

DATE: 2 October 2023  
MY REF: Audit and Corporate Governance Committee  
YOUR REF:  
CONTACT: Democratic Services  
TEL NO: 0116 272 7708  
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**To Members of the Audit and Corporate Governance Committee**

Cllr. Mark Jackson (Chairman)  
Cllr. Mike Shirley (Vice-Chairman)

Cllr. Lee Breckon JP  
Cllr. Alex DeWinter

Cllr. Richard Holdridge  
Cllr. Dillan Shikotra

Cllr. Roger Stead

Dear Councillor,

A meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** will be held in the Council Chamber - Council Offices, Narborough on **TUESDAY, 10 OCTOBER 2023** at **5.30 p.m.** for the transaction of the following business and your attendance is requested.

Yours faithfully



**Louisa Horton**  
**Monitoring Officer**



## **AGENDA**

1. Apologies for Absence

2. Disclosures of Interest

To receive disclosures of interests from Members (i.e. the existence and the nature of those interests in respect of items on this agenda).

3. Minutes (Pages 3 - 6)

To approve and sign the minutes of the meeting held on 13 July 2023 (enclosed).

4. Appointment of Independent Members to the Audit & Corporate Governance Committee (Pages 7 - 10)

To consider the report of the Executive Director (Section 151 Officer) (enclosed).

5. Risk Management Q2 2023/24 (Pages 11 - 40)

To consider the report of the Finance Group Manager (enclosed).

6. Update on Progress Towards Audit of Council's Annual Accounts (Pages 41 - 46)

To consider the report of the Executive Director (Section 151 Officer) (enclosed).

7. Internal Audit Progress Report Q2 2023/24 (Pages 47 - 48)

To consider the report of the Shared Service Audit Manager (enclosed).

## **AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting held at the Council Offices, Narborough

**THURSDAY, 13 JULY 2023**

### **Present:-**

Cllr. Mark Jackson (Chairman)  
Cllr. Mike Shirley (Vice-Chairman)

Cllr. Lee Breckon JP  
Cllr. Richard Holdridge

Cllr. Dillan Shikotra  
Cllr. Roger Stead

### **Officers present:-**

Sarah Pennelli	- Executive Director - S.151 Officer
Nick Brown	- Finance Group Manager
Kerry Beavis	- Shared Service Audit Manager
Katie Brooman	- Elections and Governance Manager
Sandeep Tiensa	- Senior Democratic Services & Scrutiny Officer
Isaac Thomas	- Democracy Support Officer

### **Also in attendance:-**

Cllr. Maggie Wright (Deputy Leader and Finance, People & Performance Portfolio Holder)

#### **66. DISCLOSURES OF INTEREST**

No disclosures were received.

#### **67. MINUTES**

The minutes of the meeting held on 17 April 2023, as circulated, were approved as a correct record.

**68. RISK MANAGEMENT STRATEGY 2023-2026**

Considered – Report of the Finance Group Manager.

Cllr. Mark Jackson asked whether Pentana can be accessed by Councillors and members of the public. The Finance Group Manager responded that Pentana is an internal system, accessible for Councillors but not members of the public.

**DECISIONS**

1. That comments on the Risk Management Strategy be accepted.
2. That the Risk Management Strategy be recommended to Cabinet Executive for adoption.

Reasons:

1. The existing Risk Management Strategy expired on 31<sup>st</sup> March 2023, and it is appropriate to review the Council's risk appetite and procedures.
2. Audit and Corporate Governance Committee are responsible for ensuring that risk management arrangements are effective and for advising Cabinet Executive on risk.

**69. UNAUDITED STATEMENT OF ACCOUNTS 2022/23**

Considered – Report of the Finance Group Manager.

**DECISION**

That the financial performance for 2022/23 be accepted.

Reason:

To give Members the opportunity to comment and ask questions in respect of the Council's financial performance, and unaudited accounts for 2022/23.

**70. CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022 - UPDATE**

Considered – Report of the Shared Service Audit Manager.

Cllr. Lee Breckon proposed that all members of the Audit and Corporate Governance Committee should take part in the interview process for co-opted Independent Members to the committee.

The Shared Service Audit Manager responded that the prospect of being interviewed by the full committee might be off-putting for potential applicants.

Cllr. Mark Jackson suggested that a compromise could be reached whereby all committee members could feed into the interview process by preparing the interview questions, while the interview itself would still be conducted by a smaller panel as assigned in the Action Plan in Appendix D of the report.

The Shared Service Audit Manager proposed that members of the committee could attend on the day of the interview to chat to the candidates on an informal basis.

All Members agreed that the posts be advertised and that a date be set for the interviews.

**DECISIONS**

1. That the report be accepted.
2. That the proposed Action Plan be agreed.
3. That the Person Specification/ Job Description for the co-opted Independent Members and the advertising of the posts be agreed.

Reason:

To ensure that the committee meets its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal control.

**71. INTERNAL AUDIT ANNUAL REPORT 2022/23**

Considered – Report of the Shared Service Audit Manager.

**DECISION**

That the report be accepted.

Reason:

To comply with the Public Sector Internal Audit Standards.

**72. INTERNAL AUDIT PROGRESS REPORT 2023/24 Q1**

Considered – Report of the Shared Service Audit Manager.

**DECISION**

That the Internal Audit progress report be accepted.

Reason:

To keep the Audit and Corporate Governance Committee informed of progress and recent Internal Audit findings and recommendations, in line with the Public Sector Audit Standards requirements.

**THE MEETING CONCLUDED AT 7.48 P.M.**

## Blaby District Council

### Audit & Corporate Governance Committee

<b>Date of Meeting</b>	10 October 2023
<b>Title of Report</b>	<b>Appointment of Independent Members to the Audit &amp; Corporate Governance Committee</b>
<b>Report Author</b>	Executive Director (Section 151 Officer)

#### 1. What is this report about?

- 1.1 To seek approval to recommend to Council the appointment of Independent Members to the Audit and Corporate Governance Committee.

#### 2. Recommendation(s) to Council

- 2.1 To Follow

#### 3. Reason for Decision(s) Recommended

- 3.1 To Follow

#### 4. Matters to consider

- 4.1 Background

Members of the Audit and Governance Committee will recall the Report brought to the Committee on 13 July detailing the contents of the CIPFA Position Statement regarding Audit Committees.

Included in the report was an Action Plan which detailed actions to be taken by the Committee in order to take into account the Guidance provided within the CIPFA Position Statement. An action within the plan listed the appointment of Independent Members to the Audit and Corporate Governance Committee and this report provides the outcome of the process to recruit to these positions.

Independent Members will be expected to actively participate in meetings of the Audit & Corporate Governance Committee and demonstrate independence, integrity, objectivity and impartiality in their decision-making. As part of this rewarding role, they will support the Council's Audit & Corporate Governance Committee in providing independent assurance to the members of Blaby District Council, and its wider citizens and stakeholders.

Independent Members are non-voting members of the Committee, who assist in overseeing internal and external audit arrangements, reviewing and scrutinising financial statements, and reviewing and assessing the governance, risk management and control of the authority.

#### 4.2 Proposal(s)

##### **To follow**

#### 4.3 Relevant Consultations

Members of the Audit and Corporate Governance Committee involved in the process

#### 4.4 Significant Issues

None

### **5. What will it cost and are there opportunities for savings?**

5.1 There are no costs arising from this report

### **6. What are the risks and how can they be reduced?**

6.1

Current Risk	Actions to reduce the risks
That the persons appointed do not hold sufficient skills to act in the capacity of an Independent Member.	Criteria has been set during the recruitment process and through the interview process to ensure that candidates have the required skills and circumstances to be in a position to act as an Independent Member of the Committee.
Risk of not appointing independent members to the Committee and therefore not being compliant with best practice.	The recruitment process has been put in place to ensure compliance with best practice. Should the recruitment exercise not be successful a further process will be looked into in order to appoint to the independent positions.



## 7. Other options considered

7.1 None

## 8. Other significant issues

8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

## 9. Appendix

9.1 None

## 10. Background paper(s)

None

## 11. Report author's contact details

Sarah Pennelli Executive Director (S151 Officer)  
Sarah.Pennelli@blaby.gov.uk 0116 272 7650

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## Blaby District Council

### Audit & Corporate Governance Committee

**Date of Meeting** 10 October 2023  
**Title of Report** Risk Management Quarter 2 2023/24  
**Report Author** Finance Group Manager

#### 1. What is this report about?

- 1.1 The report provides Audit and Corporate Governance Committee with an update in relation to the Council's Corporate Risk Register up to September 2023.

#### 2. Recommendation(s)

- 2.1 That the latest information in respect of the Council's major corporate risks is accepted.

#### 3. Reason for Decision(s) Recommended

- 3.1 The overview of the Council's risk management processes is a key responsibility of the Audit and Corporate Governance Committee.

#### 4. Matters to consider

##### 4.1 Background

The management of risk is a critical success factor in terms of an organisation achieving its objectives. The Audit and Corporate Governance Committee, supported by Internal Audit, has the role of evaluating the effectiveness of the Council's risk management procedures, and commenting upon areas of improvement as appropriate.

Risks are assessed for their impact on the Council's business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a "5x5" matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

Further information can be found within the Risk Management Strategy which was presented to the Committee at its meeting in July.

## 4.2 Corporate Risk Register

The Corporate Risk Register captures the most significant current risks that have a potential impact on the Council's strategic aims and objectives. Updates on the latest corporate risks are presented to Audit and Corporate Governance Committee every quarter.

Corporate Risks are monitored by the Corporate Risk Group which comprises the Chief Executive, the Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The Corporate Risk Group met on 5<sup>th</sup> September 2023 to review and update the Corporate Risk Register, ensuring that it properly reflects the current corporate risks and that actions are in place to mitigate those risks. A copy of the Corporate Risk Register is included at Appendix A, and this sets out each risk, an assessment of the degree of risk to the Council, and any control measures that are in place to mitigate the likelihood and impact of the risk occurring.

Risks in relation to IT have been excluded from Appendix A for the purposes of this report. A separate update will be provided to the Committee as an exempt information item at the meeting.

The following table summarises the number of corporate risks before any control measures are put in place (i.e., uncontrolled risks).

<b>All Corporate Risks – Uncontrolled Rating Summary</b>			
<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
13	11	1	25

The corporate risks, once control measures have been put in place, i.e., controlled risks, are as follows:

<b>All Corporate Risks – Controlled Rating Summary</b>			
<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
5	11	9	25

Since the last quarterly report to Committee, in April 2023, 1 risk has been removed from the register and 4 have been added, leading to an increase from 22 corporate risks to 25.

The following risk has been removed and replaced with three more specific risk relating to the Council's main partnership arrangements:

R010 - Failure to host partnerships and engage with partners effectively may lead to reputational damage and financial loss to the Council.

Corporate Risk Group consider that this risk is too generic, and that focus should instead be placed on the Council's three most significant

partnerships, Building Control, Lightbulb, and the Hospital Enablement Team.

The following risks have been added to the Corporate Risk Register:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
<b>R126:</b> Impact of Industrial Action on Services and Residents	Risk Likelihood	Almost Certain (5)	Likely (3)
	Risk Impact	Major Impact (4)	Medium Impact (3)
	Status	20	9
Control Measures	<ul style="list-style-type: none"> <li>Alternative workforce to be employed where possible.</li> <li>Mental health support in place for officers not involved in the industrial action.</li> <li>Arbitration measures in place.</li> <li>Regular communication with staff, members, and residents.</li> <li>Senior Leadership presence at depot.</li> </ul>		

This risk was initially added in July when industrial action was ongoing and was assigned a controlled risk rating of 15 (almost certain, medium impact). Following arbitration, the Council agreed to review three key demands that the union had put forward. Industrial action planned for August was discontinued because of this agreement, although union members still have the right to take further action until December, based on the result of the original ballot. The Council has until March to provide a response to the union's requests so, whilst the threat of action is not removed, the likelihood has reduced.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
<b>R131:</b> Failure of Leicestershire Building Control Partnership to meet the financial position forecast in the business plan	Risk Likelihood	Almost Certain (5)	Very Likely (4)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	20	16
Control Measures	<ul style="list-style-type: none"> <li>Regular board meetings in place.</li> <li>Recognition of the implications for partners' financial position.</li> <li>Regular monitoring of budgets.</li> <li>Inclusion on Internal Audit Plan.</li> </ul>		

The current economic climate and downturn in the housing market have led to a significant reduction in demand for Building Control services. This in turn means that income is likely to fall short of the budget by as much as £200,000. Whilst this loss may be partially offset by vacancy savings, it will inevitably lead to an increased net cost of service to all partners. Although a similar result would be expected if there was no partnership in place, it can be expected that partner authorities will raise concerns over performance.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
<b>R132:</b> District partners do not accept the increased financial cost arising from the new Lightbulb contract	Risk Likelihood	Very Likely (4)	Likely (3)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	16	12
Control Measures	<ul style="list-style-type: none"> <li>Regular board meetings in place.</li> <li>Recognition of the implications for partners' financial position.</li> <li>Regular monitoring of budgets.</li> <li>Meetings held with all partners as part of the contract planning process to share Blaby's financial position.</li> <li>Inclusion on Internal Audit Plan.</li> </ul>		

Blaby is in the process of reviewing the partnership structure ahead of contract renewal in April 2024. As part of the process, Blaby is looking to seek full recovery of its overheads incurred in hosting Lightbulb. Partners have consistently that they are not able to accept an increase in costs other than those that reflect pay increases. There is a risk that this could lead to the partnership being unsustainable going forward.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
<b>R130:</b> The cost of running the Hospital Enablement Team contract becomes unsustainable	Risk Likelihood	Likely (3)	Unlikely (2)
	Risk Impact	Medium Impact (3)	Medium Impact (3)
	Status	12	6
Control Measures	<ul style="list-style-type: none"> <li>Regular board meetings in place.</li> <li>Recognition of the implications for partners' financial position.</li> <li>Regular monitoring of budgets.</li> <li>100% externally funded.</li> </ul>		

A new three-year contract has been agreed with increased external funding to cover an enhanced structure and Blaby's overheads.

Overall, 13 high risks to the Council's business have been identified before any form of mitigation has been put in place. However, once control measures are considered, 8 of these are reduced to medium or low risk.

The latest review undertaken by the Corporate Risk Group has led to 2 risk scores being increased and 2 risk scores being decreased.

Increased risks:

**R001 – engagement of elected members negatively impacting on the decision-making process.** This risk has been increased from low to medium due to a concern that not all new members have committed to meetings or attended planned training.

**R008 – failure to comply with legislation, resulting in us not meeting our statutory obligations; the organisation promotes and demonstrates the principles and values of good governance.** Increased from 4 (2x2) to

6 (2x3). Whilst remaining a low risk it is recognised that the loss of experienced staff and numerous competing demands could potentially lead to established governance processes not being followed.

Reduced risks:

**R006 – lack of effective emergency planning and business continuity arrangements.** Down from a medium risk (12) to a low risk (8) on the back of a recent positive internal audit report. It is also recognised that Blaby has handled several major emergencies in recent months, such as the landfill gas issue at Huncote, and staff are experienced in following and adhering to emergency plans.

**R126 – impact of industrial action on services and residents.** See tables above.

#### 4.3 Service and Project Risk Registers

Service risks are those which are more related to operational and service delivery matters. They are maintained on a separate risk register and are subject to quarterly monitoring by Service Managers to ensure that they remain up to date and have not become obsolete. Group Managers will provide an overview of the service risks on a quarterly basis, but service risks will not be reported to Audit and Corporate Governance Committee other than in exceptional circumstances.

Project risks are managed through the Council's project management framework, with risk registers maintained for corporate projects and high-profile service projects. These are monitored through individual project teams and by the Senior Leadership Team sitting as Programme Board.

### 5. What will it cost and are there opportunities for savings?

- 5.1 Financial implications may arise because of inadequate risk management, but with robust procedures in place they are minimised or removed.

### 6. What are the risks and how can they be reduced?

#### 6.1

Current Risk	Actions to reduce the risks
If risks are not monitored, then the Council may not be aware of possible events arising.	Audit and Corporate Governance Committee receive regular reports on risk and advise Cabinet Executive as appropriate.
If risks are not effectively managed through mitigation, risks identified	Mitigating control measures are in place and monitored through Audit and Corporate

cannot be minimised and may have a significant impact on the Council.	Governance Committee, Corporate Risk Group and by Senior Leadership Team/Group Managers.
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## **7. Other options considered**

- 7.1 None. It is a requirement of the Risk Management Strategy that regular reports are brought to Audit and Corporate Governance Committee.

## **8. Other significant issues**

- 8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

## **9. Appendix**

- 9.1 Appendix A – Corporate Risk Register (excluding IT risks)
- 9.2 Appendix B – IT Corporate Risks – to follow

## **10. Background paper(s)**

Risk Management Strategy 2023 – 2026.

## **11. Report author's contact details**

Nick Brown	Finance Group Manager
Nick.Brown@blaby.gov.uk	0116 272 7625

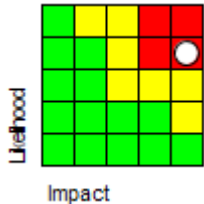
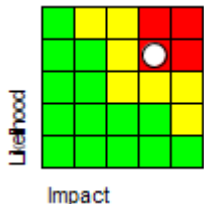


## Overview of Corporate Level Risks

## Appendix A

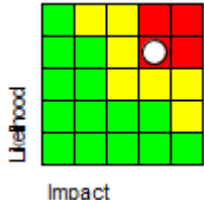
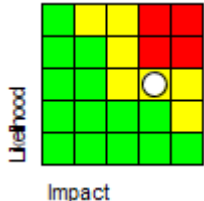
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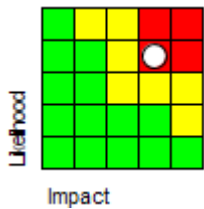
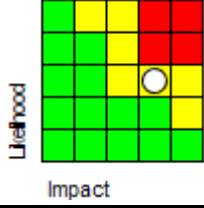
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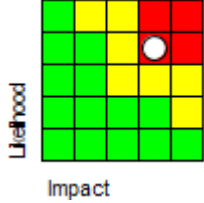
<b>Risk Title</b>	Impact on financial position as a result of lack of certainty around future funding streams (i.e., Business Rates, Fair Funding, New Homes Bonus and Council Tax Equalisation), and cost of living crisis.	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Financial	<b>Current Controlled Risk Score</b>		<b>16</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Awareness &amp; Understanding of national policy changes</li> <li>• Balanced budget approved</li> <li>• Deliver Action Plan of Commercialisation Strategy</li> <li>• Maintain an awareness of changing priorities</li> <li>• MTFS in place</li> <li>• Strategy to maximise growth of Business Rates</li> <li>• Working with significant partners</li> <li>• Maintain adequate level of reserves . Financial plan now in place with measures to reduce the budget gap.</li> </ul>	<b>Latest Note</b>	No change to current risk rating. Government have not yet commenced their planned consultation and it is widely expected that any changes to the current funding formula will be delayed by a further year.	
		<b>Latest Note Date</b>	06 Sep 2023	

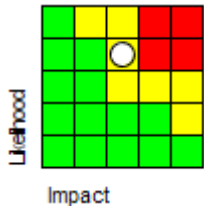
<b>Risk Title</b>	<b>Closure, downsizing of premises or relocation of a major district employer which may cause significant unemployment, retraining requirements, and a potential loss of Business Rates</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Financial	<b>Current Controlled Risk Score</b>		<b>16</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Review the Council's Economic Development Strategy and resources</li> <li>• Develop the work and skills capacity</li> <li>• Engage regularly with businesses to understand requirements</li> <li>• Work with authorities, landowners, developers &amp; agents</li> <li>• Work with LLEP to secure funding for business development initiatives &amp; schemes</li> </ul>	<b>Latest Note</b>	Whilst larger employers account for a small proportion of businesses within the district, the impact of closure or relocation is significant. At present we are not aware of any potential threats to the current position.	
		<b>Latest Note Date</b>	06 Sep 2023	

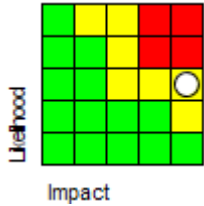
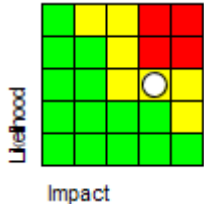
<b>Risk Title</b>	<b>Failure of Leicestershire Building Control Partnership to Meet Financial Position Forecast in the Business Plan</b>	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Contractual / Financial / Partnership / Political / Reputational	<b>Current Controlled Risk Score</b>		<b>16</b>
<b>Internal Controls</b>		<b>Latest Note</b>	<p>The current economic climate and downturn in the housing market have led to a significant reduction in demand for Building Control services. This in turn means that income is likely to fall short of the budget by as much as £200,000. Whilst this loss may be partially offset by vacancy savings, it will inevitably lead to an increased net cost of service to all partners. Although a similar result would be expected if there was no partnership in place, it can be expected that partner authorities will raise concerns over performance.</p>	
		<b>Latest Note Date</b>	10 Sep 2023	

<b>Risk Title</b>	<b>Failure to recruit and retain the right people for the right jobs</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Professional	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Learning and development provision, including skills and training needs analysis</li> <li>• Supporting Employee Performance policies and practices</li> <li>• Workforce planning including succession planning and use of market supplements where applicable.</li> </ul>	<b>Latest Note</b>	Whilst the overall recruitment picture has improved, some services continue to suffer in terms of availability of required skill set, including Finance, Council Tax and Benefits, Building Control, and ICT.	
		<b>Latest Note Date</b>	06 Sep 2023	

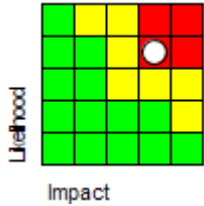
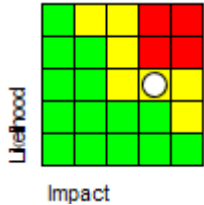
<b>Risk Title</b>	<b>Failure to provide affordable housing and supporting infrastructure in the district in line with identified need.</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Political	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Agreement on countywide housing distribution</li> <li>• Council adoption of appropriate housing needs policies</li> <li>• Feedback to consultation processes</li> <li>• Input into Strategic Planning Groups</li> <li>• Review of options to deliver affordable housing &amp; balanced housing market</li> </ul>	<b>Latest Note</b>	No change to existing rating.	
		<b>Latest Note Date</b>	06 Sep 2023	

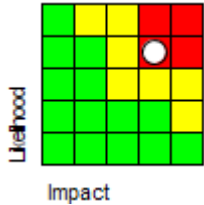
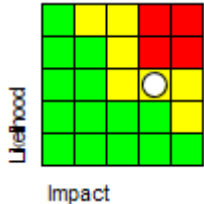
<b>Risk Title</b>	<b>Structural, legislative and budgetary changes in other Public Sector organisations (e.g. DWP, Health, Police, Leicestershire CC).</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Financial / Social	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Maintain awareness &amp; respond to implications of emerging changes in public sector delivery organisations</li> </ul>	<b>Latest Note</b>	No change to rating but financial position of County Council represents a potential threat to funding of Blaby initiatives.	
		<b>Latest Note Date</b>	06 Sep 2023	

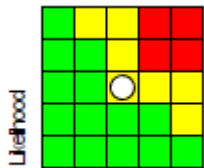
<b>Risk Title</b>	<b>Cost of living crisis leading to increased demand for services.</b>	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Financial / Social	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• CAB service * Earmarked reserve in place to support cases of serious hardship.</li> <li>• Communication with food banks to be able to provide support</li> <li>• Supporting residents in times of crisis</li> <li>• Grant funding available from government as part of Energy Bill Support Scheme (additional funding and alternative fuels)</li> </ul>	<b>Latest Note</b>	No change to risk although the recruitment of a new Welfare Support Officer represents an additional mitigation.	
		<b>Latest Note Date</b>	06 Sep 2023	

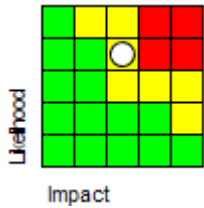
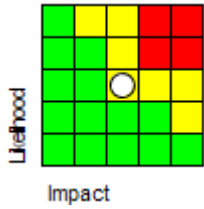
<b>Risk Title</b>	<b>Huncote Leisure Centre and surrounding site - risk of elevated levels of methane from landfill site.</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Financial / Reputational / Health & Safety	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Additional monitoring and venting wells installed.</li> <li>• Rear of site remains closed pending completion and monitoring of new boreholes.</li> <li>• Regular communication with partners on site.</li> </ul>	<b>Latest Note</b>	Trenching works around leisure centre are in progress. RAG rating to be reviewed upon completion.	
		<b>Latest Note Date</b>	06 Sep 2023	

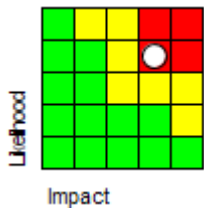
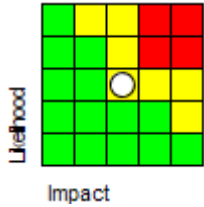


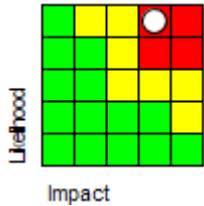
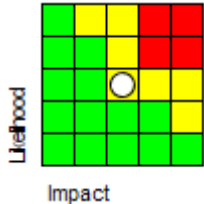
<b>Risk Title</b>	<b>Officer and Member welfare is impacted by ongoing service demand and financial pressures</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Physical	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Policies and procedures being revised and reviewed together with guidance documents for staff and managers</li> <li>• Employee helpline in place</li> <li>• Continuous review with teams and individuals</li> <li>• Being flexible with working policies.</li> <li>• Member Induction Programme.</li> </ul>	<b>Latest Note</b>	No change	
		<b>Latest Note Date</b>	06 Sep 2023	

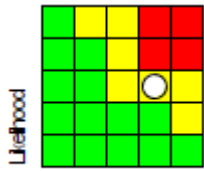
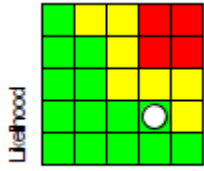
<b>Risk Title</b>	<b>District Partners Do Not Accept the Increased Financial Cost Arising From New Lightbulb Contract</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Contractual / Financial / Partnership / Political / Reputational	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	Regular board meetings in place; recognition of partners' financial position; regular monitoring of budget; meetings held with partners as part of the contract planning process; inclusion on Internal Audit Plan.	<b>Latest Note</b>	Blaby is in the process of reviewing the partnership structure ahead of contract renewal in April 2024. As part of the process, Blaby is looking to seek full recovery of its overheads incurred in hosting Lightbulb. Partners have consistently that they are not able to accept an increase in costs other than those that reflect pay increases. There is a risk that this could lead to the partnership being unsustainable going forward.	
		<b>Latest Note Date</b>	10 Sep 2023	

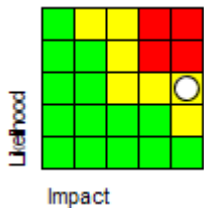
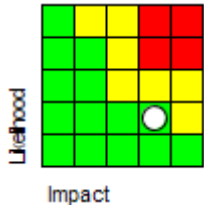
<b>Risk Title</b>	<b>Engagement of elected members negatively impacting on decision making process</b>	<b>Uncontrolled Risk Score</b>		<b>9</b>
<b>Risks Category</b>	Political	<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Cabinet &amp; Leader awareness and development</li> <li>• Code of conduct</li> <li>• Member development strategy/ supporting roles &amp; responsibilities</li> <li>• Recruitment/member succession</li> <li>• Audit &amp; Corporate Governance Committee</li> <li>• Training/Cabinet development</li> <li>• Induction Programme for new members</li> </ul>	<b>Latest Note</b>	Not all new members have committed to meetings or attended planned training. This could lead to issues regarding proper decision making.	
		<b>Latest Note Date</b>	06 Sep 2023	

<b>Risk Title</b>	That the Council is unable to deliver a new local plan and cannot identify 5 years worth of housing land required by National Policy, which could make relevant local policies out of date when determining planning applications.	<b>Uncontrolled Risk Score</b>		<b>12</b>
<b>Risks Category</b>	Social	<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• To identify additional sites for residential development through the Delivery DPD</li> <li>• To release appropriate sites for residential development</li> </ul>	<b>Latest Note</b>	No change to existing rating.	
		<b>Latest Note Date</b>	06 Sep 2023	

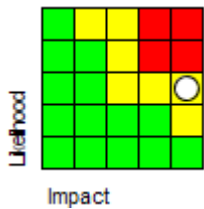
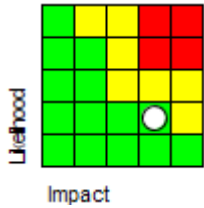
<b>Risk Title</b>	<b>Failure to provide appropriate temporary accommodation for homeless households</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>		<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	Continue to source alternative provision of temporary accommodation in the District.	<b>Latest Note</b>	Reviewed by Corporate Risk Group 5th September. Slight fall in numbers but demand and complexity remains high compared to pre-pandemic. External funding of circa £1.4m secured to provide 11 additional temporary housing units.	
		<b>Latest Note Date</b>	06 Sep 2023	

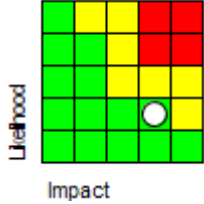
<b>Risk Title</b>	<b>Impact of Industrial Action on Services &amp; Residents</b>	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Environmental / Financial / Reputational	<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	Alternative workforce where possible; mental health support in place; arbitration measures; regular communication to staff, members, and residents; SLT presence at depot.	<b>Latest Note</b>	Planned industrial action scheduled for July was averted after negotiation. The original ballot result means that further industrial action could take place up to December, but the Council has agreed with the union to look at various working practices so likelihood appears to have reduced.	
		<b>Latest Note Date</b>	06 Sep 2023	

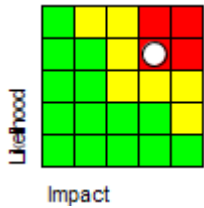
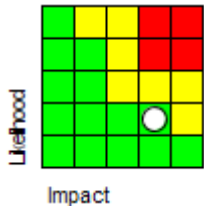
<b>Risk Title</b>	Blaby District Plan is not deliverable within available resources. If we do not deliver the corporate objectives the quality of life of residents and those who work in the district will not be improved.	<b>Uncontrolled Risk Score</b>		<b>12</b>
<b>Risks Category</b>	Political	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• All service plans aligned to Blaby District Plan objectives</li> <li>• Be clear about expected outcomes</li> <li>• Monitor delivery of Blaby District Plan</li> <li>• Review Blaby District Plan priorities regularly</li> </ul>	<b>Latest Note</b>	New plan under development.	
		<b>Latest Note Date</b>	06 Sep 2023	

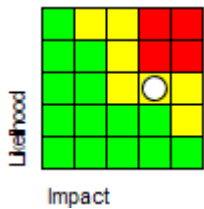
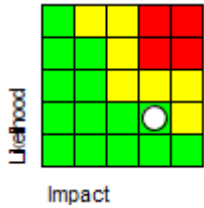
<b>Risk Title</b>	<b>Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults may place people in danger</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Competitive / Reputational / Social	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Active Member of District DSO Group</li> <li>• Continuous training of designated officers, review of policies</li> <li>• Ensuring enough trained officers are available</li> <li>• Policies in place and effectively communicated to staff</li> </ul>	<b>Latest Note</b>	No change to risk score. Numbers of cases not increasing although the complexity of issues arising is on the rise.	
		<b>Latest Note Date</b>	06 Sep 2023	

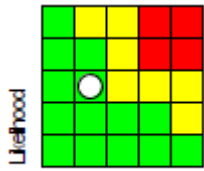
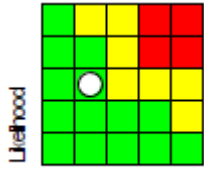


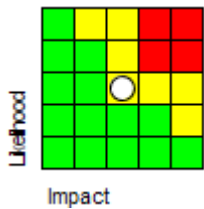
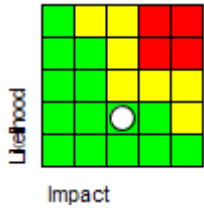
<b>Risk Title</b>	<b>Failure to ensure adherence to internal control arrangements would leave the council open to fraud, affecting reputation and breaches of the council's procedures, policies and legal responsibilities.</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Fraud / Legal	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Anti Fraud &amp; Corruption/Benefit Fraud policies reviewed &amp; adopted. Staff/Member training</li> <li>• Employees adhere to governance procedures</li> <li>• Ensure we do not employ staff with false records</li> <li>• Use of NAFN bulletins to maintain awareness of latest threats</li> <li>• Policies and procedures ensure segregation of duties</li> </ul>	<b>Latest Note</b>	No change.	
		<b>Latest Note Date</b>	06 Sep 2023	

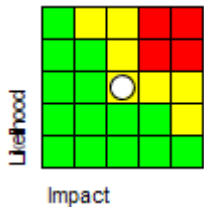
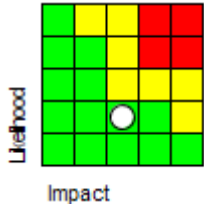
<b>Risk Title</b>	<b>Lack of effective Emergency Planning and Business Continuity arrangements</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Professional	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• All key EP &amp; BC documents on Resilience Direct</li> <li>• Internal EP &amp; BC working group meeting</li> <li>• Periodic training with SLT &amp; key officers of plans</li> <li>• Out of hours Emergency Contact Centre Contract (First Call)</li> <li>• Partnership with the Leicestershire Resilience Forum</li> <li>• Senior Leadership Team On Call Rota</li> </ul>	<b>Latest Note</b>	Recent internal audit report gave a satisfactory rating. Blaby's experience in handling major emergencies, such as the landfill gas issue at Huncote, sets us in good stead for handling similar incidents.	
		<b>Latest Note Date</b>	06 Sep 2023	

<b>Risk Title</b>	<b>Failure to identify, record, monitor and report health and safety risks.</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Physical	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Effective Health &amp; Safety Committee</li> <li>• Effective Health &amp; Safety procedures</li> <li>• Service blueprints</li> </ul>	<b>Latest Note</b>	There is an increased perception of aggression towards staff. Working group established to review procedures, and training to be scheduled to look at de-escalation methods and awareness of complex needs and self-harm.	
		<b>Latest Note Date</b>	06 Sep 2023	

<b>Risk Title</b>	<b>Budgetary pressures prevent us from achieving our 2030 net zero carbon reduction target.</b>	<b>Uncontrolled Risk Score</b>		<b>12</b>
<b>Risks Category</b>	Environmental / Financial / Reputational	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Carbon reduction action plan in place.</li> <li>• Dedicated officer working on "green" initiatives..</li> <li>• Cross service working group in place to maintain high profile and awareness.</li> <li>• Fleet replacement strategy under review.</li> </ul>	<b>Latest Note</b>	No change although it is recognised that there is often a significant cost attached to the achievement of net zero measures.	
		<b>Latest Note Date</b>	06 Sep 2023	

<b>Risk Title</b>	<b>Failure to comply with legislation, resulting in us not meeting our statutory obligations</b> <b>The organisation promotes and demonstrates the principles and values of good governance</b>	<b>Uncontrolled Risk Score</b>		<b>6</b>
<b>Risks Category</b>	Legal	<b>Current Controlled Risk Score</b>		<b>6</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Constitution regularly reviewed and kept up to date</li> <li>• Annual Governance Statement</li> <li>• Independent Member Committees</li> <li>• Skilled workforce</li> <li>• Training/CPD</li> </ul>	<b>Latest Note</b>	Slight increase in risk due to loss of experienced staff and competing demands potentially leading to governance processes not being followed.	
		<b>Latest Note Date</b>	06 Sep 2023	

<b>Risk Title</b>	<b>Contracts may fail to deliver intended outcomes if not managed effectively, and improvements/efficiencies may not be delivered.</b>	<b>Uncontrolled Risk Score</b>		<b>9</b>
<b>Risks Category</b>	Contractual / Partnership	<b>Current Controlled Risk Score</b>		<b>6</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Ensure that effective contract management arrangements are put in place as part of procurement process.</li> <li>• Manage SLM Contract through quarterly governance meetings.</li> </ul>	<b>Latest Note</b>	No update.	
		<b>Latest Note Date</b>	24 Mar 2023	

<b>Risk Title</b>	<b>Operating Cost of Hospital Enablement Team Contract Becomes Unsustainable</b>	<b>Uncontrolled Risk Score</b>		<b>9</b>
<b>Risks Category</b>	Contractual / Financial / Partnership / Political / Reputational	<b>Current Controlled Risk Score</b>		<b>6</b>
<b>Internal Controls</b>	Regular board meetings in place; recognition of partners' financial position; regular budget monitoring; 100% external funding in place.	<b>Latest Note</b>	A new three-year contract has been agreed with increased external funding to cover an enhanced structure and Blaby's overheads.	
		<b>Latest Note Date</b>	10 Sep 2023	





## Blaby District Council

### Audit & Corporate Governance Committee

<b>Date of Meeting</b>	10 October 2023
<b>Title of Report</b>	<b>Update on Progress Towards Audit of Council's Annual Accounts</b>
<b>Report Author</b>	Executive Director (Section 151 Officer)

#### 1. What is this report about?

- 1.1 To provide members with an update on progress towards the audit of the Council's annual accounts, receive an update from auditors Ernst and Young and provide an update on engagement with the Council's new external auditors Azets.

#### 2. Recommendation(s)

- 2.1 That the Audit and Corporate Governance Committee note the impact of local audit delays; the report of Ernst & Young and also note the scale of future audit fees.

#### 3. Reason for Decision(s) Recommended

- 3.1 To ensure that the Audit and Corporate Governance Committee is appraised of the latest position regarding the audit of the Council's Statement of Accounts.

#### 4. Matters to consider

##### 4.1 Background

Members will be aware of the significant delays that have been experienced nationally over the past three years in terms of the audit of local government accounts. The last financial year that the publication deadline was met was 2018/19, when the audited accounts were signed off and published by 31st July 2019, in accordance with the prevailing requirements of the Accounts and Audit Regulations. The accounts for each subsequent financial year have been subject to protracted delays.

The report considered by the Audit and Corporate Governance Committee at the meeting of the 17<sup>th</sup> April 2023 provided detail with regard to the status of the accounts for each of the years up to the current position and a further

update was provided when the Unaudited Statement of Accounts was presented at the meeting of the 13<sup>th</sup> July 2023.

It continues to be the case that Blaby has met the statutory deadline for publishing its unaudited accounts in every year but the year of the pandemic when the deadline was relaxed.

#### 4.2 Proposal(s)

Officers have continued to engage with Ernst & Young with regard to the audit of the Statement of Accounts for years 2020/21 and proposals to commence the audits for years 2021/22 and 2022/23.

Recent communications with Ernst & Young suggest that the Statement of Accounts for 2020/21 may be finalised in November 2023. At the time of writing guidance is still awaited as to how the audits of 2021/22 and 2022/23 are to progress. Appendix A to this report details an update report provided by Ernst & Young.

Members of the Committee will be aware that Azets have been appointed as the Council's external auditors for audits from 2023/24 onwards. Officers have had positive meetings with representatives from Azets who are eager to engage, and plans are being discussed as to when they will commence the audit of the 2023/24 accounts despite the previous audits not being finalised by Ernst & Young.

#### 4.3 Relevant Consultations

Consultations with external auditors Ernst & Young and Azets.

#### 4.4 Significant Issues

None.

### 5. What will it cost and are there opportunities for savings?

- 5.1 There are no direct financial implications arising from this report, although the Council has received notification of the Audit Scale Fee for 2023/24 of £139,897. The sum of £175,000 has been allowed within the 2023/24 budget, although this also makes allowance for grant certification work in relation to the Housing Benefit Subsidy claim. Historically, the cost of grant certification has been in the region of £15,000, so the budget allows approximately £20,000 headroom for unforeseen work. The Council may face additional resourcing costs in order for the audit of the Statements of Accounts to be brought fully up to date. DLUHC has declared its intention to make new burdens funding available but final details have not yet been shared.

## **6. What are the risks and how can they be reduced?**

### **6.1**

Current Risk	Actions to reduce the risks
That the additional burdens placed on the Council by the increase in the audit fees and reporting requirements and associated resource will not be covered by additional funding.	This will be kept under review and reflected in the annual budget process and MTFS projections.
That the delay and mechanisms for the outstanding audits to be signed off by the external auditors impact on this years external audit.	Officers have engaged with both sets of external auditors to put plans in place to ensure that audits are progressed in line with current guidance and to minimise further delays where possible.

## **7. Other options considered**

### **7.1** None

## **8. Other significant issues**

### **8.1** In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

## **9. Appendix**

### **9.1** Appendix A – Update report from Ernst & Young

## **10. Background paper(s)**

None

## **11. Report author's contact details**

Sarah Pennelli Executive Director (S151 Officer)  
Sarah.Pennelli@Blaby.gov.uk 0116 272 7650

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## **Blaby District Council Audit Progress Update**

### **Overview**

This brief paper seeks to update members of the Audit Committee on the progress of the audit of the 2020/21 Statement of Accounts.

### **2020/21 Financial Statements audit**

As part of our reporting to the Committee in October 2022, our Audit Results Report explained that the audit was still ongoing and listed the key outstanding areas to complete. Since then, we have had additional resources and continue to work to close out certain areas of the audit..

We have been working to close the audit subject to some areas that have created challenges as set out below:

1. The triennial valuation of the IAS 19 position as at 31 March 2022 has been issued by the Actuary. We are required to consider any available information regarding significant estimates that becomes available subsequent to the year end. The IAS 19 disclosures are a significant estimate within your financial statements and are based on a roll-forward position from the prior triennial valuation as at 31 March 2019. As such, we need to consider whether there is any indication of a misstatement as a result of the triennial valuation for FY 20-21. Officers have obtained an updated IAS 19 report as at 31 March 2022, there is a material movement in net liability as per the updated report. We have compared the original IAS 19 report as at 31 March 2022 with revised IAS 19 report and identified the potential areas leading to the material movement. Management is currently in the process of obtaining remarks from actuary for those areas to assess if any change in updated IAS 19 report would impact liability as on 31 March 2021. We are currently waiting for response to our queries raised.
2. We mentioned in our Audit results report that 'Disclosure of an updated capital commitment note along with disclosure of prior period amendments and our internal consultation procedures' was outstanding. We have agreed on the updated disclosure numbers with the management for both CY and PY, however, we are waiting for the updated capital commitment note from management following which we will initiate our internal consultation procedures as prior year numbers are restated.
3. As per our audit procedures, we liaised with appointed auditor of Leicestershire County Council pension fund i.e., Grant Thornton, in order to define a programme of work that we would like them to perform and report results thereon over certain information on which Blaby District Council relies when preparing its financial statements. Accordingly, we sent our programme of work to Grant Thornton UK LLP for their response. Grant Thornton UK LLP, the auditor of the Leicestershire Pension fund, identified a material misclassification of investments (i.e., fair value of plan assets) disclosed in the pension fund report for FY 20-21 and FY 19-20. For Blaby District Council, this has resulted in the reclassification of the investments disclosed under pensions disclosure for FY 20-21 and FY 19-20. The reclassification will be to the "Investment Funds and Unit Trusts - Equities" figure - moving from "active market" column to "not in active market" column. Management has updated the disclosures along with disclosure of prior period amendments, since PY numbers are restated, we are in the process of initiating our internal consultation.

We have set out in the Appendix our progress against the main areas of the audit.

Your going concern assessment is required to cover a period of at least 12 months from the date of the opinion. We have held off performing our procedures over going concern until we have a clearer idea of when we will be able to complete the audit.

We are working with management with a view to try and close out the audit before the end of the calendar year, this will be subject to no matters arising that prevent this from being achievable.

The timing of the audits for 2021/22 and 2022/23 will be discussed with management over the coming weeks. We will also consider the impact of any further announcements by the Minister.

## Appendix

Update on the most significant open areas of the audit as indicated in the Audit Results Report:

<b>Audit area</b>	<b>Update</b>
<b>Disclosure of Capital commitments</b>	Refer bullet point 2 above
<b>Contingencies and compliance with laws and regulations</b>	We have received the response from external solicitor to the external audit confirmation letter sent
<b>Procedures on value for money</b>	Risk assessment is complete, subject to review. We have not identified any risks of significant weakness in your arrangements in the work performed to date.
<b>Whole of Government Accounts</b>	The WGA group audit team have confirmed they do not require any further work or submissions from component auditors on WGA returns for 2020/21.
<b>Review of final set of accounts</b>	Not able to be completed until the end of the audit
<b>Final quality review processes</b>	In progress
<b>Subsequent events procedures</b>	Not able to be completed until the end of the audit
<b>Management representation letter</b>	Not able to be completed until the end of the audit

## Blaby District Council

### Audit & Corporate Governance Committee

**Date of Meeting** 10 October 2023

**Title of Report** Internal Audit Progress Report 2023/24 Q2

**Report Author** Shared Service Audit Manager

#### 1. What is this report about?

- 1.1 The purpose of this report is to inform the Committee of the progress against the Internal Audit plan for 2023/24 and to highlight incidences of any significant control failings or weaknesses that have been identified between 1 July 2023 and 30 September 2023 (Q2).

#### 2. Recommendation(s)

- 2.1 To note the Internal Audit progress report and comment as appropriate.

#### 3. Reason for Decision(s) Recommended

- 3.1 To keep the Audit and Corporate Governance Committee informed of progress and recent Internal Audit findings and recommendations, in line with the Public Sector Internal Audit Standards requirements.

#### 4. Matters to consider

##### 4.1 Background

The Public Sector Internal Audit Standards require the Audit and Standards Committee to approve the audit plan and monitor progress against it. They should receive periodic reports on the work of internal audit. The Audit and Standards Committee approved the 2023/24 audit plan on 17 April 2023. This is the second progress report for 2023/24.

##### 4.2 Progress Report

The Internal Audit Progress Report for the period from 1 July 2023 and 30 September 2023 (Q2) is attached at Appendix 1.

#### 4.3 Relevant Consultations

The Senior Leadership Team were presented with the report at their meeting on 12 September 2023.

#### 4.4 Significant Issues

None.

### 5. What will it cost and are there opportunities for savings?

5.1 No costs or opportunities for savings in the context of this report.

### 6. What are the risks and how can they be reduced?

6.1 There are no risks relating to this report.

### 7. Other options considered

7.1 Not applicable.

### 8. Other significant issues

8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

### 9. Appendix

9.1 Appendix 1 – Internal Audit Progress Report 2023/24 Q2. (To follow)

### 10. Background paper(s)

[Public Sector Internal Audit Standards.](#)

### 11. Report author's contact details

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