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26 November 2021

Dear Councillor,

Audit & Governance Committee

6:00pm, Monday 6 December 2021

Council Chamber, Civic Centre, Beecroft Road, Cannock

You are invited to attend this meeting for consideration of the matters itemised in the following Agenda.

Yours sincerely,

T. Clegg
Chief Executive

To: Councillors

Jones, P.G.C. (Chairman)
Newbury, J.A.A. (Vice-Chairman)
Allen, F.W.C. Kruskonjic, P.
Crabtree, S.K. Sutton, Mrs. H.M.
Hoare, M.W.A.

Agenda

Part 1

1. Apologies

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

To declare any personal, pecuniary, or disclosable pecuniary interests in accordance with the Code of Conduct and any possible contraventions under Section 106 of the Local Government Finance Act 1992.

3. Minutes

To approve the Minutes of the meeting held on 29 July 2021 (enclosed).

4. Internal Audit Progress Report 2021/22

Report of the Chief Internal Auditor & Risk Manager (Item 4.1 – 4.11).

5. Strategic Risk Register

Report of the Head of Governance and Corporate Services (Item 5.1 – 5.26).

6. Appointment of External Auditors

Report of the Head of Governance and Corporate Services (Item 6.1 – 6.7)

7. Annual RIPA Review

Report of the Council Solicitor (Item 7.1 – 7.3).

8. Cannock Chase District Council Audit Progress Report and Sector Update

Report of the External Auditors (Item 8.1 – 8.15).

Cannock Chase Council
Minutes of the Meeting of the
Audit and Governance Committee
Held on Thursday 29 July 2021 at 4:00pm
In the Council Chamber, Civic Centre, Cannock
Part 1

Present:
Councillors

Jones, P.C.G. (Chairman)
Newbury, J.A.A. (Vice-Chairman)
Allen, F.W.C. Kruskonjic, P.
Crabtree, S.K. Sutton, Mrs. H.M.
Hoare, M.W.A.

1. Apologies

Apologies were submitted for the External Auditors (Grant Thornton).

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

The Chairman advised he was a member of the Staffordshire County Council Pensions Committee.

3. Minutes

The Minutes of the meeting held on 6 April 2021 were approved as a correct record.

4. Internal Audit Report 2020-21

Consideration was given to the Report of the Chief Internal Auditor & Risk Manager (Item 4.1 – 4.21).

The Chief Internal Auditor and Risk Manager took the Committee through the Report, drawing their attention to the following aspects:

- Appendix 1 set out the summary of significant findings for quarter 4 audits, of which 1 had been given a 'limited' assurance rating.
- Page 4.6 set out details of follow-up audits completed in quarter 4, noting that some progress had been made, although not sufficient to update the assurance ratings. Two of the audits listed were second follow-ups, however given the

Covid-19 pandemic, it was felt justified for matters to have not progressed. As a result., further follow-up work would be carried out.

- Page 4.10 in the Annual Report set out details of the review of the Internal Audit function, from which a small number of actions had been identified. These were detailed in Appendix 3 for reference. It was considered Internal Audit was compliant with the key elements of the assessment standards, but where this wasn't the case, relevant details were provided in the report.
- Page 4.12 set out that the Council's governance arrangements had been given a 'partial' assurance rating for 2020/21. The main issue identified was cyber security, and it was considered worthwhile this being flagged up in the Annual Governance Statement.
- Page 4.13 provided an overview of the assurance ratings given to each audit undertaken during the year.
- Pages 4.13 to 4.14 set out details of the performance of the Internal Audit team in respect of the Internal Audit Plan for the year. It had been necessary to revise the Plan due to the pandemic, which was done just before the second lockdown occurred in November 2020. As a result, it had not been possible to achieve everything in the Plan, but happy overall with a completion rate of 88%. During the pandemic the team had worked with the Business Support team on Covid-support grants and supported the wider Council with the move to homeworking.

The Chairman commented that given the circumstances of the last 18 months, the report was very good, so congratulated the Internal Audit team for what they had achieved.

Resolved:

That the Internal Audit Annual Report 2020-21 be noted.

5. Strategic Risk Register

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 6.1 – 6.26) *(presented by the Chief Internal Auditor & Risk Manager)*.

The Chief Internal Auditor & Risk Manager advised that the report had previously been considered by Leadership Team and Cabinet. There had been no increase to the number of risks or changes to the risk's ratings, but that was not to say no progress had been made since the register was last reviewed in October 2020. Report paragraphs 5.6 and 5.7 set out further details about the risks where the scores had changed, and the reasons for this. Appendix 2 of the report set out identified actions to help manage / reduce each risk.

Resolved:

That the Strategic Risk Register and progress made in the identification and management of the strategic risks be noted.

6. Annual Governance Statement 2020-21

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 5.1 – 5.21).

The Head of Governance and Corporate Services drew the Committee's attention to report paragraph 3.5, noting that any actions not completed in the 2019-20 Annual Government Statement (AGS) had been rolled over into the 2020-21 Statement. The Committee was then taken through the key sections of the AGS, including the 'significant governance issues' as detailed in section 6.

In response to a query from a Member concerning phase 2 of the Designer Outlet, the Head of Governance and Corporate Services advised she would check the current position on this with the Head of Economic Prosperity and circulate any response to the Committee.

Resolved:

That the Annual Governance Statement 2020-21 be approved.

7. Cannock Chase District Council Audit Plan 2020-21

Consideration was given to the Report of the External Auditors (Item 7.1 – 7.21) *(presented by the Head of Governance and Corporate Services)*.

The Head of Governance and Corporate Services advised the External Auditors currently had a company policy in place to not attend external meetings in person due to the Covid-19 pandemic, hence why they were not present today. It was hoped however they would be able to attend the next meeting of the Committee.

In respect of the report, the main issue for the Committee's information was a revised approach the External Auditors had taken on the value for money work. Because of this, the proposed audit fees for the year would be higher than the previous two years. Fees were set nationally, meaning the Council and the External Auditors had little control over the amounts charged. There was however an issue on the 2019/20 fees that was being taken forward by the S151 Officer.

Resolved:

That the Report of the External Auditors be noted.

The meeting closed at 4:28 p.m.

Chairman

Report of:	Chief Internal Auditor & Risk Manager
Contact Officer:	Stephen Baddeley
Contact Number:	01543 464 415
Report Track:	Audit & Governance Committee: 06/12/21

**Audit & Governance Committee
6 December 2021
Internal Audit Progress Report 2021-22**

1 Purpose of Report

- 1.1 To present to the Audit & Governance committee for information a progress report on the work of Internal Audit.

2 Recommendation(s)

- 2.1 That the Committee notes the progress report

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 Attached is a progress report showing the audits which have been issued between 1st April 2021 and 30th September 2021.

Reasons for Recommendations

- 3.3 The report has been prepared for Members' information.

4 Relationship to Corporate Priorities

- 4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities

5 Report Detail

- 5.1 This report is a summary of the Internal Audit work between 1st April 2021 and 30th September 2021 and is a report of progress against the revised audit plan.
- 5.2 The work completed against the revised plan is progressing well and we are on track to complete the majority of the plan by the end of the year.

- 5.3 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.
- 5.4 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in Appendix 1.

Number of Audits	Assurance	Definition
2	Substantial ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively. No action is required by management.
3	Partial ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	Limited !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	No Assurance ✘	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.
1	N/A	One piece of work was issued where it was not appropriate to issue an Assurance due to the narrow scope of the work

- 5.5 Appendix 2 lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.
- 5.6 Appendix 3 shows the follow-ups that have been issued in the period. At the time of the follow-up it was not possible to offer a revised opinion on any of the 8 areas reviewed. 1 remains limited and 7 Partial Assurance.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equality & Diversity

None

6.6 Climate Change

None

7 Appendices to the Report

Appendix 1: Audits Completed by 30th September 2021

Appendix 2: Audits in Progress at 30th September 2021

Appendix 3: Follow-ups completed by 30th September 2021



Progress Monitoring



Number of Audits in Plan for 2021-22	Audits Completed to Draft	Audits In Progress	Percentage of Plan In Progress or Completed to Date
27	6	6	44.4%


Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued in Year to date	0	0	3	2	1

N/A is where the nature of the review did not enable an opinion to be issued on the area under review. This is normally where the focus is narrow or where a project is at an early stage of progress.

Audits Completed by 30th September 2021

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Staff Expenses	HR★	Final	5	Partial 	<ul style="list-style-type: none"> • Although there are some guidance notes and forms there is no documented Staff Expense Scheme. Forms are also not consistent across the two Councils. • Despite being required some mileage claims had been signed off by Managers and paid without receipts being provided to evidence the expenses or allow the Council to reclaim the VAT on fuel. • VAT was reclaimed without appropriate fuel receipts being on file to support the full amount of the claim. • Officers often failed to provide sufficient information on mileage forms to allow the journeys to be validated. • One form was found to have been approved by a Manager not on the authorised list to approve the forms. (Although they were at a level where it was appropriate for them to approve forms.)
Cloud Strategy & Security	Technology ★	Draft	2	Partial 	<ul style="list-style-type: none"> • The Council's policy for hosted solutions has not been updated since 2015 which means it is not current in terms of security guidance and technology solutions. • IT did not compile performance/progress monitoring or reporting in relation to the actions and work required to address security weakness identified from the security monitoring software and to improve the Council's overall security score.

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Housing Voids	Housing & Partnerships	Final	11	Partial 	<ul style="list-style-type: none"> • An up to date policy in respect of the voids turnaround process should be documented and formally issued to all relevant staff • This should be underpinned by comprehensive procedure notes and should incorporate areas including: <ul style="list-style-type: none"> • Definitive target turnaround times in respect of void properties • The void letting standard • Recharges • Disposals • This should also be supported by an appropriate performance management framework which is able to act as a tool to aid the monitoring and improvement of the service • To aid the voids process, it should also be ensured that in respect of all voids <ul style="list-style-type: none"> • Locks on empty properties are changed promptly • Inspections occur promptly; and • Properties are advertised promptly
Culture & Sports Capital Programme - New Cemetery	Environment & Healthy Lifestyles	Final	4	Substantial 	

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Commonwealth Games Project	Environment & Healthy Lifestyles	Final	0	Substantial 	
Customer Transformation & CRM Replacement Project	Technology ★, Operations & Governance	Final	0	N/A	This project is still in early stages and has not yet had a formal Project Board established or finalised budgets for the project. A number of suggestions were made that would improve the project management arrangements.





★ Services led by Stafford Borough Council as part of Shared Services







Audits in Progress







Audit	Head of Service
Economic Growth Projects-Stadium Phase 2, Levelling Up Fund Application	Economic Prosperity
Property/Asset Management Works- Rugeley Pool & Boiler, MSCP Demolition, Civic Offices Toilets, Boardwalk, Elmore Park	Economic Prosperity
Development Control & Enforcement	Economic Prosperity
LEP & Combined Authority	Economic Prosperity
Climate Change	Environment & Healthy Lifestyles
IT Records & Document Retention	Technology★

★Services led by Stafford Borough Council as part of Shared Services

Follow-up Completed

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Utilities Management	Economic Prosperity	Limited 	0	1	5	6	Limited 	<ul style="list-style-type: none"> The production of the Energy Management Strategy is linked to the Asset Management Strategy and both have been deferred until December 2021 due to Covid Pandemic. This has meant no progress have been made for most of the recommendations. Some limited progress has been made in setting targets for a reduction in utility usage as part of the Carbon Neutral action plans.
Leaseholder Recharges 5 th follow up	Housing & Partnerships	Partial 	0	4	2	6	Partial 	<ul style="list-style-type: none"> Some progress has been made to produce procedure notes and creating a centralised database but work has been delayed due to the implementation of the new finance system. Work to determine the full cost of administering the function has not progressed and it has not been possible to determine an accurate figure to recharge leaseholders from current data held by Grounds Maintenance. Work to look at streamlining the invoicing process and integration between the housing and finance systems have also not been progressed.

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Public Buildings & Facilities Management 2 nd follow up	Economic Prosperity	Partial 	1	1	1	3	Partial 	<ul style="list-style-type: none"> • A report has been taken to Cabinet to allow the team to prioritise the maintenance work required across Council buildings. • Some work was carried out to retender key maintenance contracts but this was delayed due to Covid Pandemic. The retenders will need to be staggered over several years due to capacity in the team. • Procedure notes for all processes have not been established
Partnerships & CCTV 2 nd Follow Up	Housing & Partnerships	Partial 	1	2	0	3	Partial 	<ul style="list-style-type: none"> • Work is in progress to draft procedure notes and to produce a Business Continuity Plan for the CCTV function
Housing Safety & Compliance 2 nd Follow up	Housing & Partnerships	Partial 	0	1	2	3	Partial 	<ul style="list-style-type: none"> • Weekly Fire Alarm Testing had not been progressed at all communal blocks. • Annual Review of Fire Risk Assessments had not been implemented • No progress has been made in creating a central record of all compliance checks to ensure all health and safety requirements in respect of fire, gas, electric and water are being adhered to.

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Housing Social Alarm Arrangements 2 nd Follow Up	Housing & Partnerships	Partial 	0	1	0	1	Partial 	<ul style="list-style-type: none"> Although a procurement exercise was in progress at the time of the follow-up it had been significantly delayed.
Misc. Engineering Functions 2 nd Follow-up	Environment & Healthy Lifestyles	Partial 	0	2	2	0	Partial 	<ul style="list-style-type: none"> Development of a digital record system or inspections has stalled during the pandemic as IT resources have been diverted this has meant that additional functionality such as trend monitoring has not progressed.
Property Management	Economic Prosperity	Partial 	1	1	7	9	Partial 	<ul style="list-style-type: none"> The Covid Pandemic has led to the production of an Asset Management Strategy being delayed. A module has been purchased for the new finance system to record property assets but development of this has not yet started. This has delayed the creation of a central repository for property information including occupancy status, tenant details, lease renewals and rent review dates. The lack of integration means changes in rents may not always be actioned promptly by Finance.

Report of:	Head of Governance & Corporate Services
Contact Officer:	Stephen Baddeley
Contact Number:	01543 464 415
Portfolio Leader:	Innovation & High Streets
Key Decision:	No
Report Track:	Cabinet: 11/11/21 Audit & Governance Cttee: 06/12/21

**Audit & Governance Committee
6 December 2021
Strategic Risk Register**

1 Purpose of Report

- 1.1 To set out details of the Council's Strategic Risk Register as at 30th September 2021.

2 Recommendation(s)

- 2.1 That the Committee notes the Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 All strategic risks and associated action plans have been reviewed and the Council's risk profile is summarised in the table below:

Risk Status	Number of Risks at 1st April 2021	Number of Risks at 30th September 2021
Red (High)	4	4
Amber (Medium)	3	3
Green (Low)	0	0
TOTAL	7	7

Reasons for Recommendations

- 3.2 The Audit & Governance Committee is responsible for monitoring progress in completing actions identified in the Strategic Risk Register.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) Risk management is a systematic process by which key business risks / opportunities are identified, prioritised and controlled so as to contribute towards the achievement of the Council's aims and objectives.
 - (ii) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

5 Report Detail

- 5.1 The Accounts & Audit Regulations 2015 state that:
- “A relevant body must ensure that it has a sound system of internal control which:-
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk.”
- 5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

Management of Strategic Risks / Opportunities

- 5.3 Central to the risk management process is the identification, prioritisation and management of strategic risks / opportunities. Strategic Risks are those that could have a significant impact on the Council's ability to deliver its Corporate Priorities and Objectives.
- 5.4 The risk register has been updated as at 30th September 2021 and a summary is attached as **Appendix 1**. The 1st of April 2021 review had aligned the risks to the new Corporate Plan priorities and the position at 30th September has also been updated to allocate risks to the revised portfolios. The mid-year review is a chance to update the risk register with progress made in delivering the agreed actions as well as a chance to reflect changes in the risks or risk scores and where necessary add in new actions.

- 5.5 The risk summary illustrates the risks / opportunities using the “traffic light” method i.e.
- Red** risk score 12 and above (action plan required to reduce risk and/or regular monitoring)
- Amber** risk score 5 to 10 (action plan required to reduce risk)
- Green** risk score below 5 (risk tolerable, no action plan required)
- 5.6 There has been no change in the number of strategic risks; there are 7 strategic risks of which 4 have been scored as high and 3 as medium.
- 5.7 Risk C2 “The economy of the District is adversely impacted” has decreased from a 20 Red to a 12 Red primarily due to signs that the District’s economy is starting to recover from the impact of the pandemic as indicated by unemployment rates falling and the number of job vacancies increasing. However, there are still risks due to the fuel shortages, logistical issues due to HGV Driver shortages and increasing costs of energy which may have an impact on the economy of the District.
- 5.8 Risk C4 “The Council’s key contractors remain sustainable and continue to provide value for money” has increased back to a 20 Red after dropping to a 15 Red in the April review. This change is primarily due to the uncertainties over the future arrangements of the Waste Contract and tight time scales is a market testing exercise is required. In addition, there is a significant uncertainty created by issues such as the current HGV Driver shortage, fuel access issues and the full impact relating to the implementation of the Government’s Waste Resources Strategy.
- 5.9 The detailed action plans for each risk are set out in the full strategic risk register attached at **Appendix 2**. This includes a progress update. The action plans are closely aligned to the Council’s Recovery plans and will be kept under review.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

The Risk Management implications are included within the body of the report and appendices.

6.5 **Equality & Diversity**

None

6.6 **Climate Change**

None

7 Appendices to the Report

Appendix 1 – Summary of Strategic Risks – 30th September 2020

Appendix 2 – Strategic Risk Register – 30th September 2021

None

Background Papers

File of papers kept in the Chief Internal Auditor & Risk Manager's office.

Cannock Chase Council

Summary of Strategic Risk Register as at 30 September 2021

Risk No	Potential Risks	Risk Owner	Date Added to Register	Residual Risk Score at April 2021	Residual Risk Score at September 2021	Direction of Travel over period reported
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Red Risks

C1	The Council's financial stability is adversely affected in the short and medium term	Head of Finance	May 2020	12 Red	12 Red	↔
C2	The economy of the District is adversely impacted	Head of Economic Prosperity	May 2020	20 Red	12 Red	↓
C4	The Council's key contractors remain sustainable and continue to provide value for money	Head of Environment & Healthy Lifestyles	May 2020	15 Red	20 Red	↑
C5	The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services, key projects and support work on recovery	Managing Director	May 2020	20 Red	20 Red	↔

Amber Risks

C7	Failure to put in place safe working practices and social distancing measures to protect employees and the public	Head of Governance & Corporate Services	May 2020	10 Amber	10 Amber	↔
C3	Failure to work in partnership to sustain support to vulnerable residents' post Covid-19	Head of Housing & Partnerships	May 2020	9 Amber	9 Amber	↔
C6	Failure to repel or recover from a Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks. The move to home working has increased the vulnerability to malware issues.	Head of Technology	May 2020	9 Amber	9 Amber	↔

Key to Direction of Travel

↓ Risk has decreased ↔ Risk level unchanged ↑ Risk has increased

Cannock Chase District Council – Strategic Risk Register as at 30th September 2021

Ref No: C1	Risk: The Council's financial stability is adversely affected in the short and medium term		
Risk Owner: Head of Finance		Portfolio: The Leader	
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> • Unable to provide desired levels of service • Town Centre redevelopment proposals are impacted • Council size becomes too small to sustain a viable organisation 			
<p>Links To Priorities:</p> <ul style="list-style-type: none"> • Financially Resilient Council 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 3	Total Score: 12 – Red
<p>Controls in Place</p> <ul style="list-style-type: none"> • Medium term financial plan in place • Annual Financial Plan and Medium-Term Financial Strategy to 2023/24 in place • The Revenue Budget for 2021/22 is balanced with a potential deficit of £1,359,000 for 2022/23 if a new regime is implemented • Working Balances maintained • Comprehensive Service Review being undertaken to re-align resources to Corporate Plan • Corporate Budget Monitoring • Evaluation of consultations on changes to government funding regimes 			

Actions Planned	Timescale/ Person Responsible	Progress / Comments
Monitor Financial Impact of COVID-19	Head of Finance	Monthly monitoring in place
Update Financial Plan in relation to the deferment of 75% Business Rates Retention and Fair Funding by a year	Head of Finance	Scenarios developed reflecting potential treatment of growth and levy Details awaited of new timescale for implementation
Refresh Medium Term Financial Plan based upon alternative scenarios of short /medium- and long-term impact of in relation to external funding sources	Head of Finance	Ongoing Financial Plan approved by Cabinet 12 th November 2020 New Financial Plan to be completed in 2021/22
Lobby Ministry of Housing, Communities and Local Government (MHCLG) via MP/ District Councils Network (DCN) and Local Government Association (LGA) re financial impact of COVID 19 on CCDC	Chief Executive / Head of Finance	Ongoing contact with M.P.s, DCN, West Midland Chief Executives, LGA and directly with ministers.
Determine feasibility of extending Business Rates Pool into 2021/22 Monitor impact of COVID-2019 on pool by authority on a month-by-month basis Liaise with Staffordshire & Stoke-on-Trent Business Rate Pool Members re options to maintain viable pool for 2021/2022 Prepare options report to Leaders and Chief Executives	Head of Finance	Pool Established for 2021/22
Determine impact of Government proposals for key funding regime changes for 2022/23	Head of Finance	Ongoing

Actions Planned	Timescale/ Person Responsible	Progress / Comments
Programme of service reviews to be undertaken to ensure that resources are aligned to the Council's priorities and are operating as efficiently as they can be	Chief Executive / Head of Finance	To form part of 2022-23 Budget Process

Overall Progress Summary:

Monitoring of the Financial impact of Covid -19 is ongoing. The estimated impact of the pandemic has been reflected in the Medium-Term Budget as approved by Council with a balanced budget in place for 2021-22.

The medium-term financial stability of the Council is however dependent upon changes arising from the future funding regime for local government. Details in relation to the implementation of 75% Business Rates Retention and Fair Funding and Business Rates Reset are still awaited

A consultation document in relation to the Future of New Homes Bonus, beginning in 2022/23, was published on the 21 February 2021 (a response from the Council was submitted in advance of the closing date of 7 April 2021)

The Council is still awaiting details of the financial Settlement for 2022-23 to be provided by Central Government.

Ref No: C2	Risk: The economy of the District is adversely impacted		
Risk Owner: Head of Economic Prosperity	Portfolio: District Development		
Consequences Of Risk:			
<ul style="list-style-type: none"> • Increase in numbers of resident unemployed and economically inactive • Business failures and associated job losses • Reduced growth and prosperity for local residents • Decline of town centres / impact on major redevelopment proposals • NNDR / Council Tax Income does not grow 			
Links To Priorities:			
<ul style="list-style-type: none"> • Supporting Economic Recovery 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 3	Total Score: 12 – Red
Controls in Place			
<ul style="list-style-type: none"> • Economic Prosperity Strategy refresh • Development of an Investment Plan to identify long term project pipeline • Cannock Town Centre Development Prospectus • Funding bid to the Government’s Levelling Up Fund for Cannock Town Centre • The Local Plan Review to identify future development opportunities • Proactive work with Greater Birmingham and Solihull (GBSLEP) and Stoke-on-Trent and Staffordshire (SSLEP) Local Enterprise Partnerships / West Midlands Combined Authority (WMCA) • Business Relationships work/promoting the District via the Economic Development function 			

Actions Planned	Timescale / Person Responsible	Progress / Comments
<p>Business support</p> <ul style="list-style-type: none"> Local implementation of national support measures: business rates holidays, Retail & Hospitality Grants, Small Business Grants, Discretionary Grants. 	<p>Head of Finance / Head of Economic Prosperity</p>	<p>Significant progress has been made in distributing business support grants.</p> <p>The Council has fully allocated its £2.9m Additional Restrictions Grant allocation and has been awarded 'top-up' funding of £635k. A new ARG Policy is currently being developed and will target businesses that can demonstrate that Covid restrictions have adversely impacted on their business.</p>
<ul style="list-style-type: none"> Encourage new inward investment and local business growth working in partnership with LEPs, Growth Hubs and County Council. 	<p>Head of Economic Prosperity</p>	<p>The Economic Development team continues to work pro-actively to promote the District and provide information on available employment sites to prospective investors and expanding local companies.</p>
<p>Refresh the Economic Prosperity Strategy to take account of changing economic environment</p>	<p>Head of Economic Prosperity</p>	<p>Impact of economic recession is currently being monitored by the Economic Recovery subgroup. Furlough scheme ended on 30th September and early signs are that the District's unemployment rate is beginning to decrease.</p> <p>Economic Prosperity Strategy refresh will set out the Council's plan to tackle the increase in unemployment and create a pipeline of new job opportunities. Work has started on the refresh but timescale with consultancy support to be procured to assist with facilitation of workshops with members to review the vision, priorities and action plan.</p>
<p>Revisit regeneration proposals for Cannock Town Centre in light of change to economic climate and reduced investor/developer confidence.</p>	<p>Head of Economic Prosperity</p>	<p>The Council submitted a bid for £20m to the Government's Levelling Up Fund for Cannock Town Centre in June 2021. A decision is expected during autumn 2021.</p> <p>Officers are currently progressing technical work to examine feasibility of demolition of MSCP. Business case to be prepared and presented to Cabinet during late 2021 depending on the timing of the Levelling Up Bid announcement.</p>

Actions Planned	Timescale / Person Responsible	Progress / Comments
		Avon Road Car park – Cabinet have approved disposal of the site – terms currently being agreed.
Pro-actively work with WMCA, GBSLEP, SSLEP to promote the District and identify opportunities for growth during recovery phase	Head of Economic Prosperity	<p>The Council continues to actively participate in the GBSLEP and SSLEP and Combined Authority and both organisations are leading on the region’s response to economic recovery. A nationwide review of LEPs is currently being undertaken which may affect the Council’s membership of both LEPs going forward.</p> <p>Work to develop an Investment Plan to identify a future list of priority projects is to be commissioned by officers.</p> <p>South Staffordshire College has secured £550k of funding from SSLEP to develop a Digital Skills Academy as part of £23m SSLEP allocation from MHCLG Getting Building Fund. The Digital Skills Academy opened on 20th September 2021.</p>
Revised Local Plan to be produced and delivered	Head of Economic Prosperity	<p>Local Plan Review underway with a new Local Development Scheme approved by Council.</p> <p>The next stage of the Local Plan i.e., the Pre-submission version of the Plan is due to be presented to Cabinet in early 2021 to enable the Council to go out to consultation.</p>

Overall Progress Summary:

The District’s economy has been impacted by the COVID-19 pandemic and restrictions but there are early signs that the economy is recovering with unemployment rates starting to decrease and a large number of job vacancies available. However, there is on-going economic uncertainty due to the current fuel shortages, energy supply issues and supply chain issues affecting the food and drink and logistics industries. These may have an impact on the local economy and will be kept under review.

The Council needs to refresh its Economic Prosperity Strategy to set out how the Council can support the economy, create new job opportunities, help businesses to survive and to support new businesses to start-up. Major investments such as the McArthur Glen Designer Outlet and Rugeley Power Station continue to be absolutely critical in supporting the prosperity and growth of the District.

Ref No: C3	Risk: Failure to work in partnership to sustain support to vulnerable residents' post Covid-19		
Risk Owner: Head of Housing & Partnerships	Portfolio: Neighbourhood Safety & Partnerships		
<p>Consequences Of Risk: Vulnerable people at risk of not receiving help and support therefore increasing issues such as:</p> <ul style="list-style-type: none"> • Rough Sleepers displaced • Increased Reliance on Food Banks • Distribution of emergency food supplies • Increased Social Isolation • Increased number of Safeguarding Referrals • Increases in criminality – distraction burglary; cybercrime; county lines etc. • Increased incidents of anti-social behaviour • Increased number of Domestic Abuse Incidents • Community Unrest & Tensions 			
<p>Links To Priorities:</p> <ul style="list-style-type: none"> • Supporting Health & Wellbeing 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 3	Impact: 3	Total Score: 9 – Amber
<p>Controls in Place</p> <ul style="list-style-type: none"> • Community Vulnerability Hub Established • Weekly Community Safety Hub • Housing First Project with Spring Housing • Frequent Meetings with Food Banks & Voluntary Sector • Centralised Emergency Food Supply • Daily management of safeguarding referrals for both adults and children • Weekly multi agency Community Safety Hub meetings – proactive problem solving • Weekly threat and risk Community Safety and Police meeting – managing threat and risk to district (people / place / Covid–19 breaches) • Development of a weekly MARAC (Multi Agency Risk Assessment Conference) regarding high-risk Domestic Violence cases • Community Wellbeing Partnership in place that can escalate any issues to Local Strategic Partnership • Commissioned services in place to support with mental health and substance misuse, antisocial behaviour, and domestic abuse. • Representation at County, Regional and National level multi-agency partnership meetings • Evictions currently suspended but due to recommence from 1st October 2021 			

Actions Planned	Timescale / Person Responsible	Progress / Comments
<p>Group being set up to support the Community Recovery work stream – this will look at:</p> <ul style="list-style-type: none"> • Lessons learnt • How the level of support can be sustained going forward • Planning for the future and development of an action plan 	<p>Completed Head of Housing & Partnerships</p>	<p>Lessons Learnt Report Completed</p> <p>Chase Coronavirus Support Network (CCSN) have confirmed that the Group is no longer active and will be working in a signposting capacity. CCDC has taken on the role of Anchor Organisation across the District.</p>
<p>Extend commissioned services that provide lower-level support to individuals experiencing drugs and alcohol use and mental health; outreach support for anti-social behaviour; and sanctuary provision for domestic abuse</p>	<p>Head of Housing & Partnerships</p>	<p>Human Kind Charity – Drug & Alcohol Support - Commissioned by Staffordshire County Council (SCC)</p> <p>Exploring options to fund a Specialist Mental Health Worker (Housing Options Funding) to support Spring Housing First Project</p> <p>Working with Midlands Partnership Foundation Trust (MPFT) to transform Mental Health Services. Proposals to embed an additional Housing Liaison/Support Worker within MPFT.</p>
<p>Housing 1st Project – Secure permanent accommodation for the Rough Sleepers</p>	<p>Strategic Housing Manager</p>	<p>2-year contract initially awarded to Spring Housing under Rough Sleepers Pathway Project in partnership with Lichfield DC – Contract extended for additional 12-months with option available to extend for further 12-month period to continue to provide a rough sleeping outreach service and housing first accommodation and support for entrenched (complex needs) rough sleepers.</p> <p>Additional bids for grant funding for a Substance Abuse Worker and Mental Health Worker have been successful.</p> <p>5 rough sleepers rehoused and supported in the HRA flats provided to Spring Housing under a management agreement.</p> <p>Other long-term accommodation secured for a further 2 Rough Sleepers.</p>

Actions Planned	Timescale / Person Responsible	Progress / Comments
		<p>Application for Next Steps Accommodation Programme Funding Bid for £115k (match funded) for purchase and letting of 2 additional flats. Purchase of 2 flats completed and 2 rough sleepers rehoused and receiving support.</p> <p>Application to 21/22 RSAP considered but no projects suitable for submission.</p>
Additional support to Private Rented Sector to mitigate impact of the ending of the suspension of evictions	Strategic Housing Manager	<p>Additional support to private rented tenants to be provided by a Tenancy Support Worker within the Housing Options Team funded by Homelessness grants. Post to be advertised in Q3.</p> <p>Working in partnership with Lichfield DC and Tamworth BC a new service “Call Before You Serve” to be provided aimed at preventing avoidable evictions or where unavoidable to mitigate the impact of homelessness. New service will provide support, advice and assistance for private rented sector landlords considering taking action to end a tenancy.</p>
To maximise the benefit of any legacy from the increase in voluntary activity in the local community	Head of Housing & Partnerships	<p>On-going meetings scheduled – work with Support Staffordshire on social prescribing</p> <p>Cabinet has approved funding for Support Staffordshire to engage with the Voluntary Sector – project started 01.12.2020</p> <p>Further Cabinet Report (November 2021) to extend the funding proposal to July 2022.</p> <p>Support Directories Produced by Support Staffordshire and Rugeley Community Church.</p>
Work in conjunction with Inspiring Healthy Lifestyles to support individuals and communities to mitigate the impact of Covid-19 on health and well being	Head of Environment & Healthy Lifestyles	<p>On-going – family activity packs have been delivered to households</p> <p>Voluntary Groups – Summer Recess</p> <p>SPACE Project given go-ahead</p>

Actions Planned	Timescale / Person Responsible	Progress / Comments
Establishing a strong link with the Community Vulnerability Hub	Complete (Partnerships, Community Safety & CCTV Manager)	This has been adopted as part of daily business.

Overall Progress Summary:

There are 2-3 rough sleepers in the district whom Spring Housing are working with them to source permanent accommodation. Housing First project partnership working with MPFT to fill the Mental Health Worker role.

Eviction suspension now lifted although many Assured Shorthold Tenants are on extended notices cases in Court and eviction warrants are increasing. Housing Options Team to recruit a new post, Tenancy Support Worker and commission a new service 'Call Before You Serve' to mitigate the impact on homelessness from the ending of the eviction suspension.

In order to assist residents with on-line shopping the County Council have made available 7 tablets that can be gifted to residents on a first come basis. The tablets have been allocated to the voluntary sector groups who have been working with the Council to provide support to vulnerable residents.

Meetings with the Voluntary Sector are continuing. The County Council have only referred around 5 to 6 families for support over the last 3 months. The Council continues to receive an allocation of £3,000 per month from the County to provide on-going support to individuals and families who are self-isolating.

Ref No: C4	Risk: The Council's key contractors remain sustainable and continue to provide value for money		
Risk Owner: Head of Environment & Healthy Lifestyles	Portfolio: Housing Heritage & Leisure and Environment & Climate Change		
Consequences Of Risk:			
<ul style="list-style-type: none"> • Potential for an individual contract failure resulting in a service not being delivered • Reputational damage and complaints • Financial loss 			
Links To Priorities:			
<ul style="list-style-type: none"> • Financially Resilient Council 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Controls in Place			
<ul style="list-style-type: none"> • Regular contact and performance management meetings with key personnel for each contractor • Robust contract management • Any key issues are discussed with Leadership Team and Members as appropriate • Discussions with other authorities who have the same or similar contracts • Appointment of Leisure, Culture & Commonwealth Games Officer on two-year fixed term contract to 2022-2023 to support the service and manage relationships with IHL (Inspiring Healthy Lifestyles) 			

Actions Planned	Timescale / Person Responsible	Progress / Comments
Service delivery of key contracts is being monitored and managed	Ongoing during response and recovery as required Head of Environment & Healthy Lifestyles Leisure, Culture & Commonwealth Games Officer	Regular contact is being maintained with contractors to resolve any issues
Financial assistance to be provided where appropriate to support key contractors (IHL)	Ongoing during response and recovery as required Head of Finance Head of Environment & Healthy Lifestyles	The withdrawal of Wigan Metropolitan Borough council (WMBC) and the uncertainty with Selby District Council, (SDC) and their contractual relationship with IHL have had a continuing impact on the viability and financial risk on the operator IHL. A formal Deed of Variation, (DoV) has been drafted and has been executed between IHL and Cannock and IHL and SDC to put in place a mechanism for 'open book' accounting and continuous monitoring of the financial performance and viability of IHL in line with the report to Cabinet on Some of the uncertainty in relation to the contractual relationship between IHL and SDC that continues to have an adverse impact on Cannock Chase DC seems to have reduce for the time being, however, the contractual relationship still remains a concern.
Contact with other Councils, Local Government Association and Sport England	Ongoing during response and recovery as required Heads of Service Contracts and Procurement Manager	The Council has had ongoing contact with other Council's operating similar contracts and Sport England to try and ensure the ongoing viability of its leisure operations. The Council have been actively engaged with the Staffordshire Leisure Officers Group, (PALS) to share experience, knowledge and learning in relation to the impact of the pandemic on Leisure and Culture Services.

Actions Planned	Timescale / Person Responsible	Progress / Comments
Lobbying of Ministry of Housing, Communities and Local Government (MHCLG) via Members of Parliament, District Council Network and Local Government Association re financial impact of COVID 19 on CCDC	Ongoing during response and recovery as required Chief Executive Head of Finance	Information provided regarding the financial impact of COVID-19 on contracted services Managing Director and Head of Finance are continuing to lobby local MP. Letter to MP 16 th October 2020 and further contact made on 10 th November 2020. CCC has received a response from Central Government in relation to the above which detailed the steps that had been taken by them since the start of the pandemic, all of which the Council was aware of and had actioned to date.
Monitoring Government guidance on COVID-19 on services that can be delivered as lockdown is eased	Heads of Service Service Managers Contracts and Procurement Manager	All facilities reopened over the summer of 21. Visits are still lower than pre-pandemic, which is impacting upon income, as it is widely across the industry.
Change to dry recycling collection service from April 2022	Head of Environment & Healthy Lifestyles	The decision was taken by CCC to move to a dual stream collection service for residents dry mixed recycling following market testing to improve quality and the cost of continuing to dual stream co-mingled material.
Waste and Recycling Collection Contract (End of first 7-year term (2023))	Waste and Engineering Services Manager	The service change will come into effect from April 2022. Currently officers are procuring new containers (bags) for that service to a very tight deadline. The Council's waste and recycling collection contractor is in the process of procuring different vehicles to accommodate the change of service from what is a limited market. The Council's waste and recycling collection contract ends its first 7-year term in March 2023. The Council has a limited number of options

Actions Planned	Timescale / Person Responsible	Progress / Comments
		available. Due to the requirement of a 6-month lead in for any new contractor to take over the service and full market testing would have to be undertaken within a very short time frame. The markets and conditions are currently not considered to be at their optimum to undertake full market testing due to the HGV driver shortage and the position in relation to the final announcement in regard to HM Government's Waste and Resources Strategy 2018.

Overall Progress Summary:

Regular contact is being maintained with the Council's key contractors.

Progress has been made with the safe re-opening of the key leisure facilities. However, this recovery and the risk of future sustainability has been impacted by the 2nd and third lockdowns, resulting in a reassessment of the risk score. This risk is partially mitigated through receipt of £210k and the finalisation of the proposed Deed of Variation.

In respect of the Waste Contract all services are being provided and discussions are ongoing with the Regional and Local Contract Managers to monitor and resolve any local issues around contaminated waste levels etc. Soft market testing has been undertaken with other Staffordshire Councils in respect of waste recycling contracts. The waste recycling tenders for the Councils dry mixed recycling have been received and evaluated and the options around service continuation are being reviewed and due to be reported to Cabinet in Q1 2021-22. The decision was taken to move to the collection of dual stream dry recycling material from April 2022 across the district, due to quality requirement and increased costs associated with continuing to co-mingle. In relation to the waste and recycling collection contract time frames for full market testing are considered very tight and there remains uncertainty in relation to risk of impact of risk and costs, for example the nationwide HGV driver shortage and fuel. In addition the full extent and requirement of HM Government's Waste and Resources Strategy 2018 is still not understood.

Ref No: C5	Risk: The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services, new Covid19 Government policies, key projects and support work on recovery		
Risk Owner: Chief Executive	Portfolio: The Leader		
Consequences Of Risk: <ul style="list-style-type: none"> • The Council's response during a declared Major Incident is not effective. • Services and projects are not delivered and this impacts on residents / the public. • The requirements of any new Covid19 related Government policies not implemented effectively. • Employees' wellbeing affected, increase in absence due to stress 			
Links To Priorities: <ul style="list-style-type: none"> • Financially Resilient Council 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Controls in Place <ul style="list-style-type: none"> • Regular assessment of implications of Government / MHCLG Covid19 related policy announcements as set out in Coronavirus Bulletins and Ministerial Letters for action. • Additional funding secured for Covid19 related policies e.g., Test and Trace, resettling rough sleepers etc. • Suspension of lower priority activities, meetings and projects. • Management capacity issues are monitored by Leadership Team; officer time reallocated to more important duties as required e.g., Vulnerability Hub. Day to day operational capacity issues addressed by managers e.g., sickness absence. • Regular monitoring of priorities • Provision of support to employees especially as majority remain working remotely. 			

Actions Planned	Timescale / Person Responsible	Progress / Comments
Regular assessment of implications of Government / MHCLG Covid19 related policy announcements as set out in Coronavirus Bulletins and Ministerial Letters for action	Leadership Team	This is an ongoing activity
Review of existing priorities and PDPs in light of Recovery Planning work	Leadership Team / Cabinet	<p>The PDPs for 2020/21 have been reviewed and revised PDPs approved by Council.</p> <p>A review of Corporate Priorities has been completed and a new Corporate Plan produced for 2021-24 which takes into account ongoing recovery work.</p> <p>Completed</p>
Review of essential services and operational work plans to re-prioritise work	Heads of Service	<p>The majority of services are operating normally, though some have backlogs to clear.</p> <p>Completed</p>
Where necessary, considering whether resources from other parts of the Council can be transferred for a period.	Leadership Team	Ongoing operational decisions
Management review	Chief Executive	<p>The Council has approved the appointment of the Chief Executive of Stafford Borough Council as joint Chief Executive for 14 months pending the development of a business case for longer term sharing between the two Councils. As part of this work, there will be a review of the management structure. Two vacant Head of Service posts have been filled on an interim basis with internal candidates with some associated back-filling of their substantive posts. A Deputy Chief Executive has also been appointed for each Council to assist the Chief Executive.</p>

Overall Progress Summary:

The majority of services are now operating normally, though some have backlogs to clear. Work from the response and recovery phases continues to have an ongoing impact on officer capacity, with considerable pressure on key service areas. Officer capacity continues to be reviewed and work prioritised. Going forward, the management structure will be reviewed as part of the development of a business case for further sharing of services and a Chief Executive with Stafford Borough Council. The current arrangements have seen some temporary changes to allow the vacant Head of Service posts to be covered but the overall management resources of the Council have not changed significantly.

Ref No: C6	Risk: Failure to repel or recover from a Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks. The move to home working has increased the vulnerability to malware issues.		
Risk Owner: Head of Technology	Portfolio: Innovation & High Streets		
Consequences Of Risk: <ul style="list-style-type: none"> • Data, Systems and Applications inaccessible • Inability to deliver Council services • Cybercrime/ Fraud/ Ransom demands/ Financial harm • Reputational damage locally and nationally • Data Loss & breach of Data Protection Act (DPA) • Financial Loss 			
Links To Priorities: <ul style="list-style-type: none"> • Financially Resilient Council 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 3	Impact: 3	Total Score: 9 – Amber
Controls in Place <ul style="list-style-type: none"> • Information Risk Management Regime – Assess the risks to our information assets, effective governance structure, Leadership Team engagement with cyber risk, produce supporting information management policies. • Secure configuration – Corporate policies and processes to develop secure baseline builds • Network Security – Protection and secured perimeter of external security threats and untrusted networks • Managing user privileges – All users of ICT systems provided with privileges suitable for their role • User education and awareness – Security policies that describe acceptable and secure use of ICT assets • Incident management – Incident response and disaster recovery capabilities that address the full range of incidents that can occur • Malware prevention – Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices) • Monitoring – Established monitoring taking into account previous security incidents and attacks. Annual IT Health Check and penetration testing conducted by a Council of Registered Ethical Security Tester (CREST)/Communications-Electronics Security Group (CESEG) Listed Advisor Scheme (CLAS) - accredited Government Communication Headquarters (GCHQ) approved consultants. • Removable media controls – Produce removable media policies that control the use of removable media for the import and export of information • Home and mobile working – Assess the risks to all types of mobile working including remote working and develop appropriate security policies 			

Actions Planned	Timescale / Person Responsible	Progress / Comments
Information Risk Management- Continuous review and work on our information risk management regime	Ongoing / Head of Technology	Policies under review.
Monitoring – External and Internal checks. Threat and vulnerability assessment and remediation including Annual IT Health Check by CLAS approved consultant with remedial work carried out	Ongoing / Head of Technology	Annual Health check completed in August 2020. Reviewed by the cabinet office. This was slightly delayed due to their capacity issues. Follow-up check is planned for February 2022. A similar review is underway to attain the Cyber Essentials Plus security level.
Application Security Assessment and Remediation action taken	Annually Head of Technology	The health check and Cyber Essentials Plus will produce an action plan to feed into this.
Limit the access to critical systems and data by non-corporate devices.	September 2021 Head of Technology	During 2020 we were able to increase the number of corporate laptops that access the internal systems. Almost all access by officer is now through a corporate laptop which increases the overall security.
Exploring options to improve security for sharing information with external partners	Ongoing / Head of Technology	Further use of Teams to provide secure access to data for our partners.
The move to home working has increased the vulnerability to malware issues. The use of cloud technology has reduced the likelihood due to the data being segregated across systems and devices.	Ongoing / Head of Technology	Email mailboxes are now held in the cloud. Data files will also be moved during 2021/22
Require one-time passwords for all email connections.	Systems Manager	Partially complete

Overall Progress Summary:

Work has been completed and further actions are in progress. However, the environment means that new risks and challenges are always developing, and attacks are becoming more sophisticated.

Ref No: C7	Risk: Failure to ensure that there are adequate safe working practices and social distancing measures in place to protect employees and the public		
Risk Owner: Head of Governance & Corporate Services	Portfolio: Innovation & High Streets		
Consequences Of Risk: <ul style="list-style-type: none"> • Failure to meet health and safety standards could lead to prosecution. • Unable to restore some services. • Risk of infection to employees, partners/contractors in the workplace and the public • Employees refuse to return to work 			
Links To Priorities: <ul style="list-style-type: none"> • Financially Resilient Council 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – Red
Residual/Net Risk Score (i.e., with controls)	Likelihood: 2	Impact: 5	Total Score: 10 – Amber
Controls in Place <ul style="list-style-type: none"> • Health & Safety Policies and Practices both existing and revised • Health & Safety controls (including risk assessment) in place in line with Government Guidance and best practice • Health & Safety Advice provided • Provision of Occupational Health advice as required • Promotion of wellbeing, signposting to information, mental health champions 			

Actions Planned	Timescale / Person Responsible	Progress / Comments
Organisational Recovery work stream to oversee the development of a co-ordinated approach to ensuring the safe return on employees to the workplace	Completed Head of Governance & Corporate Services	Process established and guidance issued to managers to support initial return to the workplace. This has been reviewed during the summer and updated as restrictions have been eased. Service, Office and Individual Risk Assessments have been completed for all areas by Managers to allow for an increase in the number of employees in the offices from mid-September.
Role based risk assessments to be completed in line with HSE and Government Guidelines, employee guidance prepared, and employees briefed before returning to work	Completed Service Managers	Guidance has been issued to managers and role-based risk assessments have been completed, as required, and agreed with the Health & Safety Officer and the Trade Unions
Continue to monitor and review guidance issued by Government and communicate to managers as required	Chief Internal Auditor & Risk Manager	Work is ongoing to monitor and update guidance for managers
Review content of Health & Well-being Strategy to take account of impact of COVID-19 on the workforce	HR Manager	This is being considered as part of the Organisational Reshaping work. HR have put in place a range of support for employees and managers to aide mental health and wellbeing.

Overall Progress Summary:

Risk assessments were prepared at the outset of the first lockdown and have continued to be reviewed and updated to reflect the latest Government Guidance. Workplace risk assessments have been completed for all key sites.

A revised risk assessment and reduced restrictions have allowed a larger number of employees to be able to return to the office from mid-September. The majority of office-based employees are continuing to work at home for some or most of the time but with an encouragement for all staff to spend some time in the offices and an encouragement for some face-to-face team meetings making use of larger meetings rooms. Leadership Team continues to monitor the situation.

Report of:	Head of Governance & Corporate Services
Contact Officer:	Judith Aupers
Contact Number:	01543 464411
Report Track:	Audit & Governance Committee: 06/12/21 Council: 15/12/21

**Audit & Governance Committee
6 December 2021
Appointment of External Auditors**

1 Purpose of Report

- 1.1 To determine whether to opt into the national scheme for external auditor appointments from April 2023.

2 Recommendation(s)

- 2.1 That the Committee recommends to Council to approve the opting-in to the national scheme for external auditor appointments from April 2023.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 Since the abolition of the Audit Commission on 31 March 2015, Councils have had the choice of procuring and appointing their own External Auditors or opting into a national scheme. Following the ending of transitional arrangements, the Council elected to opt-in to the national scheme operated by Public Sector Audit Appointments (PSAA).
- 3.2 The current contract and arrangements will end in March 2023 and a decision on whether to opt-in to the national scheme again needs to be made by 11 March 2022.
- 3.3 If the Council determines not to opt-into the national scheme, alternative arrangements will need to be made for the procurement and appointment of an external auditor. Two options exist to the Council as follows:
- Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council;
 - To commence work on exploring the establishment of local joint procurement arrangements with neighbouring authorities.

Reasons for Recommendations

- 3.4 The preferred option is to opt-in to the National Scheme as it is considered that this offers best value for money and assures the appointment of a suitably qualified and independent auditor.

4 Relationship to Corporate Priorities

- 4.1 The appointment of External Auditors is a Statutory Requirement and contributes to the corporate priority of “Financially Resilient Council”.

5 Report Detail

- 5.1 External auditors were traditionally appointed by the Audit Commission, under the Audit Commission Act 1998. However, the Audit Commission was abolished on 31 March 2015 and the existing External Audit contracts transferred to Public Sector Audit Appointments Limited (PSAA).
- 5.2 PSAA is an independent, not-for-profit company limited by guarantee and established by the Local Government Association. It was originally established, under powers delegated by the Secretary of State, to operate the transitional arrangements of existing contracts that were scheduled to terminate in March 2017 and were subsequently extended for a further year.
- 5.3 In July 2016 PSAA were specified by the Secretary of State as an ‘appointing person’ under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. This allowed PSAA to make auditor appointments to relevant principal local government bodies that chose to opt-in to the national appointment arrangements for external auditors from 2018/19.
- 5.4 In February 2017 the Council agreed to opt-in to the national appointment scheme.
- 5.5 The current contract and arrangements will end in March 2023 and a decision on whether to opt-in to the national scheme again needs to be made by 11 March 2022. The Council has a duty to appoint new external auditors before the end of December 2022 in readiness for the 2023/24 audit of the accounts.
- 5.6 If the Council determines not to opt-into the national scheme, alternative arrangements will need to be made for the procurement and appointment of an external auditor. Two alternative options exist to the Council as follows:
- Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council;
 - To commence work on exploring the establishment of local joint procurement arrangements with neighbouring authorities.
- 5.7 There are benefits and disadvantages for each of the options. The main benefit of opting-in to the national scheme is that it offers value for money and assures the appointment of a suitably qualified and independent auditor. The two alternative options will be considerably more resource intensive for the Council and potentially more expensive due to:

- the requirement to establish an Audit Panel and undertake a procurement exercise; and
- the lack of the ability to offer a suitably large contract value to the market place.

Furthermore, it is anticipated that there will be little if any interest in undertaking a joint procurement locally.

- 5.8 The Council's procurement regulations support the use of framework agreements reflecting the increased contract value available to the market.
- 5.9 In the context of procuring a service the Council's influence in determining service provision is severely limited. The specification or scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work, the scope of public audit is wider than for private sector organisations with as an example the external auditor being required to form a conclusion on the body's arrangements for securing value for money. Potential providers will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council
- 5.10 The preferred option is to opt-in to the national sector led scheme, as supported by the Local Government Association in its letter attached at Appendix A.

6 Implications

6.1 Financial

There are no direct financial implications of the recommendation to opt-in to the National led scheme and this provides the best opportunity to ensure value for money in the appointment process. There will be no fee to join the sector led arrangements. The other options available for consideration would include the cost of establishing an Audit Panel and procuring an External Auditor via Tender process for which there is no budget provision. Provision is made within the budget for the cost of the External Auditors fees.

6.2 Legal

Local Audit and Accountability Act 2014 states a relevant authority must appoint an auditor (a "local auditor") to audit its accounts for a financial year not later than 31 December in the preceding financial year and that a relevant authority must consult and take into account the advice of its auditor panel on the selection and appointment of a local auditor.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 enables the appointment of an External auditor to be made by a person specified by the Secretary of State ("an appointing person") to audit the accounts of those authorities that choose to opt-in to such arrangements. The decision to opt-in to the sector led procurement process, instead of an Audit Panel, must be made by a meeting of the full Council

6.3 Human Resources

None

6.4 Risk Management

The opt-in proposal minimises the risk of the appointment process. This includes both the appointment by the due date and ensuring value for money in the procurement exercise.

6.5 Equality & Diversity

None

6.6 Climate Change

None

7 Appendices to the Report

Appendix 1: Letter from the Local Government Association

Previous Consideration

None.

Background Papers

Appointment of External Auditors – Report to Council – 22 February 2017



From the Chairman of the Association
Cllr James Jamieson

To: Mayors/Leaders/Chief Executives/Chief Finance Officers of English Principal Councils

23 September 2021

Dear Tim Clegg,

Retender of External Audit Contracts

I am writing because your council must shortly make a decision whether to opt into the national arrangement for the procurement of external audit or procure external audit for itself, and to set out the LGA's view on that decision.

In most councils this matter will be considered first in detail by the Audit Committee. You will therefore no doubt wish to pass on a copy of this letter and the more detailed attachment to the colleague who chairs the relevant committee.

Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The practical deadline for this decision is 11th March 2022. As this is a decision for the Full Council, I wanted to ensure that you had sight of the letter that has been sent to audit and finance colleagues and that you are aware of the crucial issues to be considered.

The way external audit has operated over the last couple of years has been extremely disappointing. This has led to many audits being delayed and dozens of audits remain uncompleted from 2019/20. Dealing with these issues is not a quick or easy fix.

Nevertheless, the LGA's view is that the national framework remains the best option for councils. There are many reasons for favouring the national arrangements and we think those reasons have become more compelling since 2016/17 when councils were last asked to make this choice.

We believe that in a suppliers' market it is imperative that councils act together to have the best chance of influencing the market and for nationally coordinated efforts to improve the supply side of the market to be effective.

The information attached goes into more detail about the background to this decision. My officers will be happy to answer any questions you may have. Please contact Alan Finch (alan.finch@local.gov.uk) if you have any issues you would like to raise.

Yours sincerely

Cllr James Jamieson
Chairman

cc: Chief Executive
Chief Finance Officer

RETENDER OF EXTERNAL AUDIT CONTRACTS

Information from the LGA for those charged with governance

The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and shortly the council will need to decide whether to procure its own external auditor or opt into the national procurement framework.

Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The deadline for this decision is the 11th March 2022. If the council doesn't make such a decision, the legislation assumes that the council will procure its own external audit, with all the extra work and administration that comes with it.

The national framework remains the best option councils can choose. There are many reasons for favouring the national arrangements and we think those reasons have become more compelling since 2016/17 when councils were last asked to make this choice.

The way external audit has operated over the last couple of years has been extremely disappointing. A lack of capacity in the audit market has been exacerbated by increased requirements placed on external auditors by the audit regulator. There is also a limited number of firms in the market and too few qualified auditors employed by those firms. This has led to a situation where many audits have been delayed and dozens of audit opinions remain outstanding from 2019/20 and 2020/21. Auditors have also been asking for additional fees to pay for extra work.

As the client in the contract, a council has little influence over what it is procuring. The nature and scope of the audit is determined by codes of practice and guidance and the regulation of the audit market is undertaken by a third party, currently the Financial Reporting Council. Essentially, councils find themselves operating in what amounts to a suppliers' market and the client's interest is at risk of being ignored unless we act together.

Everyone, even existing suppliers, agrees that the supply side of the market needs to be expanded, which includes encouraging bids from challenger firms. Public Sector Audit Appointments Ltd (PSAA), the body nominated by the Government to run the national arrangements, has suggested various ways this could be done, but these initiatives are much more likely to be successful if a large number councils sign up to the national scheme.

It is therefore vital that councils coordinate their efforts to ensure that the client voice is heard loud and clear. The best way of doing this across the country is to sign up to the national arrangement.

To summarise, the same arguments apply as at the time of the last procurement:

- A council procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.

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- The procurement process is an administrative burden on council staff already struggling for capacity. Contract management is an ongoing burden.
- Procuring through the appointing person (PSAA) makes it easier for councils to demonstrate independence of process.
- Procuring for yourself provides no obvious benefits:
 - The service being procured is defined by statute and by accounting and auditing codes
 - Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).
 - Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.
- PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:
 - PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects MHCLG's confidence in them as an organisation.
 - PSAA has commissioned high quality research to understand the nature of the audit market.
 - It has worked very closely with MHCLG to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year.

Councils need to consider their options. we have therefore attached a list of Frequently Asked Questions relating to this issue which we hope will be useful to you in reaching this important decision.

When the LGA set up PSAA in 2015, we did so with the interests of the local government sector in mind. We continue to believe that the national arrangement is the best way for councils to influence a particularly difficult market.

If you have any questions on these issues please contact Alan Finch, Principal Adviser (Finance) (alan.finch@local.gov.uk).

Report of:	Council Solicitor
Contact Officer:	Ian Curran
Contact Number:	01785 619220
Report Track:	Audit & Governance Committee: 06/12/21

Audit & Governance Committee

6 December 2021

Annual RIPA Review

1 Purpose of Report

- 1.1 This annual report provides details of the use of powers under the Regulation of Investigatory Powers Act (RIPA) by the Council.

2 Recommendation(s)

- 2.1 That the report be noted.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 Local authorities carry out investigations for a variety of regulatory services. In carrying out these duties, they have general powers to conduct surveillance of individuals suspected of committing offences. The Regulation of Investigatory Powers Act 2000 (RIPA) was introduced to regulate public authority use of covert surveillance powers to ensure that any use is compliant with human rights.
- 3.2 The Home Office Code of Practice for Covert Surveillance and Property Interference, recommends that elected members of an authority should review the authority's use of RIPA and set the policy at least once a year.

Reasons for Recommendations

- 3.3 This is an annual report to members, in accordance with good practice, and is for information only.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:

- (i) Regular review of the Councils use of surveillance ensures that enforcement is carried out lawfully and proportionately and assists in improving community wellbeing.

5 Report Detail

- 5.1 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of certain surveillance powers by public authorities, including:
 - Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual),
 - Use of Covert Human Intelligence Sources (CHIS), and
 - Access to communications data (e.g. details of subscribers to telephone numbers or email accounts)
- 5.2 The Council is a very rare user of these powers. However, it is important that it has sufficient oversight of its activities to ensure that any considered use is compliant with the subject's human rights.
- 5.3 The Home Office publishes national Codes of Practice on the use of RIPA powers by public authorities. The Council must have regard to the relevant Code of Practice whenever exercising powers covered by RIPA. The Investigatory Powers Commissioner conducts regular inspections of all public authorities to ensure compliance with RIPA, and the Codes of Practice.
- 5.4 The Council has adopted its own Surveillance Policy to advise officers on RIPA obligations and to regulate any use of these powers. The Policy was last updated by Cabinet in September 2019 to reflect changes in the law and Codes of Practice. The policy is therefore up to date in that respect.
- 5.5 The Council Solicitor acts as the Senior Responsible Officer for RIPA, with oversight of the Councils internal procedures. The Legal Services Manager acts as the RIPA Co-ordinating Officer, ensuring that any request to use RIPA powers is co-ordinated through, and recorded in, a central register. The Legal Services Manager also acts as a source of advice to regulatory officers and supports the Senior Responsible Officer in keeping the Councils policy up to date.
- 5.6 As part of the policy, the use of any RIPA powers must first be approved by a Chief Officer trained to be a RIPA Authorising Officer. The Council has two Chief Officers who have received suitable training. If the Chief Officer gives approval, then an application must still be made to the Magistrates Court for independent judicial approval before the surveillance takes place (NB. the Office for Communications Data Authorisations gives judicial approval in respect of accessing communications data).
- 5.7 The Council has not used RIPA powers in the last 12 months. The last RIPA authority having been obtained in 2018.

6 Implications

6.1 Financial

None

6.2 Legal

Set out in the report.

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equality & Diversity

None

6.6 Climate Change

None

7 Appendices to the Report

None

Previous Consideration

None

Background Papers

None

Cannock Chase District Council Audit Progress Report and Sector Update

Year ending 31 March 2021

6 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

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This paper provides the Audit & Accounts 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 & Accounts 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 December 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in March 2021 and we issued a detailed audit plan in July 2021, setting out our proposed approach to the audit of the Authority's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities are required to publish audited financial statements to 30 September. In 2020 this date was pushed back to 30 November.

As agreed with management, our audit fieldwork commenced in October 2021 this was due to the implementation of the new finance system effective from 01 April 2021. As of December 2021 our audit work continues to progress and we will provide a further update on our audit work in January 2022 at the next Audit & Accounts Committee.

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.

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 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 2019/20 claim was completed in April 2021. The certification work for the 2020/21 claim is due to begin in the coming weeks. We will report our findings to the Audit & Accounts Committee as part of our normal audit progress reports on completion of this work.

Meetings

We continue to meet with management at regular intervals and last met at the end of October to discuss audit progress and deliverables.

Results of Audit Work to date

The findings of our audit work to date, and the impact on our reporting, are summarised in the table below:

	Work performed	Summary of key findings
Management override of controls	<p>We have applied a new approach to our testing of journal entries in 2020/21, utilising the inflo software. This provides the engagement team with effective assurance around the completeness of the population subject to testing and introduces more sophisticated risk assessment of journals for indications of management override of controls.</p> <p>The engagement team have completed the risk assessment of the population and selected a sample of transactions for detailed testing.</p>	<p>We have commenced our audit work and have not identified any significant reporting issues. However, noted that our work is still in progress and we will issue detailed findings in the Audit Finding Report,.</p>
Valuation of land and buildings (PPE)	<p>We have received the valuation report prepared by management's expert and working papers to support the 2020/21 revaluation exercise.</p> <p>We have determined an appropriate testing strategy for assets across other land and buildings and council dwellings, and have communicated this to the valuer to provide evidence to support their assumptions.</p>	<p>We have commenced our audit work and have not identified any significant reporting issues. However, noted that our work is still in progress and we will issue detailed findings in the Audit Finding Report.</p>
Valuation of the net defined benefit pension liability	<p>Our review of the net defined benefit pension liability is ongoing, our testing approach remains consistent with previous years and will undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary.</p> <p>We have received assurances from the auditor of Staffordshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data.</p>	<p>We have commenced our audit work and have not identified any significant reporting issues. However, noted that our work is still in progress and we will issue detailed findings in the Audit Finding Report.</p>

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	Work performed	Summary of key findings
Other areas	<p>Our work on non-significant risk areas of the audit, including material balances and transactions and other scoped areas is currently ongoing.</p> <p>We have substantially performed our risk assessment and where management have provided detailed populations we have selected sample items for our substantive testing.</p>	<p>We have not identified any significant issues from our audit work performed to date in other areas.</p>
Value for money	<p>We have received initial risk assessment responses for our value for money work. Upon completion of our initial review of responses we will communicate with management on documentation required to complete our assessment.</p> <p>Our assessment will review the arrangements in place at the authority to secure value for money against the three criteria of financial sustainability, governance and improving the 3 E's (economy, efficiency and effectiveness).</p>	<p>Consistent with the risk assessment communicated in our audit plan, we have not identified any indications of significant value for money weaknesses to date.</p>

Audit Deliverables

2020/21 Deliverables	Planned Date (Estimated)	Status
<p data-bbox="120 411 271 443">Audit Plan</p> <p data-bbox="120 459 1339 564">We are required to issue a detailed audit plan to the Audit & Accounts Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	July 2021	Complete
<p data-bbox="120 587 427 619">Audit Findings Report</p> <p data-bbox="120 635 1245 667">The Audit Findings Report will be reported to the January Audit & Accounts Committee.</p>	January 2022	Not yet due
<p data-bbox="120 699 344 730">Auditors Report</p> <p data-bbox="120 746 1339 820">This is the opinion on your financial statements and will be signed following the meeting of the Audit & Accounts Committee in January 2022.</p>	January 2022	Not yet due
<p data-bbox="120 842 450 874">Auditor's Annual Report</p> <p data-bbox="120 890 1160 922">This Report communicates the key issues arising from our Value for Money work.</p>	April 2022	Not yet due

Sector Update

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

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

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

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

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

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

Public Sector

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

Local
government

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

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

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

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

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

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

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

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

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

The full report is available here:

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

Annual Transparency Report – Grant Thornton

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

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

The transparency report provides details of our:

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

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



The full report is available here:

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

Local authority Covid-19 pressures – MHCLG

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £6.9bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

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

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



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

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

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

Government response to Redmond review – MHCLG

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

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

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

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

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

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

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

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



The press release can be found here:

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

2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report “Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies’ audits were completed by the revised target of 30 November.

Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.”

By 30 November, Grant Thornton had signed 113/208 audits (a 55% completion rate), meaning that only 45% of audit opinions were not signed by 30 November, compared to the 55% all firms average.

PSAA go on to note “This year’s timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”



The news article can be found here:

[News release: 2019/20 audited accounts – PSAA](#)

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

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

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

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

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

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

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



The news article can be found here:

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



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