in Appendix 1 also covers a review of the effectiveness of Internal Audit required by the Accounts and Audit Regulations 2015. The UK Public Sector Internal Audit Standards provide for a consistent internal audit framework for the whole of the public sector.
- 4.10 The UK Public Sector Internal Audit Standards were formally adopted by the Audit Committee in December 2013. The standards were revised with effect from April 2016, with further amendments from April 2017 as reported to the Audit Committee. The standards promote further improvement in the professionalism, quality and effectiveness of Internal Audit across the public sector. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide Management with the assurance they need. The Internal Audit Team work in consideration of the Standards which are mandatory for all internal auditors working in the public sector. In accordance with the standards, the Internal Audit Team work to a given methodology as evidenced within the Internal Audit Manual and Internal Audit Charter. In addition, the standards require an external assessment of the Internal Audit Service the outcome of which was formally reported to the Audit Committee on 30th May 2018.
- 4.11 The review of Internal Audit effectiveness is not about process. The focus of the review is in respect of the delivery of the Internal Audit Service to the required standard in order to provide for a reliable assurance on internal control in operation in the council's practices and procedures. In essence, the need for the review is to ensure that the opinion given in Appendix 1 may be relied upon as a key source of evidence for the annual review of internal control.

The review identified no areas of non-compliance with the standards that would affect the operation of the Council's internal audit function. The review did identify some recommendations to further develop the audit service along with some

recommendations to progress towards full compliance with the standards. The review also identified some constructive suggestions for progression of the internal audit function in line with best practice.

- 4.12 The progress on implementation of the actions arising from the external assessment were formally reported to the Audit Committee at its meeting of 26th November 2018. A major requirement of the standards is to maintain a Quality Assurance Improvement Programme {QAIP}. This document sets out the quality assurance arrangement in place for the internal and external assessments of the Internal Audit Service, to ensure there are mechanisms in place to allow for continuous improvement, maintaining best practice and an effective level of performance from the Internal Audit Service. The QAIP was formally approved by the Audit Committee at its meeting of 26th November 2018.
- 4.13 During 2021~22, the work of the Internal Audit Team continued to be impacted by the Covid19 pandemic. The Audit Committee approved the operational Annual Audit plan 2021~22 in March 2021, with the plan having been prepared in consideration of the Covid19 restrictions continuing into the 2021~22 financial year. The internal audit plan continued to focus on the risks identified across the entire internal control environment and ensure to provide the Audit Committee with assurance that the Council's control environment continued to operate well.

5. **FINANCIAL IMPLICATIONS**

There are no financial implications arising directly from this report.

6. **LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Accounts and Audit Regulations 2015, Regulation 3 {Responsibility for Internal Control} requires that:-
"A relevant authority (The Council) must ensure that it has a sound system of internal control which :-
(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,
(b) ensures that the financial and operational management of the authority is effective,
(c) includes effective arrangements for the management of risk"
- 6.2 The Accounts and Audit Regulations 2015 Regulation 5 (1) {Internal Audit} requires that:
"A relevant authority (the Council) 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".
- 6.3 The Accounts and Audit Regulations 2015, Regulation 6 (1) {Review of Internal Control} requires that:-
"A relevant authority (the Council) must each financial year, conduct a review of the effectiveness of the system of internal control required by regulation 3."

"Prepare an annual governance statement"

The annual report attached as an appendix to this report forms part of this review and contributes to the Annual Governance Statement which is considered as part of the financial statements.

7. RISK MANAGEMENT

- 7.1 It is a statutory requirement that the Council undertakes an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control. Further, it is a statutory requirement that the council shall at least once annually conduct a review of the effectiveness of its internal audit.
- 7.2 The Internal Audit service is one element of the Council's assurance/internal control framework. This Key Assurance Service objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. The adoption of the UK Public Sector Internal Audit Standards ensures the Council continues to comply with best practice and mitigates risk accordingly.
- 7.3 This report summarises the work undertaken by the Internal Audit Section for the 2021/22 financial year and is reviewed by the External Auditors as part of their financial audit and provide an opinion on the Internal Audit Service as a contribution to the Council's internal control environment. The annual report has been provided in accordance with the Internal Audit Section's approved Charter.
- 7.4 Corporate Risk Management forms part of the Council's processes as reported to this Committee on 28th July, 24th November 2021 and 23rd March 2022. This assists with the maintenance and development of the council's internal control environment.
- 7.5 The Covid19 pandemic and revised working arrangements to include a hybrid model, changed the risk profile of assurance work for 2021/22 as referenced within the attached appendix. The Internal Audit Team maintained a pragmatic approach with the knowledge that some areas/risks remained high priority or even became higher priority whilst Covid19 response activities continued to take precedent.
- 7.6 The Internal Audit Team continued to support and focus on the current and future risks across the whole internal control environment that arose with the Council operating under Covid19 restrictions. This allowed internal audit to contribute to proposed changes often where the greatest benefit and value could be added, by being receptive, proactive and responsive and be in a position to provide the Audit Committee with assurance that the Council's control environment operates well during periods of stress and implementation of Business Continuity Plans.

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. CONCLUSIONS

- 9.1 The Annual Report 2021/22 provides an opinion from the Audit Manager, endorsed by the Section 151 Officer, on the adequacy and effectiveness of the Council's internal control environment arising from the completion of Internal Audit reviews.
- 9.2 This opinion is based on the work undertaken by the Internal Audit Team in accordance with the approved 2021/22 Annual Audit Plan. The report is presented to members in accordance with the Internal Audit Charter as approved by the Audit Committee.

- 9.3 Overall, it has been concluded that the reasonable assurance can be given on the internal control environment which continued to improve during 2021/22.
- 9.4 A review of the effectiveness of internal audit for the financial year 2021/22 has been undertaken in accordance with current guidelines.

10. CONSULTEES

- 10.1 Corporate Leadership Team
- 10.2 Cabinet Member for Finance and Capital Portfolio

11. BACKGROUND PAPERS

- 11.1 24th March 2021 ~ Internal Audit Annual Plan 2021~22
- 28th November 2018 ~ Quality Assurance & Improvement Programme
- 30th July 2018 ~ Internal Audit Charter {Updated}
- UK Public Sector Internal Audit Standards 2013 {Revised 2017}
- Accounts and Audit Regulations 2015 {SI 234}
- Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
- Accounts and Audit (Coronavirus) (Amendment) Regulations 2021

APPENDIX 1

WYRE FOREST DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL ASSURANCE REPORT – 2021/22

Internal Control Environment

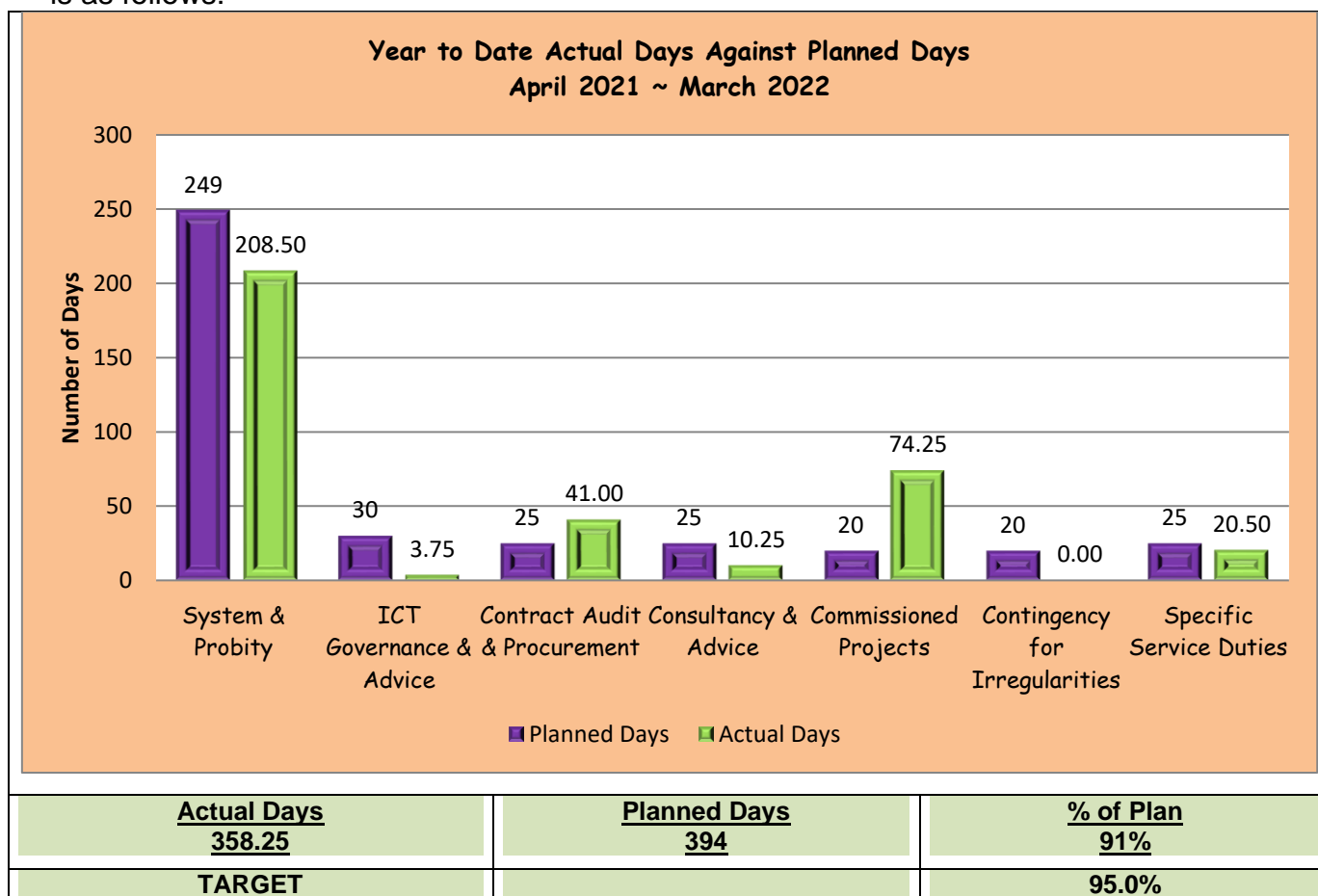
The Council’s Financial Procedure Rules (Financial Regulations) state that it is the responsibility of Service Managers to ensure that there are controls in place for every system under their management. These internal controls include those to prevent and detect fraud in accordance with the Council’s anti-fraud and corruption policies.

The work of the Internal Audit Section relating to the financial year ended 31st March 2022 has been undertaken in accordance with the approved Internal Audit plan 2021/22. The work undertaken has met the requirements of the Council’s External Auditors and is in consideration of the UK Public Sector Internal Audit Standards.

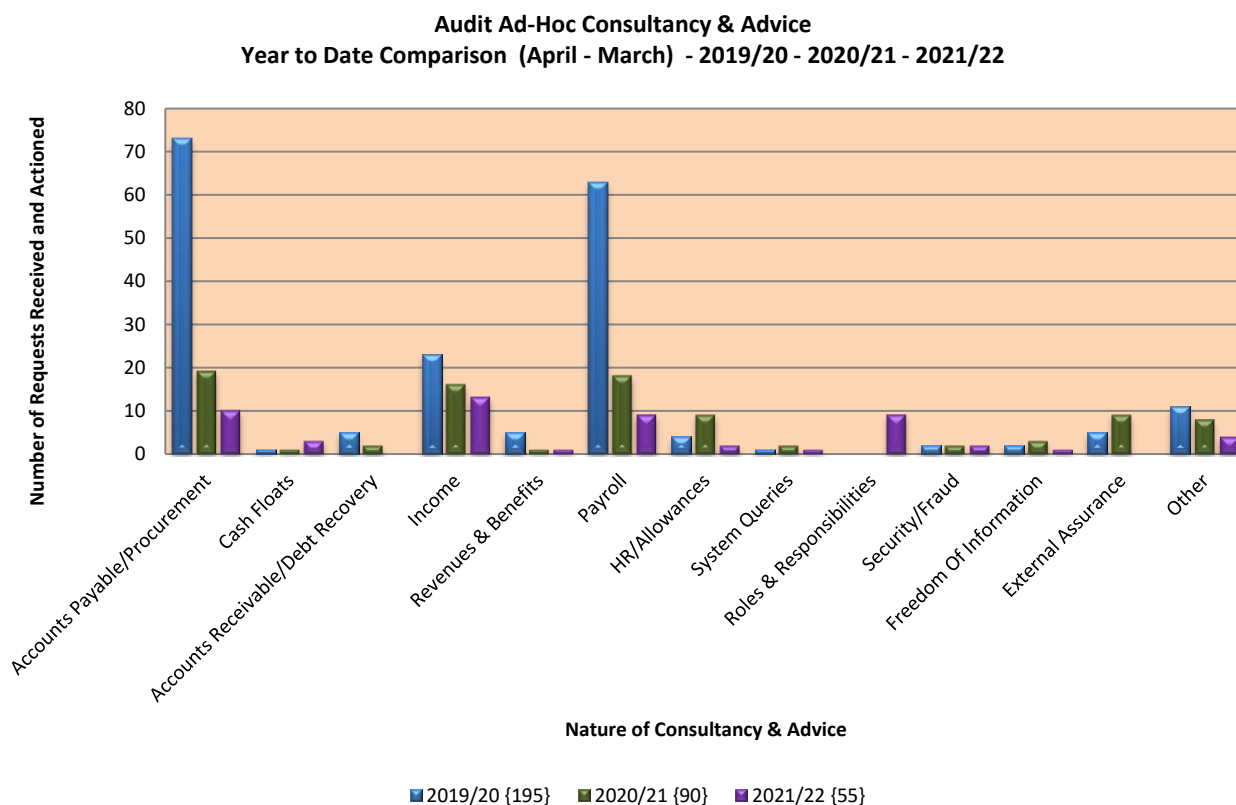
The results of this work have been reported to the Audit Committee in regular monitoring quarterly reports on the 28th July, 24th November 2021, and 23rd March, 25th May 2022. These reports include a summary of the work undertaken in each quarter.

The internal control weaknesses identified from final and draft reports relating to the 2021/22 financial year have been considered in the preparation of this annual report. Where control weaknesses were identified, Management action plans are in place and are subject to ongoing review.

A comparison of the work actually undertaken with the work that was planned by audit type is as follows:



Consultancy, advice and irregularity work are demand led activities, and do fluctuate each year. Utilisation of Internal Audit advice throughout the year ensures that appropriate controls are incorporated at an early stage of planning new or changing current systems and processes. This work reduces the issues that will be raised in future audits and contributes to a stronger control environment. During 2021/22, the Internal Audit Team have continued to provide a consultancy and advice service to colleagues as required.



Audit Opinion

From the work undertaken by internal audit for the 2021~22 financial year it is the opinion of the Audit Manager, that the Council’s internal control environment and systems of internal control as at 31st March 2022 provide reasonable assurance over key business processes and financial systems to include governance and risk management arrangements,

The conclusion on each Internal Audit review is based on the observations identified together with the level of assurance given to Management and recommendations made to improve the operation of the internal controls of the system under review.

It is drawn to the Audit Committee’s attention that the following reports also provide information on the Council’s internal control environment and governance arrangements:

The Council adopted the current CIPFA/SOLACE Corporate Governance Framework. The implementation has been subject to reviews as considered by the Audit Committee. The review of the framework is further supported with additional reports to the Audit Committee following self-assessments against the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and Role of the Head of Internal Audit in Public Sector Organisations. The findings and recommendations of the External Auditors reported to the Audit Committee.

Statement of Organisational Independence

The UK Public Sector Internal Audit Standards require a statement to confirm the independence of the internal audit activity. The organisational independence of the Audit Manager can be confirmed by the following:-

- Reports to the S151 Officer as a member of the Corporate Leadership Team;
- Reports functionally to the Audit Committee and has unrestricted access to the Audit Committee;
- Has unrestricted access to Senior Management;
- Has no further management responsibilities;
- Has no constraints on proposing actions for improvement or forming opinions on individual reports issued.

Review of the effectiveness of the system of internal audit

Work has been undertaken in accordance with the approved Internal Audit plan for 2021/22 and 91 % of this plan has been completed by April 2022. Internal Audit reports have been reported to members of the Council's Corporate Leadership Team and the Audit Committee. Following a mini restructure of the Internal Audit Team in 2019/20, the audit team remained unchanged for 2021/22. During the year, short term funding to cover a period of long-term sickness absence was agreed with the Corporate Leadership Team. Additional resource was secured through the appointment of a temporary senior auditor to the team from early September 2021 to March 2022. This ensured continuity in the provision of an internal audit service and provided for additional support to the internal audit team with the post holder having previously fulfilled the role of Auditor up until her retirement in 2017. The approved Audit Plan is a statement of intent providing the direction of travel and a framework for audit engagements. The annual plan is viewed flexibly and treated as a working document subject to amendment as required to reflect changing corporate conditions or demands, as well as issues that may arise during the currency of the plan, which divert internal audit resources. Performance of the internal audit service has been subject to monitoring throughout the year with quarterly reports to the Audit Committee.

The work of the Internal Audit section is undertaken in accordance with recognised practices and standards and procedures are continually reviewed and refined in order to ensure compliance. This was evidenced with a report to the Audit Committee on 30th May 2018 detailing the outcomes of the mandatory External Assessment of the Internal Audit Service against the UK Public Sector Internal Audit Standards and the formal approval of the Quality Assurance Improvement Programme 26th November 2018, to include the progress on the implementation of the actions arising from the External Assessment.

The External Auditors have sight of the reports of the Internal Audit Team as part of their interim and final audits. This not only allows them to comment on the quality-of-service delivery, but also gives them an opportunity to advise if there are areas where internal audit could focus for future reviews, thus ensuring that the Internal Audit service continues to provide an independent and satisfactory service, contributing to an effective internal control environment for the Council.

As in previous years, the Internal Audit Team continued to work well with their customers, being approachable and able to support employees. Feedback is requested from Service Managers following the completion of an audit review. This allows them to not only comment on the quality-of-service delivery, but an opportunity to advise if there are areas where internal audit could focus for future reviews and provide guidance in respect of the internal control environment specific to their service area.

Corporate Issues

During 2021/22, corporate issues continued to feature with support provided by the Internal Audit Team. Members of the Internal Audit Team continued 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.

Internal Audit continue to undertake work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office. This continuous programme of work is an exercise that matches electronic data within and between the Council and other public and private sector bodies to prevent and detect fraud. As part of the programme, additional data continued to be submitted to cover ongoing Covid-19 grant recipients.

Commissioned Consultancy Engagements

Consultancy engagements are more formal requests to the Audit Manager for Internal Audit to look at an area or provide more detailed advice. This work is classified as commissioned work undertaken with the approval of the Audit Manager to ensure that in consideration of the UK Public Sector Internal Audit Standards add value to current process and procedure changes and improve governance.

→ During the year, a comprehensive and detailed review of the Unity Park construction project {Erection of 9 Industrial Units} was commissioned by the Chief Executive late July 2021 as a priority and to support a report taken by the Chief Executive to a special single subject Audit Committee in late October 2021. This independent review was undertaken by the Audit Manager.

In addition, the financial year 2021/22 has been another challenging one across all service areas, and within the Internal Audit Team, time has been allocated to support the work of the Revenues and Benefits Teams by undertaking detailed post assurance payment checks to cover the additional grant funding provided by central government as part of the Covid-19 pandemic.

COVID-19

A: Restart Grants

Internal audit completed detailed checks on the Restart Grant funding which had been provided to support businesses as restrictions eased in early 2021/22. The detailed testing completed for each grant payment included ensuring that the business was trading on 1st April 2021, classified as active “still trading/solvent” and that grants had been awarded in line with the government scheme. The grant support was payable to non-essential retail, hospitality, accommodation, leisure, personal care and gym businesses, as a one-off grant payable in line with the scheme for the Restart Grant. Under the scheme, there were two strands, with grants paid to non-essential retail business premises to help them reopen safely, and grants payable to hospitality, accommodation, leisure, personal care and gym business premises as they opened in line with the Government road map for easing restrictions.

B: Recovery Grants

Internal audit completed detailed checks on the Recovery Grants awarded as part of the Additional Restrictions Grant Scheme {administered within the North Worcestershire Economic Regeneration & Development Team} revised to enable the Council to support

businesses from all sectors that had been significantly impacted by the restrictions in place early 2021/22 but had not been eligible for the Restart Grant Scheme.

C: Omicron Hospitality & Leisure Grants

Internal audit completed detailed post payment assurance checks on the grant payments awarded in respect of the Omicron Hospitality and Leisure Grant {OHL} scheme applicable to provide support to the hospitality, leisure, and accommodation businesses during the latter part of 2021/22 ensuring all funding was dispersed to recipients by 31st March 2022. The detailed testing completed for each grant payment included ensuring that the business was included on the Valuation Office Ratings List at 30th December 2021, classified as active “still trading/solvent” and that grants had been awarded in line with the government scheme.

In addition to the OHL Grant scheme, additional funding was available as a top-up to the Additional Restrictions Grant {ARG} scheme in place which allowed the Council to support businesses severely impacted by the rise of the Omicron variant. Detailed checks were undertaken by internal audit, to ensure grants were awarded in line with the addendum to the Council Additional Restrictions Grant scheme {December 2021} in that businesses were solvent and trading meeting in full the eligibility criteria outlined in the scheme.

D: Track & Trace

The Internal Audit Team completed post payment assurance payment checks in respect of the Track and Trace Payment Schemes to cover both mandatory and discretionary payments. For each payment, Internal Audit verified that each applicant had completed an application form and provided their unique 8-character Track and Trace ID. Bank details were validated by cross checking to completed application forms for each bank payment file. Payments continued to be made throughout 2021/22 ceasing on 24th February 2022.

In addition to the planned work 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 Internal Audit Plan as follows:

Information Communications Technology (ICT) Governance, Advice & Assistance

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

Contracts & Procurement

- Review and sign off the Development Loan with SUMA {Developments} Ltd.
- Review of the completion of the 9 Industrial Units at Unity Park, Silverwoods following the appointment of a new contractor to include the final payments to practical completion as at 31st March 2022.

The matters reported here indicate that my report may be relied upon as a key source of evidence in the annual review of internal control.

Cheryl Ellerton
Audit Manager

Helen Ogram
Section 151 Officer

22nd June 2022

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE REPORT

6th July 2022

REPORT ON ACCOUNTING POLICIES AND ESTIMATES

OPEN ITEM	
Cabinet Member:	Councillor Mary Rayner Cabinet Member for Finance and Capital Portfolio
Responsible Officer:	Helen Ogram Head of Resources
Contact :	Helen Ogram Ext 2907 Helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Ext 2120 Lisa.hutchinson@wyreforestdc.gov.uk
APPENDIX 1	Appendix 1 – Accounting Policies Appendix 2 – Major sources of estimation uncertainty

1. PURPOSE OF REPORT

1.1 The purpose of the report is to:

- i) present the Accounting Policies for use in preparing the Council’s Statement of Accounts for 2021-22 for approval.
- ii) review the accounting estimates and assumptions relied upon in the preparation of the statutory accounts.
- iii) To detail the main characteristics of the methods and models used to make the accounting estimates and the risks related to them.

2. RECOMMENDATIONS

2.1 The Audit Committee are asked to:

- i) approve the Accounting Policies to be used in preparing the Council’s 2021-22 Statement of Accounts;**
- ii) to note the management arrangements to identify and evaluate accounting estimates.**

3. BACKGROUND

3.1 The Council’s Annual Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy’s (CIPFA’s) Code of Practice on Local Authority Accounting in the UK (the ‘Code’) which is based on International Reporting Standards (IFRS’s). This means the Council’s accounts

are presented in a format which should make comparison with the accounts of other local authorities and other organisations generally as easy as possible. This report presents the accounting policies that will be used in the preparation of the 2021-22 Statement of Accounts and summarises the changes from 2020-21 that have been introduced as a result of amendments to the Code of Practice or as part of the Council's annual review process.

- 3.2 The preparation of financial statements requires management to make judgements, estimates and assumptions which affect the value of assets and liabilities reported at the balance sheet date and amounts recognised as income and expenditure in the year. There is a requirement to disclose the critical judgements and accounting estimates made by management when producing the Statement of Accounts. Where estimates have high estimation uncertainty, or require significant judgement it is important that management arrangements and risk are highlighted and guidance provided.

4. KEY ISSUES

4.1 Accounting Policies

- 4.1.1 The Council's accounting policies are the specific principles, conventions, rules and practices that are applied by the Council in the production and presentation of the annual financial statements.
- 4.1.2 The Accounting Policies to be used are disclosed as a note to the annual accounts. The proposed Accounting Policies for use in preparing the 2021-22 Statement of Accounts are attached as Appendix 1 to this report. The policies are in line with the Code for 2021-22 and changes are made annually to reflect amendments to the code. The only changes to the Code this year relate to clarifications only. Following a review there are no changes proposed to the Council's accounting policies for 2021-22, although some minor changes to wording has been made to provide additional clarity. Any amendments that are necessary to reflect any matters that come to light during final preparation of the financial statements will be brought to the attention of the Committee at subsequent meetings. These Accounting Policies have been shared with the Council's External Auditors who will review them in full during the audit of the Statement of Accounts in July 2022.
- 4.1.3 In December 2021, the Department of Levelling-up Housing and Communities (DLUHC) asked CIPFA to consider ways in which the Code could assist the timeliness of audit opinions within the local authority sector as the majority (91%) of local bodies missed the statutory deadline of 30 September 2021 for publication of their audited 2020/21 accounts. Following a consultation exercise the Financial

Reporting Advisory Board (FRAB) agreed the deferral of the effective date for the implementation of IFRS16, the new leasing standard, until 1st April 2023.

- 4.1.4 Under the new standard, which replaces IAS17, leases will no longer be classified as finance or operating leases and all leases will be recognised on balance sheet with the exception of short-term leases (leases of 12 months or less) and low value assets (where the right of use asset is less than £10,000).

4.2 ACCOUNTING ESTIMATES

- 4.2.1 The preparation of financial statements requires management to make judgements, estimates and assumptions which affect the value of assets and liabilities reported at the balance sheet date and amounts recognised as income and expenditure in the year.

- 4.2.2 The material accounting estimates which affect balances and transactions in the financial statements for the year ending 31 March 2022 have been identified by management as:

- Valuation of land and buildings, depreciation and impairment
- Measurement of financial instruments
- Valuation of defined benefit net pension fund liabilities
- Business rates appeals estimate

- 4.2.3 Our assessment of material accounting estimates is made taking into account historical experience, current trends and other relevant factors and includes consideration of the requirement for specialised skills and knowledge from experts. Consideration includes a review of methods, models and assumptions used to inform the accounting estimate and consideration of the degree of estimation uncertainty relevant to each accounting estimate. However, because some balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

- 4.2.4 The notes to the 2021-22 financial statements will disclose the material accounting estimates included in our balances and transactions together with details of the models and assumptions on which they are based. Where a risk of material uncertainty has been identified, the notes will include additional information to disclose the sensitivity of values to the assumptions and uncertainties and the range of reasonably expected outcomes relevant to the balance or transaction.

- 4.2.5 Management's assessment of material accounting estimates in 2021-22 is included at Appendix 2 to this report.

5. FINANCIAL IMPLICATIONS

- 5.1 The appropriate adoption of accounting policies and application of critical judgements ensures that information within the accounts is relevant and reliable.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 None.

7. RISK MANAGEMENT

- 7.1 The financial health of the Authority as demonstrated within its Statement of Accounts will be used to inform the Council's overall financial risk assessment and the Council's reserve strategy. The accounting policies, critical judgements and assumptions made about the future and other major sources of estimation uncertainty are key to the presentation and understanding of the Council's financial health. The principal risk to the Council is a material misstatement due to inappropriate judgements and estimation techniques. Officers continue to work in close liaison with Grant Thornton to respond to queries or additional evidence requests to mitigate the risk of material misstatement.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Accounting policies and critical accounting judgements underpin the preparation of the annual statement of accounts. The reporting of income and expenditure is prescribed by regulation and the CIPFA Code. This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

9. CONCLUSION

- 9.1 This report details key information on Accounting Policies and Estimates to be applied for the closure of the 2021-22 Final Accounts.

10. CONSULTEES

- 10.1 Grant Thornton – External Auditors

11. BACKGROUND PAPERS

Appendix 1 Accounting Policies

Appendix 2 Informing the Risk Assessment – Accounting Estimates

Appendix 3 Accounting Estimates – Management Summary

Accounts and Audit Regulations 2015

Accounts and Audit (Coronavirus)(Amendment) Regulations 2020

ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021-22 financial year and its position at 31st March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Accounts have been drawn up under the going concern concept, i.e. that, under the Code, it is assumed that the services of the Council will continue to operate for the foreseeable future. Local Authorities cannot be created or dissolved without statutory prescription. The provisions of the CIPFA Code on going concern reflect the economic and statutory environment in which local authorities operate and hence these accounts are prepared on this basis.

1.2 Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and International Accounting Standard (IAS) 1; that is, sums due to or from the Council during the year are recorded, irrespective of whether the cash has actually been received or paid during the year. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies and services are recorded as expenditure when they are consumed (when supplies are held for future use they are carried as inventories on the Balance Sheet).
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services

in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus and Deficit on the Provision of Service, but then reversed out through the Movement in Reserve Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service or, where appropriate, to a corporate service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. When termination benefits involve the enhancement of pensions, statutory provision requires the General Fund balance to be charged with the amount payable by the authority to the pension fund in the year, not the amount calculated according to the relevant accounting standard. In the Movement in Reserve Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amount payable but unpaid at the year end.

Redundancy payments are based upon an employee's actual week's salary and the number of weeks as defined in the Employment Relations Act 1998, up to a maximum of 30 weeks pay.

Post Employment Benefits

The Council participates in one defined benefit scheme for its employees (retirement lump sums and pensions), earned as employees work for the Council, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary (Mercer Limited).

The Local Government Pension Scheme

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about life expectancy, employee turnover rates, etc, and projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.8% based on the indicative rate of return on high quality corporate bond.

The assets of Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The change in the net pension liability is analysed into the following components:

• **Service cost comprising:**

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability - i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

• **Remeasurements comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

• **Contributions paid to the Worcestershire County Council pension fund:**

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Further information in respect of the Pension Fund Accounts can be found in Worcestershire County Council's Superannuation Fund Annual Report available on request from:

Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP

<http://www.worcestershire.gov.uk/pensions>

1.7 Events After the Reporting Period

Events after the balance sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue, detailed in Note 39, are not reflected in the Statement of Accounts.

1.8 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

The amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council currently only holds financial assets at amortised cost.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. Where the risk of default is not material an adjustment to the accounts will not be made.

1.9 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grants or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.10 Heritage Assets

Heritage assets are held in support of the Council's primary objective of increasing the knowledge, understanding and appreciation of the social and industrial history of

the Wyre Forest area. They currently consist of the Richard Eve Memorial, art collection and those exhibits that are held in the Bewdley Museum and in other Council Buildings.

Heritage assets have indeterminate useful economic lives and high residual values and, therefore, it is not considered appropriate to charge depreciation. They have been measured in the Balance Sheet at their insurance valuations, based on market values and are updated every two years unless, in the interim, evidence from the various trade press or auctions etc indicates a significant variation in prices of similar assets. The accounting treatment of revaluation gains & losses are in accordance with those for property, plant & equipment.

The Balance Sheet carrying values of all heritage assets are reviewed at the end of the year where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (Note 1.17).

Purchases and acquisitions e.g. by donations are rare, but when they do occur purchases will be initially recognised at cost and acquisitions e.g. by donations will be initially recognised at valuations ascertained by either the museum's curators, with reference to the appropriate commercial markets, or by an external valuer.

The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. Transfers to partners/appropriate third parties such as Town Councils under Localism principles may also be agreed. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Any disposal proceeds will be disclosed separately in the notes to the financial statements and will be accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (Note 1.17).

The Council applies a de minimis level of £10,000 for assets included in the Balance Sheet. However, there are many de minimis Heritage Assets that, when aggregated, exceed this level. Therefore, all Heritage Assets have been aggregated into the categories stated above and included in the Balance Sheet.

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Interests in Companies and Other Entities

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities will be recorded as investments, i.e. at cost, less any provision for losses. The Council has interests in companies, but no material business was transacted in 2021-22 as detailed in note 38.

1.13 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.14 Joint Operations

The Council is a partner in the Worcestershire Regulatory Services (WRS) shared service, which discharges various of the council's statutory functions relating to Environmental Health and Licensing via a Joint Committee constituted under the relevant provisions of the Local Government Act 1972, together with Bromsgrove District Council (the host), Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. All partners have rights to the assets and obligations for the liabilities relating to this shared arrangement and each participant accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. The shared service undertakes work for a range of other local authorities and third parties including a contractual arrangement with Worcestershire County Council for the provision of management and support services for its Trading Standards and Animal Health team that was formerly part of the partnership arrangement.

This Council hosts the shared service agreements with Redditch Borough Council and Bromsgrove District Council for North Worcestershire Economic Development and Regeneration, North Worcestershire Water Management and North Worcestershire Civil Contingencies and Resilience.

The Council also partners with Bromsgrove District Council who host Building Control, Redditch Borough Council as host authority for payroll services and Wychavon District Council who provide a car park administration service for penalty charge notices.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant

or equipment from the lessor to the lessee. All other leases are classified as operating leases. The Council has not identified any finance leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee - Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor - Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The Council has not identified any material operating leases.

1.16 Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

1.17 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- where applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate. In some circumstances it may be necessary for specialist valuations to be combined with an accounting estimate where there is sufficient local knowledge to justify such treatment.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Assets with a valuation in excess of £1m will be revalued annually from 2019-20 onwards. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end by the Council's Valuer to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g., freehold land and certain Community Assets) and assets that are not yet available for use (e.g., assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer
- no depreciation is charged in the year of acquisition
- a full year's depreciation will be charged on assets revalued in year (where applicable) to ensure that the service retains a consistent charge for the consumption of the asset, in accordance with the principal of total cost as defined in the CIPFA Service Reporting Code of Practice for Local Authorities (2019-20 Edition).

Where an item of Property, Plant and Equipment, valued in excess of £1million, has major components whose cost is 20% in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is

reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Surplus Assets

Assets that have been declared 'surplus' but are being held pending an improvement in market conditions are classified as surplus assets but continue to be held within Property, Plant and Equipment.

1.18 Fair Value Measurement of Non-Financial Assets

The Council's accounting policy for fair value measurement of financial assets is set out in note 1.8. The Council also measures some of its non-financial assets such as surplus assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3 – unobservable inputs for the asset.

1.19 **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation, or the Collection Fund in respect of business rates, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.20 **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 36 to the accounts.

1.21 **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise

of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but would be disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.22 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation (including business rates), retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.23 Revenue Expenditure funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.24 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.25 Interest and Investment Income

Investments of surplus resources are carried out in accordance with regulations. Interest is credited to the General Fund based on the actual interest earned on investments during the year. Funds are managed in accordance with the Council's Treasury Management Service Strategy.

1.26 Borrowing

In accordance with the Capital and Treasury Management Service Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2021-22. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of further external borrowing available if required.

Minimum Revenue Provision

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments if required at the discretion of the Chief Financial Officer (Voluntary Revenue Provision - VRP). Further details can be found in the Treasury Management Strategy 2021-22.

The Ministry of Housing, Communities and Local Government (MHCLG) Regulations require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. The Council approved MRP Policy Statement for 2021-22 is summarised below and includes the option of using the annuity method to calculate MRP under the Asset Life Method:

- For outstanding debt liability incurred prior to the new guidance – i.e. pre 2008-09 then MRP is calculated based on the previous 4% reducing balance method;
- From 1st April 2008 for all unsupported borrowing the MRP will be calculated using an Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).

There are two ways of calculating MRP under the Asset Life Method:-

- i. **the equal instalment method** allows the use of a simple formula to generate a series of equal annual amounts over the estimated life of the asset.
- ii. **the annuity method** makes provision for an annual charge to the General Fund which takes account of the time value of money (e.g. whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The schedule of charges produced by the annuity method results in a consistent charge to revenue over an asset's life, taking into account the real value of the annual charges when they fall due. The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset's life and accelerate towards the latter years). This is commensurate with a prudent provision matching debt repayment to the period which the capital expenditure provides benefit. This method is most appropriate for use in circumstances where the initial investment is recouped from rental yields that are subject to cyclical, upwards only reviews. It is also appropriate in connection with projects promoting regeneration or administrative efficiencies or other schemes where revenues will increase over time.

The Chief Finance Officer (Section 151 Officer) will determine whether an annuity or equal instalment method is utilised to ensure that a prudent and financially beneficial method is adopted.

1.27 Council Tax and Non-Domestic Rates (NDR)

Billing authorities act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and

distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.28 Business Improvement District

A business improvement district (BID) scheme for Kidderminster was approved on 17th May 2019; to commence with effect from 1st April 2020. The scheme will be funded by a BID levy paid by non-domestic ratepayers. The authority acts as agent under the scheme, collecting the BID levy income on behalf of the BID body and therefore most BID transactions would not be recognised in the Comprehensive Income and Expenditure statement. The BID levy collection costs and associated reimbursement income will be shown in the Resources Directorate outturn line.

1.29 Other Accounting Principles

- The provision for impairment of bad debts is estimated by reference to CIPFA guidance and local knowledge.
- Officers' remuneration. It has been determined that payment for Returning Officer duties are not included, but are disclosed separately within the same note where/if applicable.



Property, plant, and equipment valuation estimate

Question	Management response
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>Yes, risk was identified relating to the material accuracy of this accounting estimate. We generally commission valuations on a rolling 5-year programme and carry out a review of assets not revalued each year to determine the potential risk of material movement. We have assets valued at >£1m valued annually. However, 2020-21 was treated as an exceptional year and we commissioned valuations for 100% of our estate due to increased risk to the material accuracy of this accounting estimate as a result of the impact of Covid-19 on asset valuations and the change in valuer following the procurement exercise undertaken in year for asset valuation services. We have reviewed this approach for 2021-22 and have commissioned the 2021-22 valuations along a similar basis for all assets over £1m, and in addition we have requested desk top valuations for the remaining assets to reduce the risk of material misstatement. We will review the valuations prepared and compare to previous valuations and current market evidence and consider the assumptions used by the valuer and robustly challenge all changes to gain assurance that the accounting estimates are robust.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?</p>	<p>Valuations are made by the external valuer in line with RICS guidance in accordance with RICS Valuation Global Statements 2020 and UK National supplement, unless events indicate that a more frequent interval is required</p> <p>All assets with a market value in excess of £1m are valued annually.</p> <p>This year we have commissioned a revaluation of all assets over £1m in accordance with our Accounting Policy. In addition, we have requested desk top reviews of all other assets to reduce estimation risk.</p> <p>The internal valuer reviews the methods, assumptions and results of the commissioned valuations as part of our internal QA processes.</p> <p>No changes are expected to the models/methods used in 2021-22. Avison Young will carry out the revaluations at 31 March 2022.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?</p>	<p>Asset lives are considered as part of our valuation process. Assumptions relied upon by our external valuers such conditions and impairments are subject to review and challenge as part of the year end discussions with the valuer/valuation team. Assumptions are disclosed in the year end valuation report. Income earning potential</p>

	<p>has been reviewed (car parks) to reflect experience in 2021-22 however the long term impact of the pandemic on income streams is still evolving.</p> <p>We do not anticipate that there will be any changes to assumptions relied upon in 2021-22 however discussions with the valuer are ongoing as part of the accounts closedown process.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2021/22, and if so what was the reason for the change?</p>	<p>Our in-house valuer produces the rolling programme and revises it each year. Assets are selected to ensure a comprehensive cross section of assets is covered each year with at least one asset from each asset class being included and where possible a mix of values within each class.</p> <p>However, as detailed above we are ensuring all assets are once again reviewed at 31st March 2022 due to the continuing circumstances brought about by the Covid-19 pandemic.</p> <p>Details of the rolling programme are included in the contract for services, although this has been amended to include a desk top review of the remaining assets, as well as revaluations for all assets over £1m, within the 2021-22 instruction to Valuer.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Mark Shelly (RICS Registered Valuer of Avison Young will undertake our 2021-22 asset valuations that will ensure continuity. Asset valuation services have been procured in line with our internal procurement guidelines and regulations.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>We meet with the valuers at regular intervals throughout the year. Our requirements are detailed in the contract for services and each year we will clarify requirements in respect of year end valuations in a detailed work instruction (email supplied). A review of the draft valuations is performed by the Capital Accountant and discussed with the Head of Resources and S151 Officer to challenge and understand any unusual or significant changes in valuation. The results of this review are discussed with the external valuer prior to issue of the final valuation report. The Council's Estates Surveyor also carries out a separate full review of the valuations provided by the external valuer.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes, the controls in place over the valuation of our property, plant and equipment assets are considered adequate. The robustness of identified controls is assessed through discussions with valuers and challenged as noted above where increases/decreases in value are in excess of 10% based on the last formal valuation.</p> <p>A reconciliation of the year end valuation report to values per the asset register, financial statements and supporting notes is performed to ensure the accuracy and completeness of changes in asset values in the year. A</p>

	review of manual entries to reflect changes in valuation is also carried out.
8. Were any changes made to the key control activities this year? If so please provide details.	Avison Young continue to be the Council's retained valuers. In 2020-21 the Council commissioned additional services to increase coverage to 100% to reduce the risk of estimation uncertainty. In 2021-22 there will be revaluations of all assets over £1m and a desk top review of all other assets. There are no other changes to key control activities this year.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	<p>We consider the uncertainty relating to asset valuations in the context of information provided by our expert valuers alongside our local and market knowledge and input from our internal valuer and other relevant individuals across the Council.</p> <p>We are again reducing the uncertainty in 2021-22 by commissioning additional services to cover 100% of the property estate.</p> <p>Avison Young have previously provided a commentary on the RICS approach to material valuation uncertainty clauses for valuations from 2020-21 onwards, removing this for many sectors. A copy was provided to Grant Thornton in advance of the audit.</p>
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	<p>We will review the year end valuations provided by the external valuer and challenge unusual or significant changes in asset values within a 10% range. We are supported in this exercise by the internal Estates Surveyor.</p> <p>We consider the sensitivity of estimate by reference to historic movements in the Council's asset portfolio as well as direct comparables, general market data, other local sources and information provided by our external valuers to consider a range of reasonable outcomes and provide assurance of the accuracy of asset values disclosed in the financial statements.</p> <p>Additional modelling of valuation changes are also calculated to inform our assessment of the risk of misstatement by reference to audit materiality.</p>

Pension Liability estimate

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	<p>The continuing impact of COVID-19, geo-political events and the economic impact of these events is actively discussed with the actuaries and will be factored into estimates as appropriate.</p> <p>The estimates we expect to be impacted are:</p> <ul style="list-style-type: none"> Asset returns Mortality assumption Financial assumptions Inflation expectations

	Salary Increases Discount rate
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?</p>	<p>The valuation of assets and liabilities in respect of defined benefit obligations are calculated by independent firm of actuaries. Liabilities are assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.</p> <p>No changes are expected to the models/methods used in 2021/22.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?</p>	<p>The principal assumptions used by the actuary are in respect of mortality (longevity at 65 for current and future pensioners) and financial assumptions: rate of CPI inflation, rate of increase in salaries, rate of increase in pensions and rate for discounting scheme liabilities.</p> <p>No changes are expected to the basis of the assumptions which inform the valuation for 2021-22.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2021/22, and if so what was the reason for the change?</p>	<p>Wyre Forest fill out PCF1 forms each month, and then send these to the Worcestershire Pension Fund. Data from months 1 through to 10 are used to predict the employee and employer contribution total for the final 2 months. This data is then sent forward to the actuary from the Pension Fund. Also communicated between WFDC and the actuary are any pay awards or redundancies - potential changes in amount on payroll - thus any means which may affect the valuation and result in actuarial strain; for the predicted last two months.</p> <p>There are no changes to the source data relied upon in 2021-22</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>The LGPS is assessed by Mercer Ltd, an independent firm of actuaries and estimates for the Council's fund are based on the latest full valuation of the scheme. Actuarial services are procured by Worcestershire County Council as pension fund administrators in line with their internal procurement guidelines and regulations.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>The Employer Representative on the Worcestershire Pension Board reports back to the HWTA following each meeting which provides opportunity to scrutinise activity. Further contact with the externally appointed actuaries throughout the year is provided at scheduled meetings with the Worcestershire authorities' S151 officers. The year-end report is considered by the Head of Resources, and the Principal accountant prior to inclusion in the financial statements.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes, the controls in place over the valuation of pension liability are considered adequate. The robustness of identified controls is assessed through review of assumptions and discussions with actuaries.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>There are no changes to the key control activities in 2021-22</p>

<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>The estimate is sensitive to the actuarial assumptions as noted above. A sensitivity analysis is prepared to consider the impact of changes in the assumptions and this is disclosed in the note to the accounts. The actuaries are invited to meet with board members to explain and justify the estimates and assumptions used. The Board provide rigorous challenge to assumptions to ensure they are relevant and valid.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>As noted above the Council works closely with its retained expert in utilising the methods & assumptions for disclosure in the financial statements.</p>

Fair Valuation of Loans estimate

Question	Management response
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>No risks identified</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?</p>	<p>The Council values it's Financial Instruments at fair value (Financial Assets valued at amortised cost - all short dated so carrying value and fair value the same).</p> <p>Fair values are estimated by calculating the present value of cash flows that take place over the remaining term of the instruments. The valuation is informed by the advice of external and independent Treasury Management advisors. (Financial model valuation provided by Link Group – the Council's financial advisors).</p> <p>There are no changes to the methods/models used in 2021-22</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?</p>	<p>Assumptions used to inform the valuation of financial instruments are provided by our Treasury Management advisors and information obtained by the Council's Treasury team specific to each type of asset/liability. No changes to assumption in 2021-22.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2021/22, and if so what was the reason for the change?</p>	<p>Source data which informs the estimate is provided in the form of data from our expert Treasury Management advisors and the in-year knowledge of the Council's Treasury Management Team.</p> <p>There are no changes to the source data relied upon in 2021-22.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>The Council's independent Treasury Management advisors and Investment Fund Managers are used to inform the valuation of the estimate. These services are procured in line with our internal procurement guidelines and regulations. Credit rating agencies are used to inform assumptions in respect of the risk/quality of borrowers.</p>

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Management monitor the operation of control activities of this estimate through the Treasury Management Strategy, risk management procedures and regular discussions with expert providers throughout the year.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes, the controls in place to determine the fair value of loans are considered adequate by management. All fair value information provided by the Council's advisors are reviewed by management for reasonableness.
8. Were any changes made to the key control activities this year? If so please provide details.	There are no changes to the key control activities in 2021-22.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	<p>Management consider the exposure of each of its categories of financial instruments to credit, liquidity and market risks and, as per previous financial year, we will consider any additional credit risks arising as a result of the ongoing COVID-19 pandemic.</p> <p>Risks to accounting estimates used in our measurement of financial instruments are managed through our Treasury Management Strategy and the Council's overall risk management procedures which focus on the unpredictability of financial markets to minimise potential adverse effects on the resources available to fund sources.</p>
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	As noted above the Council works closely with its retained expert in utilising the methods & assumptions for disclosure in the financial statements.

NNDR Appeals estimate

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	After considering IAS37 management are satisfied that a provision should be made against this potential liability for refunds following successful appeals since it is likely that a liability will arise even though the timing and amount of the potential liability is uncertain, but whilst uncertain it can be reliably estimated. No new risk relating to material accuracy has been identified in year and no change has been made to the estimation methodology. We previously made a provision for 2010 list valuations based on local experience and for 2017 appeals based on the national 4.7% assumption, as in prior year.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?	<p>The Council employs an In-house specialist, supplemented with external experts and national emerging issues as notified by the VOA</p> <p>Calculations are based upon current data including VOA threats list, Analyse Local and LG Futures data in liaison with other Pool members.</p>

	No change in methodology planned.
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?</p>	<p>We review the statistics collated for us by Analyse Local and LG Futures and consult with other Pool members and other local authority colleagues.</p> <p>No change in approach is anticipated for 2021-22.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2021/22, and if so what was the reason for the change?</p>	<p>The source data is primarily the hereditaments on our local list, the list of cases in the Check, Challenge, Appeal process and commentary and analysis in professional journals.</p> <p>No change is expected to the sources however the data will be refreshed.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Use of specialist and expert advice from VOA, LG Futures and Internal IRRV officer. All services are procured in line with our internal procurement guidelines and regulations.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>The Council's Business Rates/Revenues expert, Accountants and S151 officer communicate with a cross section of contacts, experts and advisors (CIPFA and LG Futures) throughout the year and at year end to formulate a balanced view. The estimates are reviewed by management prior to inclusion in the financial statements.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes, the controls in place over the calculation of the provision for business rate appeals are considered adequate. The robustness of identified controls is assessed through review of assumptions and discussions with expert advisors and other Pool members.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>There are no changes to the key control activities in 2021-22.</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>The estimate is sensitive to the assumptions made regarding, the volume of claims submitted, the period of time of any MCC that may be awarded in year and the % reduction to RVs. This is disclosed in the note to the accounts. Multiple point estimates are modelled and presented graphically to inform decision making.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>As noted above, any changes to the assumptions are calculated and the resulting impact on the valuation is disclosed in the statutory accounts.</p>

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****6th July 2022****Risk Management – Corporate Risk Register**

OPEN	
CABINET MEMBER:	Councillor M Rayner, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources
CONTACT OFFICER:	Helen Ogram Helen.ogram@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register 2022-23 Appendix 2 – Budget Risk Matrix 2022-25

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 2022-23 and the associated mitigating actions and the 2022-25 Budget Risk Matrix.**

3. BACKGROUND

- 3.1 Council's approved Risk Management policy statement and 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 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 Zurich Municipal are appointed as the Council's insurers and to provide specialist advice on Risk Management. 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 external review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Head of Resources in liaison with the Cabinet Member for Finance and Capital Portfolio. The Corporate Risk Register for 2022-23 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 monitoring report as at 31st January 2022 was considered and noted by Audit Committee on the 23rd March 2022. The report reviewed the Corporate Risk Register and progress against mitigating actions. The next monitoring report will be presented to Audit Committee in September 2022.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Reports considered by Members include 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 and the Levelling Up Fund programmes.
- 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. The inability to deliver a balanced budget is one of the Council's key corporate risks. The Risk Register for 2022-23 has been reviewed by CLT. The review in 2022-23 has been more fundamental to reflect the views of the new Leadership Team following the Management Review in 2021-22.
- 4.4 The Corporate Risk Register will be reported on a six-monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team. The next report of progress against actions will be the Quarter 1 2022-23 monitoring report and will be included on the Audit Committee agenda in September.
- 4.5 The Annual Audit Report 2020-21 made a number of Improvement Recommendations in relation to the risk management process including:
- Review the corporate risk register, in particular focussing on the key risks associated with the strategic priorities.

Management agreed that when the key risks associated with strategic priorities were reviewed this year we would refine the presentation of the monitoring reports and strengthen the mapping of risks and strategic priorities.

- 4.6 The Council's current approved Risk Management Policy Statement and strategy was last update in 2008. A fundamental review will be undertaken during 2022-23 to develop a new Risk Management policy Statement and Strategy to inform the 2023-24 Risk Register.

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 one of the top three most significant risks facing this Council. 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 23rd February 2022.
- 7.3 The risks associated with the Capital Portfolio Fund Strategy 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 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 2021 Capital Strategy 2022-2032 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) was 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, 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 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).
11.2 Medium Term Financial Strategy Report 2022-25 – Cabinet 23rd December 2021
11.3 Capital Strategy 2022-2032 Report – Cabinet 23rd December 2021
11.4 Audit Committee Report 23rd March 2022 - Risk Management Corporate Risk Register

Draft Corporate Risk Register 2022/23



Introductory note: many mitigating actions are pursued on an ongoing basis and will not be reported through the performance management system. Only those mitigating actions shown in italics will be reported against in quarterly performance management reports.

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

Risk:	Adverse impact of Government legislation on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Keep abreast of legislative programme	Regular assessment of implications of government policy announcements/legislation	Corporate Leadership Team: Chief Executive, Head	31-Mar-2023

Agenda Item No. 7 Appendix 1

		of Strategic Growth, Solicitor to the Council	
Networking/training	To knowledge share and work in conjunction with peers to share expertise and assessment of implications on the sector. All officers encouraged to participate in networking events within their individual professionalisms. Participate in government consultations and participate in seminars and training as appropriate.	Corporate Leadership Team, HR and OD Manager	31-Mar-2023
Influencing – through DCN/LGA. Submitting responses to consultation	To be a visible and regular contributor to the DCN special interest group and the LGA in order to influence lobbying of Government.	Corporate Leadership Team: Chief Executive	31-Mar-2023
Suspension of lower priority activities, meetings and projects	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	WF20/Service managers	31-Mar-2023

Risk:	Poor member behaviour undermines Council's reputation and performance	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

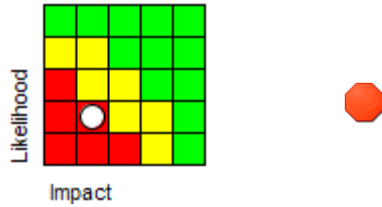
MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Ethics & standards regime	The Ethics and Standards Committee promotes and seeks to maintain high standards of conduct by councillors and co opted members and assists them to observe the Code of Conduct including provision of training on matters relating to the Code of Conduct. Member training continues to be the primary means of	Corporate Leadership Team Chief Executive. Solicitor to the Council	31-Mar-2023

	addressing the risk with an annual programme being prepared. Terms of reference of the Committee kept under review		
Register of interests	The Monitoring Officer maintains the register of interests to record financial and other interests to provide openness and transparency. The register is maintained as a current record and is available on the council's website.	Corporate Leadership Team Monitoring Officer	31-Mar-2023
Robust officer support	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and ensure group discipline.	Corporate Leadership Team Chief Executive	31-Mar-2023
<i>Continue to lobby Government to change legislation to provide stronger sanctions for standards committees</i>	<i>Continue to lobby Government to change legislation to provide stronger sanctions for standards committees.</i>	<i>Corporate Leadership Team Chief Executive, Solicitor to the Council</i>	<i>31-Mar-2023</i>

Risk:	Unable to deliver sustainable budget for the long term	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	--

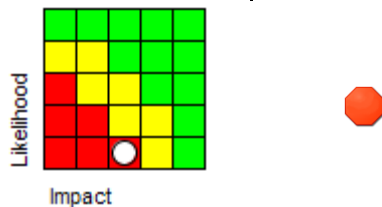
MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
<i>Progression of the Transformation Programme including exploring shared services and to secure the transfer of assets under localism to reduce the net cost of services</i>	<i>The Medium-term financial Strategy is prepared annually but is forecast to be balanced by a transfer from reserves to meet the funding gap. The strategy reviews progress against savings targets to close the funding gap. The interventions introduced to</i>	<i>Corporate Leadership Team: Lead officer Head of Resources WF20 Managers</i>	<i>31-Mar-2023</i>

	<p>close the funding gap include the service transformation programme, Wyre Forest Forward savings and the localism agenda. Progress is monitored and managed by CLT and through WF20 with regular Cabinet/CLT meetings focussed on change. The programme of service reviews will ensure that resources are aligned to the Council's priorities and are operating efficiently. There will be a continuation of the work stream to secure future joint service delivery agreements with Town and Parish Councils and other public sector partners. Progress is monitored and reported regularly to Cabinet and WF20</p>		
<p>Implementing a robust local plan to achieve sustainable housing development</p>	<p>The Local Plan was adopted at Council on 26/04/2022. Having a robust local plan enables the council to control where development happens. Implementing a robust local plan will lead to sustainable housing development which will meet demand and help to grow council tax. The plan will be supported by supplementary planning documents.</p>	<p>Corporate Leadership Team Head of Strategic Growth</p>	<p>31-Mar-2023</p>
<p>Continue to grow income</p>	<p>Continue to grow income by:</p> <ul style="list-style-type: none"> - implementing development proposals to meet council priorities and to generate new revenue streams - reviewing proposals to establish new income streams - increasing council tax every year - increasing fees & charges every year (subject to any legal requirements and business case for not implementing increases) 	<p>Corporate Leadership Team Head of Economic Development and Regeneration Head of Community and Environmental Services Head of Resources Head of Strategic Growth</p>	<p>31-Mar-2023</p>
<p>Support DCN/LGA in lobbying for local government finance reform and fair and equitable funding for new government policy decisions e.g. waste strategy</p>	<p>On-going contact with MP, DCN, West Midlands Chief Executives, LGA and directly with ministers to promote role of district councils to achieve the best possible outcome from reform.</p>	<p>Corporate Leadership Team Chief Executive</p>	<p>31-Mar-2023</p>

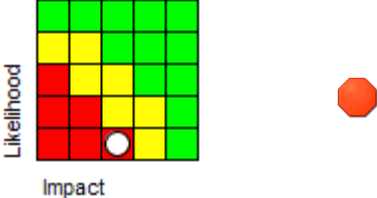
Risk:	Not having stable and effective political leadership – no guarantee May 2023 elections will produce clear political mandate	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	---

MITIGATING ACTIONS

Action	Description	Managed By	Due Date
Robust officer support	Regular meetings held between Cabinet and CLT members to provide operational and strategic support and 1:1 sessions between Cabinet members and CLT leads to provide additional support as required.	Corporate Leadership Team: Chief Executive	31-Mar-2023
LGA leadership programmes	Leaderships Essentials is a series of programmes and workshops designed as themed learning opportunities for councillors. The member intranet signposts the training and development opportunities available.	Corporate Leadership Team	31-Mar-2023
Regular Cabinet/CLT meetings & briefings for Cabinet members	Maintaining a knowledgeable and experienced senior leadership team to provide professional advice and support	Corporate Leadership Team	31-Mar-2023

Risk:	High and sustained inflation – effect on council’s finances and on service demand from residents	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	---

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
<i>Revise budgets in MTFS for 2023</i>	<i>The impact of inflation and other cost pressures will be closely monitored during 2022-23 and the impact on the current year and future years' budgets will be reflected in the MTFS. Further mitigating actions will be proposed to address any widening of the budget gap as a result.</i>	<i>Corporate Leadership Team, Head of Resources</i>	<i>31-Mar-2023</i>
<i>Increase minimum reserves</i>	<i>The Council has adopted the general principles of CIPFA guidance on Local Authority Reserves and balances. The Council holds a working balance of £1.5m (increased from £1.2m during final accounts closedown 2021-22) as an additional risk mitigation measure given the high inflation, low growth environment. The size of the balance will continue to be kept under review and will be reassessed as part of the budget setting process ahead of the Head of Resources S25 report.</i>	<i>Corporate Leadership Team, Head of Resources</i>	<i>31-Mar-2023</i>
<i>Make adequate contingencies in project costing</i>	<i>Standard inflation factors and PWLB rates will be kept under review and assessed for appropriateness when each business case is prepared. External advice will be sought as appropriate to ensure that any contingencies are adequate given the prevailing environment.</i>	<i>Corporate Leadership Team, Head of Resources</i>	<i>31-Mar-2023</i>
<i>Preventative activity – early provision of assistance e.g. financial inclusion and homeless prevention</i>	<i>Capacity reviewed within all service teams and, subject to business case, requests to recruit will be viewed positively by CLT to provide the necessary capacity within teams to deliver early intervention or provision of advice</i>	<i>Corporate Leadership Team, Chief Executive, Head of Revenues and Benefits & Head of Strategic Growth</i>	<i>31-Mar-2023</i>
<i>Review council tax reduction support scheme for 2023</i>	<i>Undertake a cost-benefit review of the current maximum level of Council Tax Support and explore the option of increasing the level of support to the most financially disadvantaged/vulnerable.</i>	<i>Corporate Leadership Team, Head of Revenues and Benefits</i>	<i>31-Mar-2023</i>

Risk:	Unable to shift priorities to deal with demands from Government at short notice (recent examples: COVID grants and reliefs, Homes for Ukraine, energy rebate, asylum seeker dispersal)	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	---

MITIGATING ACTIONS

Action	Description	Managed By	Due Date
Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Corporate Leadership Team Chief Executive HR and OD Manager	31-Mar-2023
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective project management. Access to interim staff via framework. Guidance and support in delivering agile approaches to project management promoting iterative development and fostering internal and external collaboration.	Corporate Leadership Team Chief Executive HR and OD Manager	31-Mar-2023
Regular review of service priorities	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	Corporate Leadership Team; WF20 managers	31-Mar-2023

Risk:	Vulnerability to cyber attacks	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--------------------------------	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS

Action	Description	Managed By	Due Date
Maintain and enhance ICT Security and Governance	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 in 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. The ICT policy in place is regularly reviewed, the ICT security perimeter is regularly tested and a cycle is in place to ensure all system versions are patched and up to date.	Corporate Leadership Team; ICT Manager	31-Mar-2023

Risk:	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Implement a refreshed Organisational Development strategy Sept 2022	The OD strategy will set out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision and ensure the long term viability of the District. It will also explain expectations of staff and the support the council will provide to further develop skills and commitment. The strategy will be the first step in identifying the actions that need to be taken to develop and maintain a skilled, balanced and motivated workforce. It will underpin the council's commitment to its workforce, ensuring that working practices make WFDC an employer of choice enabling the council to attract and retain high quality employees.	Corporate Leadership Team: Chief Executive HR&OD Manager	31-Mar-2023
Pay policy and pay strategy delivering a pay system that is effective, fair and transparent	The use of pay ranges to form grades enables the council to recognise elements of loyalty, competence, experience or scarcity. The council recognises the importance of managing pay fairly and in a way that motivates staff to make a positive contribution. The pay and grading review implemented in July 2021, underpinned by job evaluation ensures fairness and equality of opportunity. The review was based on a clear and rational process for setting and reviewing pay, levels of remuneration which are sufficiently flexible and reasonably competitive.	Corporate Leadership Team Chief Executive (Head of Paid Service)	31-Mar-2023
Flexible employment policies including use of market supplements for recruitment and retention	In order to successfully deliver day to day services and projects the Council offers flexible employment policies. In order to retain a flexible and committed workforce service managers can offer market supplements at the discretion of the Head of Paid Service.	Corporate Leadership Team Chief Executive (Head of Paid Service)	31-Mar-2023
Apprenticeship programme	To maximise usage of apprenticeship schemes. To continue considering the suitability of apprenticeships as part of the approval to recruit to all vacant posts and to increase development opportunities internally by supporting staff to access suitable apprenticeships to maximise the opportunity to grow internal talent to develop a skilled and motivated workforce.	Corporate Leadership Team HR and OD Manager	31-Mar-2023

Agenda Item No. 7 Appendix 1

To maintain and promote the Leadership & development programmes	To maintain, promote and further develop training and development opportunities to capture, nurture and retain emerging talent	Corporate Leadership Team Chief Executive (Head of Paid Service), HR and OD Manager	31-Mar-2023
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental well being encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	Corporate Leadership Team Chief Executive (Head of Paid Service), HR and OD Manager	31-Mar-2023
Listening to staff feedback and responding positively	To develop new and enhance existing two way communication channels. Gauging satisfaction through the staff suggestion scheme and responding positively to feedback, developing regular communication channels to engage hard to reach teams and develop initiatives to support staff through organisational change.	Corporate Leadership Team	31-Mar-2023

Risk:	Members lack skills and knowledge necessary for effective discharge of their responsibilities	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS



Action	Description	Managed By	Due Date
Member induction & training programmes including members' forum	Comprehensive suite of training modules through in person, I-learn and Human Library sessions provide and updated on a rolling basis. Bespoke additional training provided according to circumstances.	Corporate Leadership Team	31-Mar-2023

	<p>annual regulatory training</p> <p>Individual Member training records reviewed at annual Council</p>		
LGA training programme & support from LGA political groups, including event for potential candidates, autumn 2022	<p>Leaderships Essentials is a series of programmes and workshops designed as themed learning opportunities for councillors. The member intranet signposts the training and development opportunities available.</p>	Corporate Leadership Team	31-Mar-2023
Corporate governance framework	<p>The Council has adopted the SOLACE/CIPFA corporate governance framework and reviews its compliance with it regularly, including through the annual governance statement and the annual report of internal audit.</p>	Corporate Leadership Team	31-Mar-2023
Cabinet system	<p>Wyre Forest District Council has adopted the Strong Leader and Cabinet Model. This concentrates responsibility into one decision-making body on most issues while still allowing a cross cutting perspective across the Council. Cabinet members offer a clear point of contact and strategic decisions can be taken in a swifter, more co-ordinated way. There is a strong scrutiny system that provides a means of ensuring all councillors can have a role in the development of council policy and review specific areas of concern, and many items are considered in pre-decision scrutiny by the overview and scrutiny committee. The scrutiny committee receives quarterly reports on performance which, for 2022-23 onwards, will also include budget information. In addition, the Cabinet uses cross-party advisory panels on specific issues such as the green agenda. The Cabinet system enables the targeting of developmental opportunities to raise skills and knowledge swiftly if the need arises.</p>	Corporate Leadership Team; Chief Executive, Monitoring Officer, Head of Resources	31-Mar-2023

Risk:	Not having stable and effective managerial leadership	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	---	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS

Action	Description	Managed By	Due Date
Regular CLT and WF20 meetings	Regular meetings to discuss strategic issues and to provide a strong framework	Corporate Leadership Team: Chief Executive	31-Mar-2023
Leadership development programme	Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it.	Corporate Leadership Team: Chief Executive, HR & OD Manager	31-Mar-2023
Professional networks/CPD/training	Membership of professional networks encouraged, Peer to peer support facilitated where appropriate. Training and development opportunities (degree/MBA courses)	Corporate Leadership Team: Chief Executive	31-Mar-2023
<i>OD strategy: succession planning Implement a refreshed Organisational Development strategy Sept 2022</i>	<i>The OD strategy will set out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council’s vision and seek to ensure the long term viability of the District Council It will also explain expectations of staff and the support the council will provide to further develop skills and commitment. The strategy will establish an action plan for succession planning</i>	<i>Corporate Leadership Team: Chief Executive, HR & OD Manager</i>	<i>31-Mar-2023</i>

Risk:	Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Corporate Plan Priority:	Internal corporate issues	Risk Scores:		
--------------	---	---------------------------------	---------------------------	---------------------	---	---

MITIGATING ACTIONS

Action	Description	Managed By	Due Date
Participation in Worcestershire Regulatory Services shared service	Continue participation in the shared service working collaboratively to support initiatives to improve efficiency and service delivery. Working together as part of a larger shared service enhances resilience and capacity of individual staff members sharing knowledge, experience and best practice.	Corporate Leadership Team: Chief Executive	31-Mar-2023
PSPOs reviewed	To stop behaviour in a particular area that is making life worse for the local community the use of Public Spaces Protection Orders to be reviewed in good time before October 2023, to decide whether there is a need to change or amend including a wider range of behaviours and locations.	Corporate Leadership Team: Chief Executive	31-Mar-2023
Risk-based hierarchy to enforcement	A risk-based approach to regulation to introduce a more agile approach aimed at minimising harm rather than solely focussing on technical compliance to ensure that non finite resources achieve maximum public value.	Corporate Leadership Team: Chief Executive	31-Mar-2023
Maintain good links with other enforcement agencies	The benefits of knowledge sharing with other agencies is recognised. We continue to pursue and promote new and existing opportunities.	Corporate Leadership Team: Chief Executive	31-Mar-2023
Data sharing including National Fraud Initiative	Continued participation in the data-matching exercise to identify fraud and non-compliance with regulations.	Corporate Leadership Team Head of Revenues and Benefits, Internal Audit Manager, Head of Resources	31-Mar-2023

Agenda Item No. 7 Appendix 1

Issuing fixed penalty notices and taking court action where appropriate	To keep under review the appropriate use of fixed penalty notices and taking court action for enforcing regulations	Corporate Leadership Team. Chief Executive, Head of Environmental and Community Services	31-Mar-2023
Fraud and compliance officers	Compliance Officers within the Revenues & Benefits Section are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. Internal Audit continue to undertake ad hoc compliance and assurance work including post payment assurance work on all government funded COVID 19 support payments.	Corporate Leadership Team Head of Revenues and Benefits, Head of Resources	31-Mar-2023

Risk:	Unable to sustain mental health & wellbeing of staff	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	--

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Worcestershire Works Well accreditation	To actively seek to improve the health and well being of staff by meeting and maintaining the criteria of the scheme. Currently achieved level 2.	Corporate Leadership Team; Chief Executive, HR & OD Manager	31-Mar-2023
Mental health first aiders	To maintain commitment to mental first aiders who provide a first point of contact for colleagues, providing guidance and	Corporate Leadership Team; Chief	31-Mar-2023

	support.	Executive, HR & OD Manager	
Health and safety plan	Ensures appropriate Corporate Health and Safety arrangements are in place including regular reviews of health and safety in practice, risk assessments and lone working procedure. Employee induction includes focus on health and safety and all employees provided with health and safety guidance.	Corporate Leadership Team; Chief Executive, HR & OD Manager	31-Mar-2023
OD strategy	<i>The OD strategy will set out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council’s vision and ensure the long term viability of the District Council. It will also explain expectations of staff and the support the council will provide to support mental health and well being. The strategy will be the first step in identifying the actions that need to be taken to sustain the mental health and well being of staff</i>	Corporate Leadership Team; Chief Executive, HR & OD Manager	31-Mar-2023
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental well being encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support.	Corporate Leadership Team; Chief Executive, HR & OD Manager	31-Mar-2023

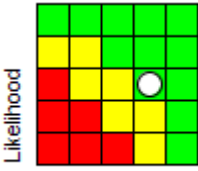

Risk:	Unable to secure effective delivery of wide range of significant projects	Corporate Plan Priority:	A safe, clean and green living environment <hr/> Supporting a successful local economy <hr/> Internal corporate issues	Risk Scores:	
Includes waste shared service; food waste collections; solar farm; temporary accommodation, Castle Road; localism including future arrangements for Bewdley Museum; ICT strategy; solar farm and other “green” projects; Lionfields Phase One; UKSPF; Wyre Forest Wild					

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Corporate Leadership Team: Chief Executive; HR & OD Manager	31-Mar-2023
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective project management. Access to interim staff via framework	Corporate Leadership Team: Chief Executive; HR & OD Manager	31-Mar-2023
Effective governance mechanisms	Major projects are closely monitored by CLT and Cabinet members, effective risk registers and issue logs, robust budgetary control and effective Financial Regulations and contract procedure rules.	Corporate Leadership Team: Chief Exec, Solicitor to the Council; Head of Resources	31-Mar-2023
Use of external support/advice	Use of procurement frameworks to access external resources, project support or advice	Corporate Leadership Team	31-Mar-2023
Adequate contingencies	Business and budget planning aligned to ensure adequate contingencies are held, project specific held outside programme budgets and balance of general risk reserve and minimum level of reserves kept under review.	Corporate Leadership Team; Head of Resources	31-Mar-2023

Risk:	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	Corporate Plan Priority:	Supporting a successful local economy	Risk Scores:	
--------------	--	---------------------------------	---------------------------------------	---------------------	--

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Governance arrangements: Programme boards in place	The governance structures include the Programme Boards, chaired by the Head of North Worcestershire Economic Development and Regeneration (NWEDR) who is also a member of WFDC Corporate Leadership Team (CLT) and includes WFDC Leader of the Council and Cabinet Member for Economic Regeneration, Planning and Localism; Solicitor to the Council; Head of Resources (S151 Officer); Worcestershire County Council Assistant Director Economy; Worcestershire LEP Director of Operations and Re-Wyre Public-Private Regeneration Partnership member. Regular meetings of the boards provide senior officer oversight. The programme Board monitors progress, receives financial reports and considers risk and issue logs. Grant funding agreements in place with LUF partners	Corporate Leadership Team: Head of Economic Development and Regeneration, Solicitor to the Council, Head of Resources	31-Mar-2023
Project management including delivery managers in place and project specific issues and risk registers maintained	A programme team leads the delivery of the LUF programme and a separate team leads on FHSF. The teams are chaired by the Head of North Worcestershire Economic Development and Regeneration (SRO) and led by dedicated Programme Delivery Managers who manage a multi-disciplinary team (architects; quantity surveyors; structural and highways engineers; planning consultants; contractors).	Corporate Leadership Team: Head of Economic Development and Regeneration	31-Mar-2023
External advice including procurement support	Use of procurement frameworks to access external project support/ advice	Corporate Leadership Team: Head of Economic Development and Regeneration, Solicitor to the Council	31-Mar-2023
Financial contingencies	Revenue contingencies established/held and proposal progressed to meet the funding shortfall for the repurposing (levelling up fund) from the capital portfolio fund. Revenue cost limitation during design and development mitigated by commissioning external experts where appropriate to progress claims with VOA.	Corporate Leadership Team: Head of Economic Development and Regeneration, Head of Resources	31-Mar-2023

Formal reporting of spend and forecast spend	Actual spend and forecast spend against the programme and delivery progress is subject to formal reporting and monitoring at each Kidderminster LUF and FHSF Board meetings (held every six weeks) and that actual spend and forecast spend is reported as part of regular quarterly budgetary control reporting to Cabinet. Actual spend and forecast spend is also reported at Monthly Treasury Management Review meetings, the minutes of which are circulated to the Cabinet Member with responsibility for Finance. In addition, written monitoring reports on progress are presented to regular meetings of Cabinet and the Corporate Leadership Team.	Corporate Leadership Team: Head of Economic Development and Regeneration, Head of Resources	31-Mar-2023
--	--	---	-------------

Risk:	Unable to achieve balanced housing market to meet need	Corporate Plan Priority:	Internal corporate issues	Risk Scores:		
--------------	--	---------------------------------	---------------------------	---------------------	---	---

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
<i>Local plan adopted 4/22 and work underway with developing supplementary planning documents</i>	<i>Local Plan adopted and work underway with developing supplementary planning documents and dealing with planning applications. The Worcestershire Housing Partnership Plan will be replaced by a Worcestershire Housing Strategy – likely to come before members for sign-off in November 2022. The Homelessness and Rough Sleeping Strategy 2019-2022 action plan updated for this year and the new three year strategy is being reviewed and written for autumn consultation and</i>	<i>Corporate Leadership Team, Head of Strategic Growth</i>	<i>31-Mar-2023</i>

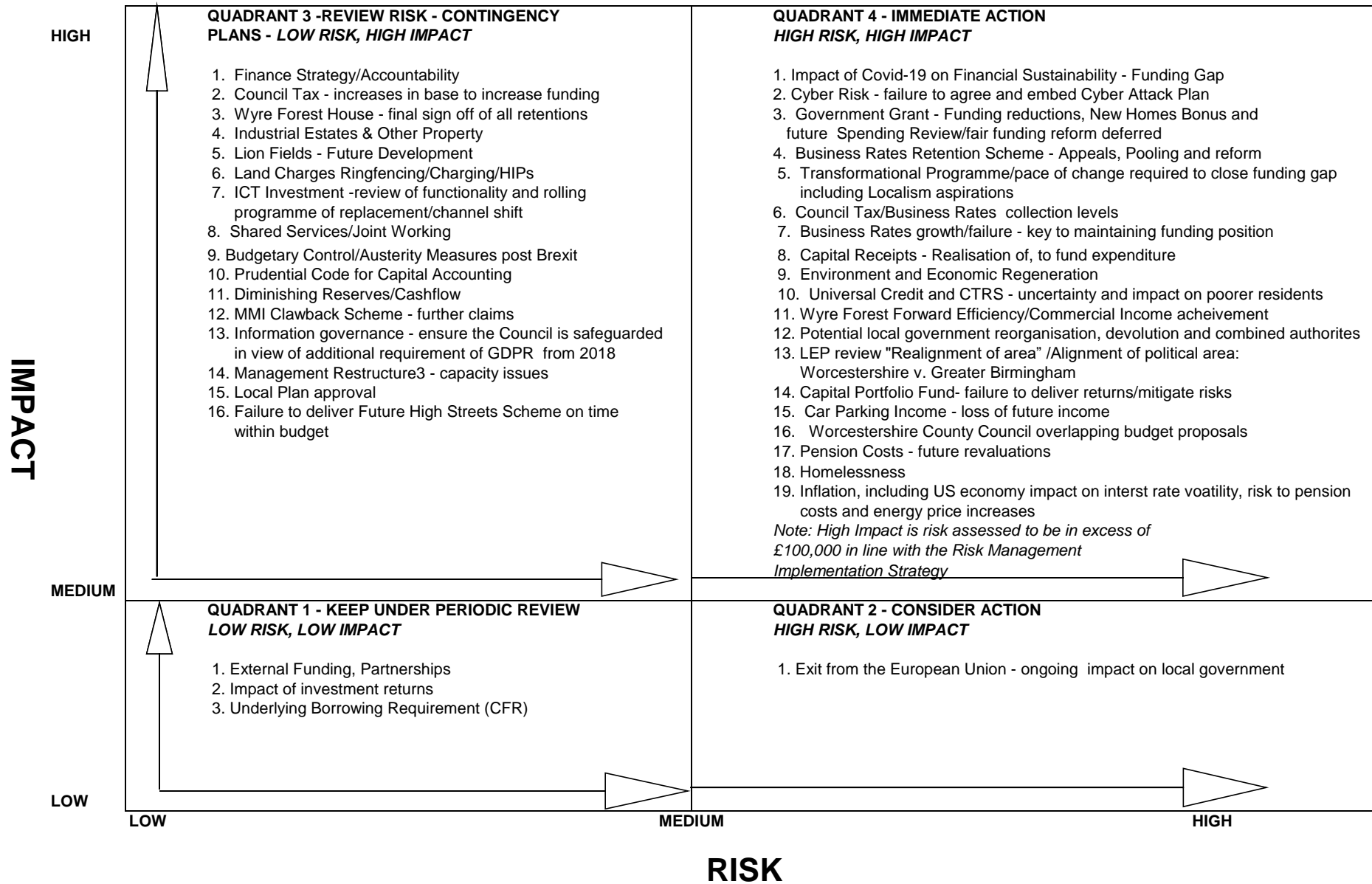
	<i>adoption at end of 2022</i>		
<i>Partnerships with registered providers in respect of affordable housing</i>	<i>Work to agree heads of terms and land transfer/acquisition underway on three sites in Kidderminster. Registered Providers engaged and working with the Council to identify appropriate end user. Council officers working with County Council to identify funding stream for support provision in relation to one of the sites and Housing Benefits regarding Intensive Management on the second site. The third site likely to be for general needs housing.</i>	<i>Corporate Leadership Team, Head of Strategic Growth, Head of NWEDR</i>	<i>31-Mar-2023</i>
Work on homelessness prevention and domestic abuse	To continue to provide support to help people stay in their current housing. Finding suitable alternative accommodation, including in the private rented sector. Increased resource to help customers with their financial situation to help them to sustain their tenancies.	Corporate Leadership Team, Head of Strategic Growth	31-Mar-2023
<i>Direct provision of temporary accommodation</i>	<i>The business case for Castle Road has been agreed by Cabinet. Consultants procured directly via Bloom Framework. Site investigation and related work commenced March 2022. Public consultation May/June with planning application due to be submitted in Summer 2022</i>	<i>Corporate Leadership Team, Head of Strategic Growth</i>	<i>31-Mar-2023</i>
Welfare support	To continue to help vulnerable people with support where they can't meet their immediate short term needs or where they need help to keep their independence or re-integrate within the community. We will work in partnership with other organisations to help people in the longer term. To include financial inclusion officers providing interventions to ultimately support customers to maintain their tenancies and improve their financial situation.	Corporate Leadership Team, Head of Strategic Growth, Head of Revenues and Benefits	31-Mar-2023

Risk:	Lack of effective governance and oversight of local authority trading company (if operating)	Corporate Plan Priority:	Internal corporate issues	Risk Scores:	
--------------	--	---------------------------------	---------------------------	---------------------	--

--

MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
External advice commissioned	External advice will be commissioned and taken to ensure the Council acts within current legislation on individual proposals as appropriate.	Solicitor to the Council	31-Mar-2023
Appropriate due diligence of financial transactions between Council and LATC	Any financial transactions between the Council and the LATC will be subject to individual scrutiny and due diligence including financial viability sensitivity analysis before final decisions are proposed/taken	Head of Resources	31-Mar-2023
Business Plan	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 governance as well as financial arrangements are appropriate/viable	Solicitor to the Council, Head of Resources	31-Mar-2023
Exit strategy to collapse LATC implemented	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.	Solicitor to the Council	31-Mar-2023
Directors and board	The Council ensures that only those officers and members of the Council who are able to take objective decisions are appointed to the LATC	Solicitor to the Council	31-Mar-2023
Monitoring of individual projects	Governance arrangements for oversight of activity established using the external advice from Mazars. Individual projects will be monitored as the LATC business progresses.	Solicitor to the Council	31-Mar-2023
Knowledge development	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.	Corporate Leadership Team	31-Mar-2023
Response to legislative change	The LATC or the Council amends or introduces new policy to reflect legislative changes.	Corporate Leadership Team	31-Mar-2023

BUDGET RISK MATRIX 2022-25



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,</p> <p>11. Diminishing Reserves/Cashflow</p>	<p>Review Risk - Contingency Plans</p> <p>Council are required to adopt a three year Balanced Budget Strategy.</p> <p>Assumptions to be verified with Planning Officer and Revenues Manager</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.</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> <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>

Agenda Item No. 7 APPENDIX 2b

ISSUE	BUDGETARY RESPONSE
<p>12. MMI Claw Scheme</p> <p>13. Information Governance</p> <p>14. Management Restructure – capacity issues</p> <p>15. Local Plan approval</p> <p>16. Failure to deliver FHSF project on time and within budget</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>To be managed by the Chief Executive and Cabinet</p> <p>Managed by Chief Executive, review of duties and slim-lining where possible to achieve business need more efficiently.</p> <p>Managed by Cabinet CLT</p> <p>Project Group meet regularly to manage this complex highly significant project.</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 2022-23. Proposed changes to funding arrangements and delays continue to cause uncertainty and risk. The Baseline reset could also result in a decrease in this key funding stream. Our regeneration programme is a mitigation factor.</p> <p>Monitored by Cabinet/CLT and reported in Cabinet Budget Monitoring Reports</p> <p>Monitored by Cabinet/CLT and reported in Cabinet Budget Monitoring Reports</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>

Agenda Item No. 7 APPENDIX 2b

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 2021-22 due to ongoing COVID-19 impact, 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.
19. Inflation, including risk to interest rates from volatility in the US and potential impact on pensions and energy price increases	S151 Officer to maintain a watching, brief, work with Pensions Fund Administrators to minimise the impact of any economic shocks to the pension fund. Extra provision for energy inflation already included in proposed MTFs.