



TO COUNCILLOR:

Miss P V Joshi
J Kaufman

K J Loydall (Chair)
D W Loydall

Mrs S B Morris
Dr I K Ridley

Dear Sir or Madam

I hereby **SUMMON** you to attend a meeting of the **AUDIT COMMITTEE** to be held at the **COUNCIL OFFICES, STATION ROAD, WIGSTON** on **WEDNESDAY, 15 DECEMBER 2021** at **4.00 PM** for the transaction of the business set out in the Agenda below.

Yours faithfully

Council Offices
Wigston
07 December 2021

Mrs Anne E Court
Chief Executive



IMPORTANT COVID-19 NOTICE

In-person Council and Committee meetings which are open to the press and public to observe have resumed from 7 May 2021 following the expiry of the Regulations that allowed local authorities to hold remote meetings.

Whilst most of these meetings will take place in the Council Chamber at the Council Offices in Wigston, it may be necessary to host a meeting at an alternative venue and/or at short notice. This will allow all attendees to maintain social distancing and follow the latest COVID-secure guidelines.

If attending an in-person meeting, all attendees must wear a face covering (unless exempt or when seated) and must sanitise their hands on entry and exit to/from the meeting venue. Meeting venue capacity will be severely restricted due to COVID-19 regulations, however there will still be opportunities for public participation in accordance with the Council's Constitution.

Where the necessary technology is available and working, the press and public may still be able to watch the live streams of meetings without having to attend in-person. Instructions on how to access live streams can be found below where applicable. At a minimum, audio recordings of meetings will be made available on the Council's website shortly after any given meeting.

ITEM NO.

AGENDA

PAGE NO'S

Live Stream of Meeting | Instructions

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OadbyWigstonBC



@Oadby_Wigston

A direct link to the live stream of the meeting's proceedings on the Council's YouTube Channel is below.

<https://youtu.be/rxI-1nwpTto>

1. Apologies for Absence

To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.

2. Appointment of Substitutes

To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.

3. Declarations of Interest

Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.

4. Minutes of the Previous Meeting

4 - 5

To read, confirm and sign the minutes of the previous meeting in accordance with Rule 19 of Part 4 of the Constitution.

5. Action List Arising from the Previous Meeting

To read, confirm and note the Action List arising from the previous meeting.

6. Petitions and Deputations

To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.

7. External Audit Progress Report (Q2 2021/22)

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Report of the Interim Head of Finance / Section 151 Officer.

8. Risk Management Report 2021/22

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Report of the Interim Head of Finance / Section 151 Officer.

For more information, please contact:

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You can access all available public meeting documents

Audit Committee

Wednesday, 15 December 2021

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Agenda Item 4

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT THE COUNCIL OFFICES, STATION ROAD, WIGSTON ON WEDNESDAY, 29 SEPTEMBER 2021 COMMENCING AT 4.00 PM

PRESENT

K J Loydall Chair

COUNCILLORS

J Kaufman
D W Loydall
Dr I K Ridley

OFFICERS IN ATTENDANCE

S J Ball Assistant Solicitor
C Campbell Head of Finance / Acting Section 151 Officer

OTHERS IN ATTENDANCE

G Patterson Grant Thornton UK LLP
M Watkins CW Audit Services



35. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillors Ms P V Joshi and Mrs S B Morris.

36. APPOINTMENT OF SUBSTITUTES

None.

37. DECLARATIONS OF INTEREST

The Chair declared a non-pecuniary interest with regard to item 8 of the agenda, insofar as he was the Chair of the Community Safety Partnership to which the appendix to the Internal Audit Update Report (Q1 2021/22) made reference to.

38. MINUTES OF THE PREVIOUS MEETING

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The minutes of the previous meeting held on 28 July 2021 be taken as read, confirmed and signed.

39. ACTION LIST ARISING FROM THE PREVIOUS MEETING

None.

40. PETITIONS AND DEPUTATIONS

None.

41. EXTERNAL AUDIT UPDATE REPORT (Q1 2021/22)

The Committee gave consideration to the report and appendix (as set out in pages 7 – 204 in the agenda reports pack) which updated Members on the progress of the external audit of the 2020/21 Statement of Accounts made up to 31 March 2021.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- (i) Notes that the 2019/20 Audited Statement of Accounts for the year ended 31 March 2020 have been approved and published on the Council's website.**
- (ii) Notes that the Unaudited 2020/21 Statement of Accounts for the year ended March 2021 are subject to an external audit with a view to being reviewed and approved at an Audit Committee later this year.**
- (iii) Approves the Annual Governance Statement for the year ended 31 March 2021.**

42. INTERNAL AUDIT UPDATE REPORT (Q1 2021/22)

The Committee gave consideration to the report and appendix (as set out in pages 205 – 213 in the agenda reports pack) which updated Members on Internal Audit's progress at delivering the 2021/22 audit plan.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The progress made in delivering the 2021/22 audit plan be noted.

THE MEETING CLOSED AT 5.30 PM



Chair

Wednesday, 15 December 2021

*Printed and published by Democratic Services, Oadby and Wigston Borough Council,
Council Offices, Station Road, Wigston, Leicestershire, LE18 2DR*

Agenda Item 7



Audit Committee	Wednesday, 15 December 2021	Matter for Information and Decision
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Report Title: **External Audit Update Report (December 2021)**

Report Author(s): **Comie Campbell (Head of Finance/Acting Section 151 Officer)**

Purpose of Report:	To update Members on the progress of the external audit of the 2020/21 Statement of Accounts made up to 31 March 2021.
Report Summary:	<p>The Council's draft statement of accounts are required to be audited each year by set dates. There has been temporary legislative extension changes to these dates.</p> <p>Grant Thornton have provided an update on the date and timescale for auditing the Councils 2020/21 Draft Unaudited Statement of Accounts. These draft accounts include the Annual Governance Statement for the year ended 31 March 2021.</p> <p>This report also includes recommendations Grant Thornton have made following the audit of the Council's 2019/20 Statement of Accounts.</p>
Recommendation(s):	<p>That the Committee:</p> <p>A. Notes that the Unaudited 2020/21 Statement of Accounts for the year ended March 2021 are subject to an external audit with a view to being reviewed and approved at an Audit Committee later this financial year.</p> <p>B. The Audit Plan 2020/21 has now been issued by Grant Thornton.</p> <p>C. Grant Thornton have issued a progress report on the external audit of the Councils 2020/21 Statement of Accounts.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Comie Campbell (Head of Finance/Acting Section 151 Officer) (0116) 257 2713 Comie.Campbell@oadby-wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)

Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> • The Accounts and Audit (England) Regulations 2011 • Delivering Good Governance in Local Government: Framework
Appendices:	<ol style="list-style-type: none"> 1. External Audit Plan 2. External Audit Progress Report and Sector Update

1. Introduction and Background

- 1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit (England) Regulations 2011. These require the Statement of Accounts to be certified by the Council's Section 151 Officer as presenting a true and fair view of the financial position of the Council by 31 May each year. The accounts must then be submitted for external audit to publish audited accounts by no later than the 31 July each year.
- 1.2 However, due to the Covid 19 pandemic the deadlines have been altered, with the 2020/21 accounts being presented by 31 July 2021, with the audited accounts to be published by 30 September 2021. The 2020/21 unaudited accounts certified by the Section 151 Officer, were published on the Council's website on 26 August 2021.
- 1.3 Publication of the 2020/21 unaudited accounts on the Council website was delayed. This was due to waiting to finalise the figures and making relevant adjustments to the accounts once the previous year's 2019/20 Accounts were formally signed off on the 9 August 2021 by Grant Thornton.

2. Audit Plan

- 2.1 The Audit Plan is enclosed in **Appendix 1**. This highlights the planned scope and time scale of the statutory audit of the Council Statement of Accounts 2020/21. The report also includes the proposed audit fees of £55,444. Audit fees are also payable for auditing the Housing Benefits (Subsidy) £10,250 and Housing Capital Receipts £3,250 returns.

3. Progress report on audit of 2020/21 Statement of Accounts

- 3.1 The external auditors Grant Thornton have produced an Audit Committee Progress Report shown at **Appendix 2**. This outlines the current status of the 2020/21 audit and the estimated timescale for completing it by 31 January 2022 with a view to giving an audit

opinion soon after that date. The Progress report also gives an update on what is happening in the audit sector.

Oadby & Wigston Borough Council Audit Plan

Year ending 31 March 2021

Oadby & Wigston Borough Council
December 2021

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

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Key matters

Factors

Council developments

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. Despite these pressures the Council managed to finish the 2020/21 financial year with an underspend (£296k) against budget, which is mainly due to Covid 19 support received from Central Government.

The Council has developed a 2 Year Medium Term Financial Strategy for the General Fund, which was approved in February 2021. This shows that the Council will come under increasing financial pressure in the upcoming years with the MTFS showing a funding gap of £650k.

Officers are currently working on addressing these funding pressures. They are already beginning to be seen in 2021/22 where, as at period 6, the Council is forecasting an overspend of £335k, which is due to expected underachievement of £455k of income in the year. There are a number of adverse variances, however these are forecast to be offset by the emergency Coronavirus funding received from the Government.

We recognise that it is an uncertain environment for the Council, especially given that there has been a series of annual settlements up to 2021/22 and the final 2022/23 settlement is still awaited. The settlements indicated in the Autumn Budget should provide stability and the opportunity for longer term planning but it is expected that inflation will be greater than the maximum council tax increase permitted without a referendum which can effectively mean spending power is reduced. Given the uncertainty regarding both future funding and expenditure, the Council will need to maintain its focus on its financial sustainability.

Impact of Covid 19 pandemic

As a result of the Covid 19 pandemic the Council has had to put on hold some of the corporate projects which it had originally anticipated to take place in 2020/21.

The pandemic has also affected the Council's service provision. This includes lost income from services such as parking, licencing & registration services and additional cost pressures in adult social care and staffing costs. The Council has received additional grant funding as a result of the Covid 19 pandemic in order to cover the losses incurred by service closures. We note that the grants do not fully offset all of the losses incurred. Additional grants have also been provided to the Council so that it can support individuals and businesses.

We will consider the impact on Council services as part of our VfM audit work and the ability of the Council to re-establish service provision once the impact of the pandemic lessens.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- With the move to remote working we identified Covid 19 as a financial statements level risk in 2019/20. The Council has demonstrated that it can work remotely over a sustained period and our 2019/20 audit did not identify any material errors. We are therefore satisfied that this significant risk does not need to be reflected in our 2020/21 planning.

Key matters

Factors

Financial Statements

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing. There is a particular focus on estimates in 2020/21 with the introduction of ISA 540 (revised) (see pages 12 and 13 for more detail), and the Council should anticipate greater challenge and audit scrutiny in these areas.

Given the delay in finalising the 2019/20 audit our planning for 2021/22 has been delayed. The Council is still reliant upon interim staff to prepare the financial statements and is in the process of getting substantive staff in post. We have completed our detailed planning for 2020/21 and have already had discussions with officers in respect of the significant risks identified in this Plan. We have also made an early start on our financial statements audit work which is covered in a separate Progress Report.

Accounting for grants

The Government has provided a range of financial support packages throughout the COVID-19 pandemic. These include additional funding to support the cost of services or offset other income losses and also grant packages to be paid out to support local businesses. There is nothing new about the accounting treatment for grants, but the Council needs to consider the nature and terms of the various COVID-19 measures in order to determine whether there is income and expenditure to be recognised in the Comprehensive Income and Expenditure Statement (CIES) in 2020/21. There are three main considerations:

- 1) Where the funding is to be transferred to other parties, is the Council acting as the principal or as the agent?
- 2) Are there grant conditions outstanding?
- 3) Is the grant a specific or non-specific grant?

We have shared our publication on grant funding considerations with the Council and discussed it with the finance team who have considered the above factors in their rationale and justification for the accounting treatment to be proposed. It is an evolving area that we will need to react to as the audit progresses.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Head of Finance & Acting S151 Officer.
- The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic. Whilst there is continued uncertainty in 2020/21 the Royal Institute of Chartered Surveyors (RICS) updated guidance indicates such disclosures are likely to be rare this year. However, the assumptions in respect of property, plant & equipment continue to be sensitive and we have identified a significant risk in regards to the valuation of properties – refer to page 7.
- We have ensured there are regular update calls with key finance team members and have agreed milestones in order to ensure audit delivery occurs as smoothly as possible.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Oadby & Wigston Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Oadby & Wigston Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- **Valuation of the pension fund net liability**

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £420k (PY £420k) for the Council, which equates to approximately 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £21k (PY £21k).

Value for Money arrangements

Over Value for Money risk assessment remains in progress. However, based on the assessment completed to date we have identified the following risks of significant weakness:

- Financial Sustainability

In addition to specific work on the above risk we will also be undertaking work looking at your arrangements in the following areas:

- Improving economy, efficiency and effectiveness
- Financial Sustainability
- Governance

Further details on this work can be found on page 14.

Audit logistics

Our interim visit took place in October 2021 and our final visit will take place in November / December 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £55,444 (PY: £62,000) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Fraudulent revenue recognition (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Oadby & Wigston Borough Council, mean that all forms of fraud are seen as unacceptable. 	We do not expect there to be any material other revenue streams, but we will continue to review revenue transactions as part of our audit ensuring that it remains appropriate to rebut the presumed risk of revenue recognition for the Authority.
Fraudulent expenditure recognition (rebutted)	<p>Practice Note 10 states that as most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>Having considered the risk factors set out in Practice Note 10 and the nature of the expenditure at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition • opportunities to manipulate expenditure recognition are limited • the culture and ethical frameworks of local authorities, including Oadby & Wigston Borough Council, mean that all forms of fraud are seen as unacceptable. 	We will continue to review material expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the risk of expenditure recognition for the Authority.

Significant risks identified (continued)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings	<p>The Authority revalues its land and buildings on a rolling five-yearly basis</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • test revaluations made during the year to see if they had been input correctly into the Authority's asset register and accounted for correctly • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified (continued)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Leicestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

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The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

We identified one recommendation in our 2019/20 audit in relation to the Council's estimation process for the valuation of land and buildings, valuation relating to the source data.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings and council dwellings
- Depreciation
- Year end provisions and accruals,
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.





Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have issued the Informing the Audit Risk Assessment document to management which will assist in our understanding of the processes and controls surrounding accounting estimates. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 14).

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £420k (PY £420k) for the Council, which equates to approximately 2% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £25k for the disclosure of Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £21k (PY £21k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Gross Net Cost of Services

£23.959m Council (Draft SoA)
(PY: £22.496m)



■ Gross net cost of services
2020-21

Materiality

£420k
Council financial
statements
materiality
(PY: £420k)



£21k
Misstatements
reported to the
Audit Committee
(PY: £21k)

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Financial Sustainability and Delivery of Savings

For 2021/22 the Council has approved a balanced budget, however this includes utilising £580k from reserves. This includes the full utilisation of the remaining selective licencing income (£400k) in 2021/22, which was intended to be released equally over the next four years to 2025/26.

The Council's latest medium term financial plan has significantly reduced the funding gap over the medium term to £400k in 2022/23 and £250k in 2023/24.

The medium term financial planning process is challenging due to the uncertainty over future local government funding arrangements, especially given that the 2021/22 financial settlement was only for one year. The longer-term reforms for the local government finance system, including business rates retention and fairer funding have been delayed and the Council recognises the significant risk that these reforms, including the planned Business Rates Reset, will have a significant effect on the Council's funding level from 2022/23.

Our value for money risk assessment remains in progress. However, given the in-year challenges and those anticipated looking forward we believe a residual VFM risk in respect of planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions remains. We will review the Council's Medium Term Financial Strategy and financial monitoring reports and assess the assumptions used and savings being achieved. This is consistent with our value for money assessment's at other local authorities'.



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Grant Patterson, Key Audit Partner

Grant's role will be to:

- lead our relationship with you;
- be a key contact for the Chief Executive, Chief Finance Officer and the Audit Committee;
- ensure that Grant Thornton's full service offering is at your disposal; and
- take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.

Paul Harvey, Audit Manager

Paul's role will be to:

- manage the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority.
- review work performed by the audit team to ensure high audit quality

Janette Scotchbrook, Audit In-charge

Janette's role will be to:

- be the day to day contact for Council finance staff;
- take responsibility for ensuring there is effective communication and understanding by finance team of audit requirements;
- have day to day responsibility for the running of the audit and first point of contact;
- focus on the more technical aspect of the audit and to discuss emerging national technical matters as they arise and deal with technical matters raised by you throughout the year in a timely manner.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees 2020/21

In 2018, PSAA awarded a contract of audit for Oadby & Wigston Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £32,944. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 4, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased scale fee of £55,444. This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Oadby & Wigston Borough Council Audit	£36,444	£62,000	£55,444
Total audit fees (excluding VAT)	£36,444	£62,000	£55,444

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	£32,944
<i>Ongoing increases to scale fee first identified in 2019/20</i>	
Raising the bar/regulatory factors	£2,500
Enhanced audit procedures for Property, Plant and Equipment	£1,250
Enhanced audit procedures for Pensions	£1,250
<i>New issues for 2020/21</i>	
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised ISAs	£6,500
Issues in quality of accounts preparation and supporting working papers identified in 2019/20	£2,000
Total audit fees (excluding VAT)	£55,444

Please note, the proposed fees for 2020/21 set out above do not include any additional fees to reflect potential additional work necessary in 2020/21 due to Covid-19. We continue to monitor developments in this area and will update you accordingly as clarity emerges on its impact in the current year.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services (table opposite) provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Housing Benefit (Subsidy) Assurance Process	10,250	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,250 in comparison to the total fee for the audit of £55,444 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Capital receipts grant	3,750	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,750 in comparison to the total fee for the audit of £55,444 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
None			
Total	13,250		









Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	✓
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	✓
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	✓



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Oadby & Wigston Borough Council Audit Progress Report and Sector Update

Year ending 31 March 2021

15 December 2021

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

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Introduction

Your key Grant Thornton team members are:

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

The paper also includes:

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

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

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

Progress at November 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in September 2021 following completion of the 2019/20 audit in July 2021. As a result we were not in a position to bring our Audit Plan to the last Audit Committee on 29 September.

We began our work on your draft financial statements in October 2021. We are therefore in the slightly unusual position of bringing our Audit Plan and this Progress Report to you at the same meeting. Our work on the 2020/21 financial statements is still ongoing. Details of our progress can be found on page 6.

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. We issued this letter in our previous Progress Report presented on 29 September 2021.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

Other areas

Certification of claims and returns

We certify the Authority’s annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim began in November. DWP has extended the deadline for reporting the findings of this work to 31 January 2022. We will report our findings to the Audit Committee in our Certification Letter in March 2022.

We also certify the Authority’s annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Department for Levelling UP, Housing & Communities. (DLUHC). The certification work for the 2020/21 return is due to begin in December.

Meetings

We continue to have regular meetings with Finance Officers to discuss emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers will be invited to attend our Financial Reporting Workshop in January and February 2022, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

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

Progress at November 2021 (continued)

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee (the latest being within our 29 September 2021 Progress Report).

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

2020/21 Financial Statements Audit Progress

Progress in key areas of the of our audit on the 2020/21 Financial Statements is shown below:

Area	Progress
Journals	We have completed our risk assessment and selected a sample of journals for testing. We are currently waiting for officers to provide the evidence for this sample.
Property, Plant and Equipment	<ul style="list-style-type: none"> We have commenced our audit work on property, plant & equipment. We have selected samples for additions and disposals and are waiting for officers to provide the evidence for these samples. We have also started work on the assets revalued during the year. Building upon recommendations from the previous year's audit, as part of this work the Council's valuer has remeasured the internal area of six of the Council's largest assets. They have identified discrepancies between the internal area they used in the valuation and the new measurements. We are currently considering the impact that these discrepancies will have on our audit approach and conclusions.
Debtors	<ul style="list-style-type: none"> We have agreed the debtors note to the general ledger and have selected a sample of debtors for testing apart from the miscellaneous grants debtors where we are waiting for a breakdown from officers. For the samples we have selected we are also waiting for officers to provide the evidence to support these balances.
Creditors	<ul style="list-style-type: none"> We have agreed the creditors note to the general ledger and have selected a sample of creditors for testing apart from NNDR and Council Tax arrears where we are waiting for breakdowns from officers. For the samples we have selected we are also waiting for officers to provide the evidence to support these balances. We have identified a number of old balances relating to prior years. Officers are currently reviewing these to identify whether they are still outstanding or can be written off.
Pension Liability	<ul style="list-style-type: none"> Our work on the pension liability is ongoing. The Council have received a revised IAS19 report from the Actuary and will be amending the financial statements to reflect this revised report. We have also received assurance from the Pension Fund Auditor.
Investments, Cash and Borrowings	We have obtained external confirmation for the Council's cash, investment and borrowing balances.
Grant Income	We have obtained a breakdown of all grants received during the year and have selected a sample of grants for testing. We are currently waiting for officers to provide the evidence for this sample.
Fees & Charges	We have obtained a listing of fees and charges for the year and selected a sample of items for testing. We are currently waiting for officers to provide the evidence for this sample.
Expenditure	We have obtained a listing of expenditure for the year and selected a sample of items for testing. We have received evidence to work for this sample and will complete this testing shortly.

Audit Deliverables

2020/21 Deliverables

Audit Plan

We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.

Planned Date

December 2021

Status

Complete

Audit Findings Report

The Audit Findings Report will be reported to the January Audit Committee.

January 2022

Not yet due

Auditors Report

This includes the opinion on your financial statements.

January 2022

Not yet due

Auditor's Annual Report

This Report communicates the key issues arising from our Value for Money work.

March 2022

Not yet due

~ Page 38 ~

2020/21 Audit-related Deliverables

Housing Benefit Subsidy – certification

This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.

Planned Date

31 January 2022

Status

Not yet due

Pooling of housing capital receipts - certification

This is the report we submit to Ministry of Housing, Communities and Local Government based upon the mandated agreed upon procedures we are required to perform.

4 February 2022

Not yet due

Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.'

Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

FRC report (continued)

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

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

Public Sector

Local
government

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

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

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

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

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

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

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

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

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

The full report is available here:

<https://www.grantthornton.co.uk/en/insights/lessons-from-recent-public-interest-reports/>

Annual Transparency Report – Grant Thornton

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

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

The transparency report provides details of our:

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

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



The full report is available here:

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

Local authority Covid-19 pressures – MHCLG

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

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

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



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

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

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

Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG

Government has published a response to the Housing, Communities & Local Government (HCLG) Committee report on local authority financial sustainability and the section 114 regime, published in July.

The HCLG report states “In recent years, the financial sustainability of local government has faced successive challenges, including increased demand for services, especially social care, changes to the level of funding equalisation between councils and, most recently, the COVID-19 pandemic. In some instances, councils have been in such acute financial trouble that they have approached the Ministry of Housing, Communities and Local Government for financial assistance; three of these—Northamptonshire in 2018, Croydon in late 2020 and Slough in July 2021—issued section 114 notices, essentially declaring they had run out of money. Our inquiry has sought to identify the most serious threats facing local councils’ finances. In light of the various factors we consider in the report, including the somewhat delayed Fairer Funding Review, renewed discussion about property taxes and the need to reform funding for social care, the time is right to consider a more radical review of local government finances—and our report makes various recommendations about how this should be done. We also consider what happened at Croydon—which prompted us to look at the section 114 regime—in the annex to our report.”

The report includes sections on:

- Social Care
- Funding
- COVID-19
- Local authority commercial investment
- Audit and control

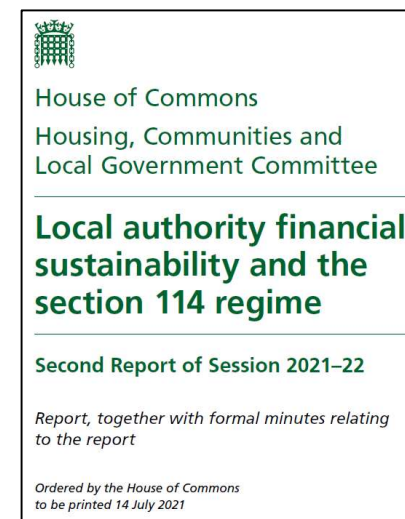
The report made 13 recommendations, and the Government response to these was published in October. The response notes “Moving forward, we will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline service and support other government priorities. We will also take stock, including of the impact of the pandemic on local authority resources and service pressures, to determine any future reforms.”

The initial report can be found here:

<https://committees.parliament.uk/publications/6777/documents/72117/default/>

Government response can be found here:

<https://www.gov.uk/government/publications/local-authority-financial-sustainability-and-the-section-114-regime>



Government response to Redmond review – MHCLG

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

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

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

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

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

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

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

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



The press release can be found here:

[Government publishes update to audit review response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response)

Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons
Committee of Public Accounts

**Local auditor reporting
on local government in
England**

Eleventh Report of Session 2021–22

2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psaa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

2023-24 audit appointments – Public Sector

Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

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

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

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

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psaa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

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

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

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

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

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

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



The press release can be found here:

[Councils given power to build more homes for first time buyers and for social rent - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/press-releases/2020/05/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent)

Guide to support Value for Money (VfM) analysis for public managers – CIPFA

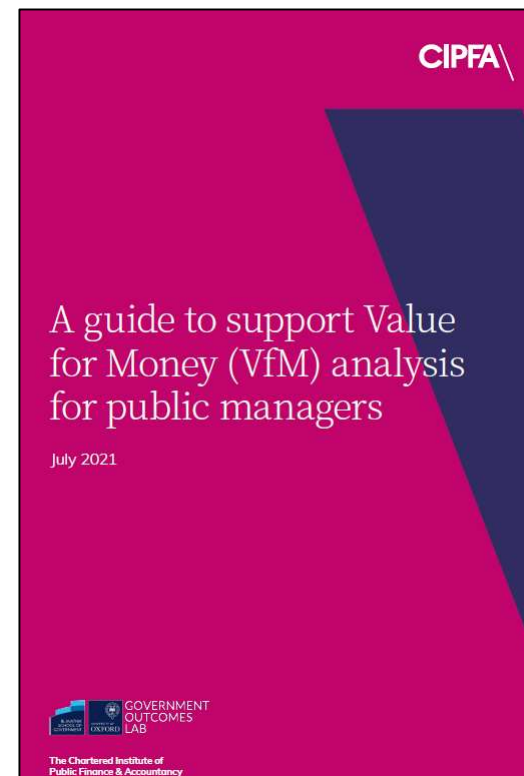
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)

Local government and net zero in England – NAO

The National Audit Office (NAO) report responds to a request from the Environmental Audit Committee to examine local government and net zero. It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK's statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

The NAO comment "While the exact scale and nature of local authorities' roles and responsibilities in reaching the UK's national net zero target are to be decided, it is already clear that they have an important part to play, as a result of the sector's powers and responsibilities for waste, local transport and social housing, and through their influence in local communities. Government departments have supported local authority work related to net zero through targeted support and funding. However, there are serious weaknesses in central government's approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities' overall roles, piecemeal funding, and diffuse accountabilities. This hampers local authorities' ability to plan effectively for the long-term, build skills and capacity, and prioritise effort. It creates significant risks to value for money as spending is likely to increase quickly.

MHCLG, BEIS and other departments recognise these challenges and are taking steps to improve their approach. Their progress has understandably been slowed by the COVID-19 pandemic, but there is now great urgency to the development of a more coherent approach."

Key findings include:

- Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.
- There is little consistency in local authorities' reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved.
- Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.

The report can be found here:

<https://www.nao.org.uk/report/local-government-and-net-zero-in-england/>



Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

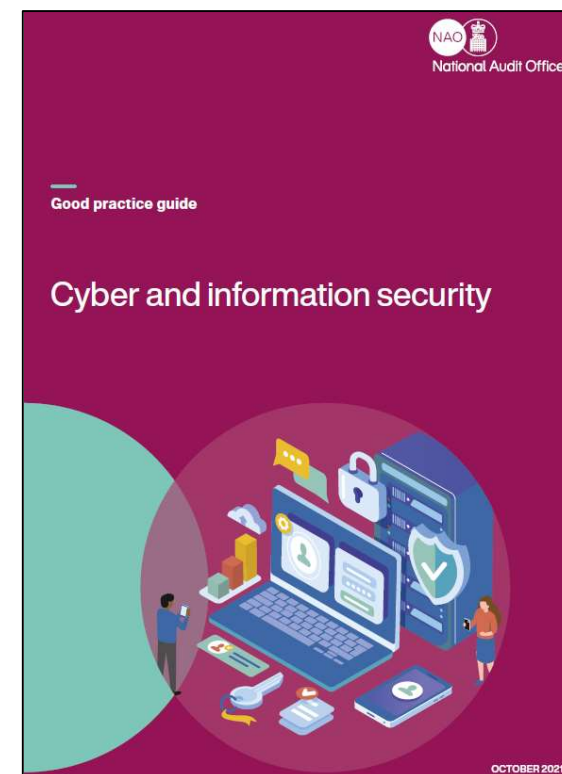
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>





Agenda Item 8



Audit Committee

**Wednesday, 15
December 2021**

**Matter for
Information**

Report Title:

Risk Management Report 2021/22

Report Author(s):

Comie Campbell (Head of Finance & Acting s151 Officer)

Purpose of Report:	To present the Operational and Strategic Risk Registers for information.
Report Summary:	In accordance with the requirements of the Council's Opportunity and Risk Management Strategy, this report presents the Operational and Strategic Registers for the Committee's consideration, which are updated on a regular basis through discussions with members of the Corporate Management and Senior Leadership Teams.
Recommendation(s):	That the Operational and Strategic Risk Registers (as set out at Appendices 1 and 2) be considered.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Comie Campbell (Head of Finance & Acting s151 Officer) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk Kevin Watkins (Risk Support) 07887 429242 Kevin.watkins@cwaudit.org.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	<ol style="list-style-type: none"> 1. Operational Risk Register Q3 2021/22 2. Strategic Risk Register Q3 2021/22

1. Introduction

- 1.1 At its July 2021 meeting, the Audit Committee approved the Council's Opportunity Risk Management Policy and received, for the first time, the Operational and Strategic Risk Registers for consideration. These Registers are updated on a regular basis throughout the year through discussion with members of the Corporate Management Team and the Senior Leadership Team. The most recent update took place following meetings held with responsible Risk Owners throughout October and November 2021. This paper presents a summary of the profile of risks contained within the Registers and highlights key movements in scores from the position reported in July 2021.

2. Operational and Corporate Risk Registers

Operational Risk Register

- 2.1 The format of the Operational Risk Register has been adjusted slightly since it was last presented to the Audit Committee to include a requirement to determine a target score for each risk. This provides an opportunity to more clearly identify actions that need to be taken to reduce mitigated risk scores. In the majority of cases, risks are being managed down to target levels, indicating that controls in place are operating effectively.
- 2.2 The Operational Risk Register details 30 risks in total, which are split across the four service areas as follows:-
- Finance & Resources – 10 risks;
 - Communities & Wellbeing – 5 risks;
 - Built Environment – 8 risks;
 - Law & Democracy – 7 risks.
- One new risk has been added to the Built Environment Register since July 2021, to reflect the risk associated with the production of the 2023 Local Plan.
- 2.3 Since the last update of the Operational Risk Register, the mitigated risk score has been reduced for 7 risks, as indicated in red text throughout the Register, as management have implemented action to manage risks or, as in the case of a number of risks in the Finance & Resources Register, vacancies have been filled.
- 2.4 Only one risk in the Operational Risk Register remains a high scoring risk after mitigating actions have been taken – Risk 4 of the Built Environment Register, failure to recruit professional staff, which has a mitigated risk score of 12 with a target score of 4. The Council is continuing to work with staffing agencies to identify suitably qualified staff to fill vacancies.

Strategic Risk Register

- 2.5 The format of the Strategic Risk Register has been amended to include a requirement for target dates for implementation of actions identified in the 'further management actions/controls' column, which have remained static during 2020/21 and 2021/22 and therefore require updating. Dates for implementation are in the process of being identified.
- 2.6 The Strategic Risk Register contains a total of 15 risks. No new risks have been added to the Register since it was last presented to the Audit Committee.
- 2.7 Mitigated risk scores in the Strategic Risk Register have remain largely unchanged from July 2021, although reductions were made to the scores for risks CR1 (financial resources) and CR9 (responding to a significant incident), as noted in the 'Review Commentary' column in the Register. Narrative for risk CR13, the threat of cyber attacks, has also been updated, to reflect both the current nature of the risk and actions being taken to manage it, resulting in an increase of the mitigated risk score from 4 to 6.
- 2.8 Only one risk in the Strategic Risk Register remains a high scoring risk after mitigating actions have been taken – Risk CR11, which focuses on risks associated with the local economy, which has a mitigated risk score of 12 against a target score of 8. This remains unchanged from July 2021 and reflects factors such as the impact of COVID-19 on the Council's debtors.

3. Conclusion

- 3.1 The Audit Committee is asked to receive and consider the Operational and Strategic Risk Registers for the period ending Quarter 3 2021/22.

Risk Register - risk level and scoring

IMPACT		
Level	Score	Description
Insignificant	1	<ul style="list-style-type: none"> no impact on service no impact on reputation complaint unlikely litigation risk remote
Minor	2	<ul style="list-style-type: none"> slight impact on service slight impact on reputation complaint possible litigation possible
Moderate	3	<ul style="list-style-type: none"> some service disruption potential for adverse publicity - avoidable with careful handling complaint probable litigation probable
Major	4	<ul style="list-style-type: none"> service disrupted adverse publicity not avoidable (local media) complaint probable litigation probable
Extreme / Catastrophic	5	<ul style="list-style-type: none"> service interrupted for significant time major adverse publicity not avoidable (national media) major litigation expected resignation of senior management and board loss of beneficiary confidence

		Impact				
		1	2	3	4	5
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

Risks that are red require mitigating action to reduce to amber or white

LIKELIHOOD		
Level	Score	Description
Remote	1	<ul style="list-style-type: none"> may only occur in exceptional circumstances
Unlikely	2	<ul style="list-style-type: none"> expected to occur in a few circumstances
Possible	3	<ul style="list-style-type: none"> expected to occur in some circumstances
Probable	4	<ul style="list-style-type: none"> expected to occur in many circumstances
Highly probable	5	<ul style="list-style-type: none"> expected to occur frequently and in most circumstances

Risk Register - 2021/22

08/12/2021 Finance and Resources				Before Mitigating Risk							After Mitigating Risk			Target Risk			Date Updated (mm/dd/yy)	Update By:	Days since last review
Risk No.	Major Heading	Risk	Brief Description	Likelihood	Impact	Score	Mitigating action	Update October/November 2021	Risk Owner	Action Completion by	Likelihood	Impact	Score	Likelihood	Impact	Score			
1	Operations	Major Failure of ICT systems.	Finance and Resources relies heavily on the provision of Robust ICT. A major failure would result in failure to collect local taxes, pay benefits and provide sound financial management.	3	5	15	ICT have comprehensive disaster recovery plans (Steria partnership) and each section a Business Continuity Plan. Servers are generally off site with backups held else where. Income Management system is now being managed off site by Civica. BCPs have been updated with generic officers titles.	Risk scoring reviewed and updated - BCPs would likely have a postive effect on reducing the impact of a failure of ICT systems, allowing service to continue with disruption. After Mitigation score reduced from 10 to 8. BCP plans have been tested following cyber attack on 12/3/21 and were updated prior to recent local election.	PF		2	4	8	2	4	8	26/10/2021	KW	-42
2	Financial	Lack of capacity to provide effective financial support	Failure to provide financial management across the services leaving the MTFS unsecured	4	4	16	Existence of trainee accountant post to produce qualified staff. Continuous personal development for all staff. Use of support networks both locally with other districts and nationally with CIPFA's advice services.	All WTEs in the Finance Team currently being covered by some permanent and some temporary staff. AFTER MITIGATION SCORE REDUCED FROM 12 TO 4	CC		2	2	4	2	2	4	26/10/2021	KW	-42
3	Operational	Lack of capacity to provide effective financial support	Small Finance team leave it vulnerable to long term sickness	4	4	16	Officers trained to cover each other.	Team has grown since last update. Some agency staff being used but all are qualified accountants and can provide cover as necessary. AFTER MITIGATION SCORE REDUCED FROM 9 TO 4	CC		2	2	4	2	2	4	26/10/2021	KW	-42
4	Financial	Capital Programme not delivered	Significant underspends on capital programme leading to priorities not being addressed.	4	2	8	Regular monitoring and reporting to PFD committee. Project officers regularly reporting progress to project board.	Capital Strategy being developed due to be submitted to February 2022 PFD then full Council for approval.	CC		2	2	4	2	2	4	26/10/2021	KW	-42
5	Financial	Falling victim to fraud/scams	Payment of business grants, which has significantly increased as a result of Covid-19 pandemic	4	3	12	Application must be completed, which is checked against known data; spotlight check required of company data. Data also submitted to National Fraud Initiative.	Internal Audit have completed reviews of various grants paid out from March 2020 onwards and have not raised significant concerns.	CC		2	2	4	2	2	4	26/10/2021	KW	-42
6	Operational	Failure to retain key staff	Loss of experience staff in Tax collection and benefits leads to collection rate not being made or benefits incorrectly awarded	4	4	16	Temporary staff have been brought in assist with increased workloads due to payouts of grants related to Covid-19 and areas where skillsets needed improvement.	Permanent Revs and Benefits Manager has been appointed and currently has full team (permanent and agency staff) supporting him in delivery of the Revs & Benefits function.	JO		2	3	6	2	2	4	26/10/2021	KW	-42
7	Financial	Overspends against budgets	Indicates a lack of internal control and poor internal judgements. Council resources threatened	3	4	12	Regular reviews and meetings with budget holders.	Budget monitoring being undertaken more regularly and additional capacity has been provided through an additional member of staff undertaking budget monitoring role. MITIGATED RISK REDUCED FROM 9 TO 4	CC		2	2	4	2	2	4	26/10/2021	KW	-42
8	Reputational	Personal hardship caused by inaccurate payment of benefits	Impact of individuals receiving benefits. Overpayment and the need for recovery procedures.	3	3	9	Quality checks carried out each month to check for financial accuracy.	Payments are being made on time. No significant concerns noted. MITIGATED RISK REDUCED FROM 6 TO 4	JO		2	2	4	2	2	4	26/10/2021	KW	-42
9	Financial	Failure to collect Council Tenant Rents	Housing Revenue Account resources diminish to leading to a reduction in service provision	3	4	12	Staff in the Income team are focusing on recovering debt through visiting and chasing poorest payers and also manage those who are falling into arrears and signposting them into appropriate support.	Rent arrears currently not as high as expected bearing in mind impact of Covid-19.	AT		2	4	8	2	4	8	03/11/2021	KW	-35
10	Operational	New relationship with income system supplier Civica	Issues were identified with Civica's system during implementation and confidence in their ability to deliver an effective service needs to be established.	3	4	12	Contract Specification. Operational Accounts Manager to have quarterly meetings to monitor and ensure compliance with contract spec.	Bi-monthly meetings being held with Civica but not formally documented. PF to organise a formal review process for the contract by 31/1/22.	PF	31/1/22	2	3	6	2	2	4	26/10/2021	KW	-42

Risk Register - 2020/21

Community and Wellbeing				Before Mitigating Risk			08/12/2021				After Mitigating Risk			Target Risk			Date Updated (mm/dd/yy)	Update By:	Days since last review
Risk No.	Major Heading	Risk	Brief Description	Likelihood	Impact	Score	Mitigating action	Update October/November 2021	Risk Owner	Action Completion by	Likelihood	Impact	Score	Likelihood	Impact	Score			
CW1	Compliance	Safeguarding. Legal repercussions and reputational damage.	That the council does not fulfil its statutory safeguarding responsibilities.	4	4	16	Adherence to policy. Regular policy review and appropriate staff training. The requirement for a robust referral mechanism.	County Safeguarding Officer Group has developed an online training module which is in the process of being localised. Safeguarding & PREVENT training is now as up to date as it needs to be. Training events will be organised once current restrictions come to an end.	MS	31/2/22	2	4	8	2	4	8	25/10/2021	KW	-43
CW2	Operations	Events. Public injury or property damage and reputational damage.	To ensure all events are suitably risk assessed and subject to appropriate planning procedures.	5	5	25	Production of event plans and risk assessments through the County-wide Safety Advisory Group. Consultation with external partners (e.g. Police, Fire Service and EMAS). Appropriate staffing levels for event.	Additional national guidelines issued re holding events (eg sports) due to COVID which are being complied with. Outdoor up to 30. Outdoor sports activities have resumed but still within guidelines. Council needs to continue to support organisations where appropriate to carry out risk assessments and ensure activities are COVID-safe.	JW	N/A	2	3	6	2	3	6	29/11/2021	KW	-9
CW3	Operations	Direct public engagement .e.g residents' forums, public meetings	Injury to staff, and a loss of working hours. Reputational damage.	4	4	16	Awareness of current issues, and staff training on de-escalation plus political neutrality.	Forums not taking place at present due to COVID but are expected to recommence in January 2022.	AD		2	3	6	2	3	6	23/11/2021	KW	-15
~ Page 61 ~	Operations	Anti-Social Behaviour	Injury to staff, and a loss of working hours. Reputational damage. Lone Working	3	5	15	Researching known perpetrators; involve police where known problems. Corporate Alert List kept up to date. Application of Lone Working Policy & appropriate staff equipment e.g. panic alarms based on situation. ASB Officer fully aware of Lone Working Policy, uses safety equipment where appropriate & ensures at least 1 other member of staff is aware of his diary appointments.	No changes since last review	TM		2	4	3	2	4	8	25/10/2021	KW	-43
CW5	Operations	Fire	Vehicles catching fire. Unable to deliver a collection service	3	4	12	Refuse vehicles kept separate from recycling vehicles & vehicles kept at furthest point away from the fuel pump. Vehicles kept at least 200 metres apart.	No changes since last review	BK		2	2	4	2	2	4	23/11/2021	KW	-15

Built Environment				Before Mitigating Risk			08/12/2021					After Mitigating Risk			Target Risk			Date Updated (mm/dd/yy)	Update By:	Days since last review
Risk No.	Major Heading	Risk	Brief Description	Likelihood	Impact	Score	Mitigating action	Update October/November 2021	Risk Owner	Action Completion by	Likelihood	Impact	Score	Likelihood	Impact	Score				
1	Operations	Housing Capital Programme	Delivery of Housing Capital Programme	3	4	12	A specific staff resource in in place to delivery the Programme (Housing Capital Programme Manager). Budget will be regularly monitored. Frameworks to be used to procure external contractors when necessary.	Need to complete a stock condition review. Looking to recruit a temporary resource to deliver this review. An Asset Management system has been purchased to ensure a better data set is maintained - will assist in identifying required works.	CE	31/3/2022	2	4	8	2	4	8	05/11/2021	KW	-33	
2	Operations	Homelessness	Significant increase in people presenting as homeless	3	3	9	The Council is required to develop Homeless Strategy, implementation of which will manage this risk.	There is a 2019-2024 Homelessness & Rough Sleeping Strategy. Review needs to be undertaken in terms of where the Council is in terms of delivering the Strategy following the impact of Covid-19, which required immediate action to find accommodation for homeless people.	CE	30/4/2022	2	3	6	2	3	6	05/11/2021	KW	-33	
3	Operations	5 Year Housing Land Supply	Failure of sites coming forward	3	4	12	Officer led Development Co-ordination Working Group meets monthly. Keep in regular contact with developers as a monitoring mechanism particularly since Covid-19 pandemic.	Actively working with Developers to bring forward Directions for Growth. Progressing Container and Modular options. Progressing Town Centre sites and former Oadby Pool site. Produced most up to date Housing Implementation Strategy (published Sept 2021) which sets out that the Council has a healthy 5 year land supply. MITIGATING SCORE REDUCED FROM 8 TO 4	JC		1	4	4	2	4	8	22/10/2021	KW	-46	
4	Operations	Recruitment	Failure to recruit professional skilled staff	4	3	12	A variety of recruiting initiatives are being used to attract professional skilled staff.	Development Control currently an issue with three vacancies. Action: Currently working with agencies to seek interim & permanent replacements.	AT	Ongoing	3	4	12	2	2	4	03/11/2021	KW	-35	
5	Operations	Leicestershire Building Control Partnership	Failure of Shared Service	2	4	8	Partnership Structure and Service Agreement in place. Regularly attend Partnership Meetings and are an active partner. Council has been considering potential for delegated structure where 5 Councils will delegate responsibility to Blaby to lead on service.	Action: Proposal for the delegated service to become operational from 1/4/22 going to full Council in December 2021	AT	04/01/2022	2	4	8	2	2	4	03/11/2021	KW	-35	
6	Operations	Lightbulb	Failure of Delegated Service	3	4	12	Partnership Structure and Service Agreement in place.	Partnership arrangement is being extended; Council satisfied with the way the partnership is working.	CE		2	4	8	2	4	8	05/11/2021	KW	-33	
7	Operations	Strategic Growth Plan	Failure of Strategic Planning Group partnership to deliver the Plan	3	4	12	Partnership Structure in place (All Leicester & Leicestershire Authorities). Sub-groups meet monthly.	Strong commitment amongst partners to work together and achieve delivery	JC		2	4	8	2	4	8	22/10/2021	KW	-46	
8	Operations	2023 Local Plan Production	Dependent on Leics. City Council's unmet housing need being met within Leicestershire & reduced timescale for completion	4	4	16	Weekly meetings of partners involved in meeting LCC's unmet housing need. Staffing resource has been refocused to ensure sufficient time is available for production of Local Plan. Also budget has been identified to support production of Plan if necessary. Members have been fully appraised of position.	New Risk added 22/10/21	JC		3	4	12	3	4	12	22/10/2021	KW	-46	

Risk Register - 2021/22

Law and Democracy				Before Mitigating Risk			08/12/2021				After Mitigating Risk			Target Risk			Date Updated (dd/mm/yy)	Update By:	Days since last review
Risk No.	Major Heading	Risk	Brief Description	Likelihood	Impact	Score	Mitigating action	November 2021 Update	Risk Owner	Action Completed By:	Likelihood	Impact	Score	Likelihood	Impact	Score			
LD1	Extended loss of IT	Unable to gain access to records/provide statutory services	An event that has a material impact on the ability of the section to function effectively	3	4	12	Business Continuity Plan in Place with Steria. Developing a new IT infrastructure (Steria finishing Dec 2021)	Risk scoring reviewed and updated - BCPs would likely have a postive effect on reducing the impact of a failure of ICT systems, allowing service to continue with disruption. After Mitigation score reduced from 10 to 8. BCP plans have been tested following cyber attack on 12/3/21 and were updated prior to recent local election. AFTER MITIGATING SCORE REDUCED FROM 9 TO 8	SLT	N/A	2	4	8	2	4	8	26/10/2021	KW	-42
LD2	Loss of Key Member of Staff	Unable to provide statutory services	A loss of a key member of staff that has a material impact on the ability of the section to perform its statutory duties	3	2	6	Monitor current staff work/life balance and provide adequate training	As of the end of November 2021 Democratic & Electoral is at full strength. One short in Environmental Health, and one short in Selective Licensing. Action: Ongoing discussions about solutions to manage vacancies.	DG	DG	3	2	6	2	2	4	11/11/2021	KW	-27
LD3	Health and Safety incident ie Legionella	Serious accident results in death or injury	An event that has a material impact on the reputation of the Council as a result of a failure to adequately control H and S risks on council assets resulting in death or serious injury	2	5	10	Inspection of all council assests by appropriatly trained staff and maintainence of inspection records. Regular audit of inspection regimes and work of H and S officer	Creating a health and safety and resilience post to replace part time post.	DG	N/A	1	3	3	1	3	3	11/11/2021	KW	-27
LD4	Changes in Legislation	Unbudgeted costs	New legislation alters service delivery requirements at a cost to the council	5	5	25	Monitoring of new legislation and advising on adaptions to service delivery. Regular monitoring of proposed legislative changes via subscription to on-line services	Face to face meetings have resumed due to the legislative requirement to do so, although Covid-19 remains a risk and is therefore causing an increase in the level of mitigated risk versus target risk. No additional actions beyind what is already being done to manage the Covid-19 risk are, however, required.	DG	N/A	2	4	8	2	3	6	11/11/2021	KW	-27
LD5	Litigation	Unbudgeted costs	Litigation arising out of a decision by the council that results in unbudgeted costs and reputational damage	3	5	15	Ensuring appropriate legal advice is provided to all committees, report authors and decision making bodies	No changes from last review	DG	N/A	1	5	5	1	5	5	11/11/2021	KW	-27
LD6	Failure to follow agreed policies or procedures	Legal challenge	An event that arises from a failure to follow agreed policies and procedures resulting in a financial or legal consequence	3	3	9	Regular Monitoring and updating of policies & procedures and staff training. Rolling programme of policy reviews and monitoring of staff.	Now have a Corporate Policy Officer to ensure that they are reviewed and updated as necessary	DG	N/A	2	2	4	2	2	4	11/11/2021	KW	-27
LD7	Failure to enforce, improper enforcement or sanction applied to a member of the public	Legal challenge and Reputational damage	Litigation arising out of a decision by the council that results in unbudgeted costs and reputational damage	4	4	16	Legal review of all decisions to impose sanction/initiate legal proceedings. COVID-19 Marshalls in place to ensure enforcement of rules introduced through legislation to minimise spread of disease.	No major concerns have been raised in respect of Council's application of COVID-19 legislation to date. MITIGATING RISK REDUCED FROM 8 TO 6	DG	N/A	2	3	6	2	2	4	11/11/2021	KW	-27

Risk Register - risk level and scoring

IMPACT		
Level	Score	Description
Insignificant	1	<ul style="list-style-type: none"> no impact on service no impact on reputation complaint unlikely litigation risk remote
Minor	2	<ul style="list-style-type: none"> slight impact on service slight impact on reputation complaint possible litigation possible
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Major	4	<ul style="list-style-type: none"> service disrupted adverse publicity not avoidable (local media) complaint probable litigation probable
Extreme / Catastrophic	5	<ul style="list-style-type: none"> service interrupted for significant time major adverse publicity not avoidable (national media) major litigation expected resignation of senior management and board loss of beneficiary confidence

LIKELIHOOD		
Level	Score	Description
Remote	1	<ul style="list-style-type: none"> may only occur in exceptional circumstances
Unlikely	2	<ul style="list-style-type: none"> expected to occur in a few circumstances
Possible	3	<ul style="list-style-type: none"> expected to occur in some circumstances
Probable	4	<ul style="list-style-type: none"> expected to occur in many circumstances
Highly probable	5	<ul style="list-style-type: none"> expected to occur frequently and in most circumstances

		Impact				
		1	2	3	4	5
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

Risks that are red require mitigating action to reduce to amber or white

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary
					Likelihood	Impact	Risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Risk rating			
CR1	Decreasing Financial resources / Increasing Financial Pressures	All Objectives	<input type="checkbox"/> Increase demand for services e.g. benefits <input type="checkbox"/> Continuing Austerity <input type="checkbox"/> Political promises <input type="checkbox"/> Change in priorities <input type="checkbox"/> Reduction in recycling value <input type="checkbox"/> Deflated housing market <input type="checkbox"/> Lack of business growth <input type="checkbox"/> Further changes in legislation <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/> Universal Credit <input type="checkbox"/> Inefficient running costs of Bushloe House <input type="checkbox"/> Political hesitancy in decision making for fundamental service reform.	<input type="checkbox"/> Cuts in services <input type="checkbox"/> Political and customer expectations not met <input type="checkbox"/> Quality of service <input type="checkbox"/> Reputation damage <input type="checkbox"/> Knock on impact on the local community and economy e.g. spiral effect <input type="checkbox"/> Legal challenge, Reduction in rent/monies owed to the council through the introduction of UC, increased homelessness adding stresses to council finances and the local economy.	5	4	20	<input type="checkbox"/> Budgetary Control processes and committee reporting <input type="checkbox"/> Medium Term Financial Strategy and HRA Business Plan - including scenario planning <input type="checkbox"/> Setting and monitoring of savings and efficiency targets <input type="checkbox"/> Annual Fees and Charges review <input type="checkbox"/> Disclosure of expenditure over £250 <input type="checkbox"/> Review of reserves and balances <input type="checkbox"/> Treasury Management and Investment Strategy <input type="checkbox"/> Prudential Indicators <input type="checkbox"/> Revised Financial Regulations <input type="checkbox"/> Business Rates Pooling <input type="checkbox"/> New Procurement Policy, <input type="checkbox"/> Homelessness team increased <input type="checkbox"/> New income collection team created <input type="checkbox"/> Assessment of viability of capital projects. <input type="checkbox"/> Members have approved move out of Bushloe House to Brocks Hill.	2	3	6	<input type="checkbox"/> Scenario planning for budgets <input type="checkbox"/> Transformation Programme across the council to improve services <input type="checkbox"/> Review of Financial Regulations <input type="checkbox"/> Training on Contract Procedure Rules; <input type="checkbox"/> enhance budget monitoring		2	2	4	Chief Financial Officer	Oct-21	Residual risk reduced in October 2021 from 8 to 6; CFO expects the Council to deliver against its financial targets in 2021/22.
CR2	Key Supplier Failure	All Objectives	<input type="checkbox"/> Change in circumstances <input type="checkbox"/> Capacity and competency <input type="checkbox"/> Further decline of the Economy <input type="checkbox"/> Relationship breakdown <input type="checkbox"/> Changes in legislation <input type="checkbox"/> Changes in personnel <input type="checkbox"/> Liability issues	<input type="checkbox"/> Cost implications <input type="checkbox"/> Business Continuity <input type="checkbox"/> Loss of revenue <input type="checkbox"/> Service failure <input type="checkbox"/> TUPE issues <input type="checkbox"/> Potential court action <input type="checkbox"/> Increased complaints <input type="checkbox"/> Reputation issues <input type="checkbox"/> Political damage <input type="checkbox"/> Delays	3	3	9	<input type="checkbox"/> Formal contracts and agreements including realistic notice periods <input type="checkbox"/> Tender arrangements and pre qualification financial assessments <input type="checkbox"/> Qualified internal officers to provide legal advice <input type="checkbox"/> Use of external counsel <input type="checkbox"/> Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners <input type="checkbox"/> Welland Procurement also providing support.	3	3	9	<input type="checkbox"/> Creation of Project and Procurement Team (currently one individual) <input type="checkbox"/> Partnership and contract risk registers <input type="checkbox"/> Periodic VfM reviews of contracts when re-tendering occurs		2	2	4	SLT	Nov-21	
CR3	Failure to work effectively with other public sector partner organisations (PSOs)	All Objectives	<input type="checkbox"/> Poor service delivery from PSOs the Council has agreements with <input type="checkbox"/> Lack of engagement from partner PSOs <input type="checkbox"/> Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown Failure of relationships at stratgic level in County & across members	<input type="checkbox"/> Loss of public confidence in Community Safety Partnership <input type="checkbox"/> Loss of funding for LLR Sports Alliance partnership <input type="checkbox"/> Impact on service delivery of poor ICT service <input type="checkbox"/> May not realise potential economies of scale <input type="checkbox"/> Impact on staff morale	3	4	12	<input type="checkbox"/> Formal agreements with public sector partners which clearly identify roles & responsibilities <input type="checkbox"/> Governance arrangements which manage performance against agreements <input type="checkbox"/> Lead officer arrangements/contract manager <input type="checkbox"/> Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality <input type="checkbox"/> Strategic Planning Group - governance arrangements are in place for this. Member Advisory Group also in place Southern Alliance (OWBC, HDC, Blaby & Hinckley working together)	3	3	9	<input type="checkbox"/> Insourcing of ICT provision previously provided under agreement with H&B & Blaby Councils <input type="checkbox"/> Procurement of project management support for transition of ICT service		2	2	4	SLT	Nov-21	

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary
					Likelihood	Impact	risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	risk rating			
CR4	Failure to effectively engage with residents of OWBC	All Objectives	<input type="checkbox"/> Staff changes could impact on engagement <input type="checkbox"/> hard to reach communities <input type="checkbox"/> some resident groups not digitally connected <input type="checkbox"/> change in political power could result in non-statutory service being stopped Failure to consult when appropriate to do so	<input type="checkbox"/> Reputational damage <input type="checkbox"/> lack of support for community initiatives <input type="checkbox"/> lack of communication <input type="checkbox"/> missed opportunity to impact on equalities agenda and HWB of residents <input type="checkbox"/> Citizens panel unable to influence plans/strategies	4	3	12	<input type="checkbox"/> Statement of community involvement in place. <input type="checkbox"/> Compliance with statutory responsibility for PPI relating to development control and the local plan. <input type="checkbox"/> Citizens Panel sends out public consultation surveys to obtain feedback for influencing strategy/policy. <input type="checkbox"/> Website & social media presence (Comms). <input type="checkbox"/> Draw down external funding to recruit officers to engage with the community. <input type="checkbox"/> Volunteer community champion training. <input type="checkbox"/> Compliance with Code of Practice on Consultations	3	2	6	Training a key element and is a continuous action against a changing agenda.		2	2	4	SLT	Nov-21	
CR5	Political Dynamics	All Objectives	<input type="checkbox"/> Change in political power <input type="checkbox"/> Change in leader <input type="checkbox"/> New members <input type="checkbox"/> Public perception changes	<input type="checkbox"/> Change in priorities <input type="checkbox"/> Change in member/officer engagement <input type="checkbox"/> Breakdown in communication <input type="checkbox"/> Inability to meet expectations <input type="checkbox"/> Reputation issues (organisational and political) <input type="checkbox"/> Reactive decision making (rather than planned) <input type="checkbox"/> Failure to follow legislative requirements e.g. equalities <input type="checkbox"/> Further strain on council finances	3	4	12	<input type="checkbox"/> Member development programmes <input type="checkbox"/> Code of Conduct <input type="checkbox"/> Policies e.g. Safeguarding/Equalities and DBS checks <input type="checkbox"/> Provision of chairing skills training <input type="checkbox"/> Constitution <input type="checkbox"/> Public consultation,	3	3	9	<input type="checkbox"/> Personal training/action plans <input type="checkbox"/> Training for members covering a range of areas including IT and Planning <input type="checkbox"/> Development of member enquiry system <input type="checkbox"/> Political awareness training for officers		3	2	6	SLT	Nov-21	

Strategic Risk Register

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CR6	Reputation Damage	All Objectives	<input type="checkbox"/> Litigation <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Failure to have regard to officers advice <input type="checkbox"/> Whistle blowing <input type="checkbox"/> Freedom of Information (Fol) <input type="checkbox"/> Inconsistent decision making <input type="checkbox"/> Poor Media Relations <input type="checkbox"/> Poor communication <input type="checkbox"/> Failure to provide or reduce services <input type="checkbox"/> Poor performance	<input type="checkbox"/> Intervention <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Ombudsman findings <input type="checkbox"/> Court costs <input type="checkbox"/> Quality of service affected <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Lower public satisfaction level <input type="checkbox"/> Time spent mitigating damage/rectifying the situation <input type="checkbox"/> Low Morale <input type="checkbox"/> Difficulties to recruit/staff retention	3	3	9	<input type="checkbox"/> Review of external communication by Heads of Service <input type="checkbox"/> Use of modern gov <input type="checkbox"/> Whistle blowing and Anti Fraud and Corruption policies <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Qualified in house legal team <input type="checkbox"/> Officer complaints training & new complaints process <input type="checkbox"/> Performance reporting and Key Performance Indicators <input type="checkbox"/> Public and media consultation <input type="checkbox"/> Achieved accreditation for customer service excellence award <input type="checkbox"/> Communications Policy and Communications Plan in place <input type="checkbox"/> Online customer care training in place for all new staff and a separate module also in place for managers. <input type="checkbox"/> Partnership working eg Lightbulb & Local Plan <input type="checkbox"/> Marketing & Communications Manager in post since 5/7/21 <input type="checkbox"/> Social Media Policy	2	2	4			2	1	2	SLT	Nov-21	
CR7	Effective utilisation of Assets/Buildings	All Objectives	<input type="checkbox"/> Failure to follow Health and Safety <input type="checkbox"/> Insurance/Public Liability <input type="checkbox"/> Financial investment <input type="checkbox"/> Contractor going into liquidation <input type="checkbox"/> Political will <input type="checkbox"/> Facility Management <input type="checkbox"/> Depreciation	<input type="checkbox"/> Loss of investment opportunities <input type="checkbox"/> Loss of income <input type="checkbox"/> Loss of capital <input type="checkbox"/> Higher revenue costs <input type="checkbox"/> Costs <input type="checkbox"/> Death or injury <input type="checkbox"/> Higher insurance premiums <input type="checkbox"/> Reputation damage <input type="checkbox"/> Public liability <input type="checkbox"/> Personal liability for corporate team e.g. corporate manslaughter	4	3	12	<input type="checkbox"/> Physical controls (e.g. Door Codes, fire alarms) <input type="checkbox"/> Designated first aiders <input type="checkbox"/> Capital Programme and HRA Business Plan - annual reiteration and regular monitoring <input type="checkbox"/> Fixed Asset Register <input type="checkbox"/> Annual valuation of property by external valuer <input type="checkbox"/> Designated Health and Safety Officer <input type="checkbox"/> Implementation of controls within Health and Safety Executive review <input type="checkbox"/> Health and Safety risk assessments <input type="checkbox"/> Designated Facilities Manager <input type="checkbox"/> Accommodation Reviewed <input type="checkbox"/> Health and safety assessments carried out on all buildings	3	3	9	<input type="checkbox"/> Revision of Asset Management Policy and Capital Expenditure Plan <input type="checkbox"/> Accommodation review <input type="checkbox"/> Consideration of holistic Asset Management database/system <input type="checkbox"/> Production of a Health and Safety Action Plan		2	2	4	SLT	Nov-21	
CR8	Regulatory Governance	All Objectives	<input type="checkbox"/> New or changes to legislation <input type="checkbox"/> Resources (staff) <input type="checkbox"/> Failure to identify new legislation	<input type="checkbox"/> Substantial fines e.g. Data Protection <input type="checkbox"/> Judicial review <input type="checkbox"/> Reputation <input type="checkbox"/> Code of conduct <input type="checkbox"/> Financial loss <input type="checkbox"/> Cost orders <input type="checkbox"/> Personal liability	3	4	12	<input type="checkbox"/> Data Protection Policy and log <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Code of Conduct and training <input type="checkbox"/> HR Induction <input type="checkbox"/> Statutory Monitoring Officer <input type="checkbox"/> Subscriptions (e.g. legal journals and LGA) and CPD of legal officers <input type="checkbox"/> Prosecution Policy <input type="checkbox"/> Dedicated Compliance Officer	1	1	1			1	1	1	Monitoring Officer	Nov-21	

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CR9	Failure to respond to a significant incident	All Objectives	<input type="checkbox"/> Loss of staff <input type="checkbox"/> Loss of ICT <input type="checkbox"/> Loss of Building <input type="checkbox"/> Loss of Key supplier <input type="checkbox"/> Loss of facilities <input type="checkbox"/> Loss of systems <input type="checkbox"/> Act of God <input type="checkbox"/> Adverse Weather <input type="checkbox"/> Pandemic	<input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Staff unavailable after major incident <input type="checkbox"/> large proportion of staff becoming ill	2	4	8	<input type="checkbox"/> Insurance policies and annual review <input type="checkbox"/> Use of Zurich Risk Management Service <input type="checkbox"/> Risk Management policies and procedures <input type="checkbox"/> Membership of Local Resilience Forum <input type="checkbox"/> Standby rota <input type="checkbox"/> IT backup, Business Continuity Plans in place <input type="checkbox"/> Community Engagement with Health professionals <input type="checkbox"/> Agile Working Policy	2	3	6	<input type="checkbox"/> Paperless office and increased scanning through ERDMS <input type="checkbox"/> Officers working from home to stop spread of illness <input type="checkbox"/> Coordination of Out of Hours Service <input type="checkbox"/> Staff working from home		2	1	2	Heads of Service	Nov-21	Also see separate COVID-19 risk. Residual risk score reduced from 9 to 6 reflecting implementation of Agile Working Policy
CR10	Organisational/Transformational Change	All Objectives	<input type="checkbox"/> Restructure <input type="checkbox"/> Transformational change <input type="checkbox"/> Transferable skills <input type="checkbox"/> Reduction in funding <input type="checkbox"/> Change in personnel <input type="checkbox"/> Change in the way the council delivers services <input type="checkbox"/> Redundancy <input type="checkbox"/> Less controls in place due to limited resources	<input type="checkbox"/> Redundancy <input type="checkbox"/> Staff morale <input type="checkbox"/> Staff retention <input type="checkbox"/> Change in working practices <input type="checkbox"/> Impact on quality of service <input type="checkbox"/> Legal implications <input type="checkbox"/> HR implications <input type="checkbox"/> Reputation damage/perception <input type="checkbox"/> Financial loss <input type="checkbox"/> Possible litigation <input type="checkbox"/> Increased fraud	2	3	6	<input type="checkbox"/> Organisation review policy <input type="checkbox"/> Recruitment and selection policies and procedures <input type="checkbox"/> Union and staff consultation <input type="checkbox"/> Internal Audit <input type="checkbox"/> Staff group <input type="checkbox"/> Staff newsletters <input type="checkbox"/> Monitoring and supervision of management/1:1's <input type="checkbox"/> Training and professional qualification support <input type="checkbox"/> Performance appraisal process	2	2	4	Workforce Strategy, Skills Matrix		1	1	1	Head of Customer Service and Transformation	Nov-21	

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CR11	Economy/Regeneration	All Objectives	<input type="checkbox"/> Further decline in the economy <input type="checkbox"/> BREXIT COVID (uncertainty of cost impact) <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/>	<input type="checkbox"/> Relocation (Business and Domestic) <input type="checkbox"/> Lack of inward investment <input type="checkbox"/> Increased demand for certain services e.g. benefits <input type="checkbox"/> Loss of value in public assets <input type="checkbox"/> Need to continually adapt/change <input type="checkbox"/> Conflicting pressures - decreased funding – increased demand <input type="checkbox"/> Spiral effect <input type="checkbox"/> Short term decision making – uncertainty <input type="checkbox"/> Increased autonomy leads to greater risk <input type="checkbox"/> Decrease in collection levels	5	4	20	<input type="checkbox"/> Medium Term Financial Strategy and scenario planning <input type="checkbox"/> Budget consultation <input type="checkbox"/> Utilisation of Treasury Management advice <input type="checkbox"/> Setting and monitoring of savings and efficiency targets <input type="checkbox"/> Debt Recovery Policy in place <input type="checkbox"/> Local Council Tax and Business Rate Retention scheme in place <input type="checkbox"/> Contract monitoring of bailiffs <input type="checkbox"/> Paying out business grants to support local businesses during pandemic <input type="checkbox"/> Regular programme of business webinars to provide information and support to businesses <input type="checkbox"/> Monthly newsletter issued to businesses <input type="checkbox"/> Economic Regeneration Team increased to include 2 Project Managers who have been recruited to focus on bringing forward some revenue generating projects.	4	3	12	Continue to review the opportunity to maximise funding sources.		4	2	8	Head of Built Environment, Marketing and Comms Manager	Nov-21	
CR12	Increased Fraud	All Objectives	<input type="checkbox"/> Dilution of internal controls due to less staff <input type="checkbox"/> Increase in unemployment <input type="checkbox"/> Reduction in benefits <input type="checkbox"/> Inflation <input type="checkbox"/> Debt <input type="checkbox"/> Opportunity <input type="checkbox"/> March 16 <input type="checkbox"/> Sub-letting of Council properties	<input type="checkbox"/> Homelessness, poverty and social deprivation <input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation	3	3	9	<input type="checkbox"/> Internal and External Audit <input type="checkbox"/> Financial Regulations <input type="checkbox"/> Segregation of Duties <input type="checkbox"/> Supervision and Management <input type="checkbox"/> Investigation and disciplinary procedures <input type="checkbox"/> Litigation <input type="checkbox"/> UPDATED Anti Fraud and Corruption Policy <input type="checkbox"/> Whistle blowing process <input type="checkbox"/> Tone from the top - no tolerance <input type="checkbox"/> Budgetary Control <input type="checkbox"/> Participation in National Fraud Initiative <input type="checkbox"/> Transaction review (e.g. invoices/mileage)	2	2	4	<input type="checkbox"/> Bribery Act Risk Assessment <input type="checkbox"/> Fraud Awareness Training		1	1	1	Chief Financial Officer	Nov-21	

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CR13	Cyber Threat/Security, Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management.	All Objectives	Cyber threats are increasing on a worldwide basis, with criminals known to target public sector organisations in an attempt to obtain personal data on a significant scale. The Council is thus at high risk of being attacked.	<input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation, Loss of data, breaches of GDPR, SMT lack of oversight	4	5	20	<input type="checkbox"/> As part of the new ICT Team, there is a dedicated IT Security Manager and cyber threats and security fall within his remit. A range of IT Security Policies are in draft for sign-off by PFD. Also part of Leicestershire Resilience Forum and have access to their specialisation if a breach occurs. In addition as partner their role is to act as 'check and balance' on policies. They also provide training events on cyber security matters.	2	3	6	BCP is currently being reviewed by IT Security Manager	31/01/2022	1	3	3	Head of Customer Service and Transformation	Nov-21	Risk narrative and scoring updated to reflect increased risk associated with cyber attacks but also control environment which is being put in place to manage this risk. Residual risk score increased from 4 to 6.
14	18. Coronavirus (SARS coronavirus-2 (SARS-CoV-2)) locally results in significant loss of staff at any one time and/or wider national measures designed to slow the spread of COVID-19 cause significant impacts on service delivery and the wider city	All Objectives	Major world pandemic identified by the WHO. This has spread to UK . The virus could spread to a large proportion of the population causing widespread illness and, in some server cases, death.	Council is unable to deliver any services including essential/critical services, or only deliver to a significantly reduced extent. Significant risk to the health, safety and welfare of vulnerable services users. Significant impacts on the local economy causing resulting impacts financially on the Council from reduced revenue including loss of income for commercially traded services. Reputational damage should the Council not be able to respond adequately	4	4	16	The Council has a corporate business continuity plan and arrangements and services each have their own business continuity plans. The corporate plan and arrangements have been invoked and all service areas are reviewing their business continuity plans in the light of this specific threat. A corporate business continuity major incident response group is meeting weekly to review the current situation and to identify actions and decisions needed to manage the response as well as determining what is needed in relation to internal and external communications. The Council is following closely the guidance provided by PHE and Government and sharing / promoting this as appropriate with key stakeholders eg schools, suppliers, staff, councillors and MPs etc. The Council is an active partner in the LRF arrangements and response. The LRF has established an SCC, TCC and	2	3	6	Continue to utilise the corporate business continuity plan and incident response group to oversee and co-ordinate the Council's response taking into account the wider guidance from PHE and Govt. Continue to engage in the LRF response and act on guidance from PHE and Govt		2	3	6	SLT	Nov-21	Staff are now working from home and services are being delivered. Business Continuity Plans in place so services are continuing.
CR15	19. Staff lone working including out of hours	All Objectives	Increased risk of staff harm from violence & aggression from service users.	Staff could suffer physical and emotional harm, which could lead to long periods of sick leave.	4	5	20	<input type="checkbox"/> Council has Lone Worker Policy & Procedure <input type="checkbox"/> Equipment is available such as panic alarms & body cameras <input type="checkbox"/> Records are maintained of challenging residents which are reviewed prior to visits taking place <input type="checkbox"/> Relationship with local Police, who will attend visits where there is a potential for	2	3	6	Include in induction and also carry out training awareness exercise for all current staff		2	3	6	SLT	Nov-21	