

DATE: 1 October 2024  
MY REF: Audit & Corporate Governance Committee  
YOUR REF:  
CONTACT: Democratic Services  
TEL NO: 0116 272 7708  
EMAIL: committees@blaby.gov.uk

**To Members of the Audit and Corporate Governance Committee**

	Cllr. Mike Shirley (Chairman)	
	Cllr. Mark Jackson (Vice-Chairman)	
Cllr. Lee Breckon JP	Cllr. Richard Holdridge	Cllr. Roger Stead
Cllr. Alex DeWinter	Cllr. Dillan Shikotra	Helen King (Independent Member)

Dear Councillor,

A meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** will be held in the Council Chamber - Council Offices, Narborough on **WEDNESDAY, 9 OCTOBER 2024** at **5.30 p.m.** for the transaction of the following business and your attendance is requested.

Yours faithfully



**Gemma Dennis**  
**Corporate Services Group Manager and 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 30 July 2024 (enclosed).

4. Internal Audit Progress Report 2024/25 Q2 (Pages 7 - 16)

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

5. Update on National Action to Tackle Audit Backlog (Pages 17 - 32)

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

6. Audit & Corporate Governance Committee Work Programme (Pages 33 - 36)

7. Risk Management Quarter 2 2024/25 (Pages 37 - 68)

To consider the report of the Council Tax Income & Debt Manager (enclosed).

8. Exclusion of Press & Public

To consider passing the following resolution:

“That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item on the grounds that the item involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the said Act.

**Exemption Category: 3**

**Reason for Exemption:** Appendix B of the Risk Management Q2 2024/25 report contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

9. Risk Management Quarter 2 2024/25 (Appendix B) (Pages 69 - 72)

## **AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting held at the Council Offices, Narborough

**TUESDAY, 30 JULY 2024**

### **Present:-**

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

Cllr. Lee Breckon JP  
Cllr. Richard Holdridge

Cllr. Dillan Shikotra  
Cllr. Roger Stead

### **Officers present:-**

Sarah Pennelli	- Executive Director - S.151 Officer
Gary Morris	- Interim Finance Group Manager
Katie Hollis	- Accountancy Services Manager
Kerry Beavis	- Shared Service Audit Manager
Nicole Cramp	- Democratic & Scrutiny Services Officer
Isaac Thomas	- Democracy Support Officer

### **Also in attendance as observers:-**

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

### **Apologies:-**

Helen King (Independent Member)

#### **60. DISCLOSURES OF INTEREST**

No disclosures were received.

#### **61. MINUTES**

The minutes of the meeting held on 22 April 2024, as circulated, were approved and signed as a correct record.

**62. INTERNAL AUDIT ANNUAL REPORT 2023-24**

Considered – Report of the Shared Service Audit Manager.

**DECISION**

That the Internal Audit Annual Report be noted.

Reason:

To comply with the Public Sector Internal Audit Standards.

**63. INTERNAL AUDIT PROGRESS REPORT 2024/25 Q1**

Considered – Report of the Shared Service Audit Manager.

**DECISION**

That the Internal Audit Progress Report be noted.

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 Internal Audit Standards requirements.

**64. UNAUDITED STATEMENT OF ACCOUNTS 2023/24**

Considered – Report of the Interim Finance Group Manager.

**DECISION**

That the financial performance for 2023/24 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 2023/24.

**65. AUDIT & CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME**

Members accepted the items on the Audit & Corporate Governance Committee Work Programme.

**66. RISK MANAGEMENT Q1 2024/25**

*Cllr. Dillan Shikotra left the meeting during this item.*

The Chairman reminded members that Appendix B of the report would be considered during closed session.

Considered – Report of the Interim Finance Group Manager.

**DECISION**

That the latest information in respect of the Council's major corporate risks be accepted.

Reason:

The overview of the Council's risk management processes is a key responsibility of the Audit and Corporate Governance Committee. It is important that members are aware of the corporate risks and their potential impact on Council business, and that they review the control measures in place to mitigate risks.

**67. EXCLUSION OF PRESS AND PUBLIC**

Considered – A proposed resolution to exclude the public from the meeting.

**DECISION**

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item, on the grounds that the item involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the said Act.

Agenda Item 10: Risk Management Q1 2024/25 (Appendix B)

Exemption Category: 3

Reason for Exemption: Appendix B of the Risk Management Q4 2023/24 report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). Public Interest Test: The public interest test has been considered and, in all the circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.

68. **RISK MANAGEMENT Q1 2024/25 (APPENDIX B)**

Considered – Report of the Interim Finance Group Manager.

**THE MEETING CONCLUDED AT 6.12 P.M.**

## Blaby District Council

### Audit & Corporate Governance Committee

**Date of Meeting** 9 October 2024  
**Title of Report** Internal Audit Progress Report 2024/25 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 2024/25 and to highlight incidences of any Significant control failings or weaknesses that have been identified between 1 July 2024 and 30 September 2024 (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 Corporate Governance 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 2024/25 audit plan on 22 April 2024. This is the second progress report for 2024/25.

##### 4.2 Progress Report

The Internal Audit Progress Report for the period from 1 July 2024 and 30 September 2024 (Q2) is attached at Appendix 1.

##### 4.3 Relevant Consultations

The report was presented to the Senior Leadership Team on 24 September 2024.

4.4 Significant Issues

None.

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

**5. Environmental impact**

- 5.1 None.

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

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

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

- 7.1 There are no risks relating to this report.

**8. Other options considered**

- 8.1 Not applicable.

**9. Appendix**

- 9.1 Appendix 1 – Internal Audit Progress Report 2024/25 Q2.

**10. Background paper(s)**

[Public Sector Internal Audit Standards.](#)

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

Kerry Beavis Shared Service Audit Manager  
Kerry.beavis@blaby.gov.uk





# **INTERNAL AUDIT SHARED SERVICE**

## **Blaby District Council**

### **Internal Audit Progress Report 2024/25 Q2**

## 1. Introduction

- 1.1 Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2024/25 Internal Audit Plan up to 30 September 2024.

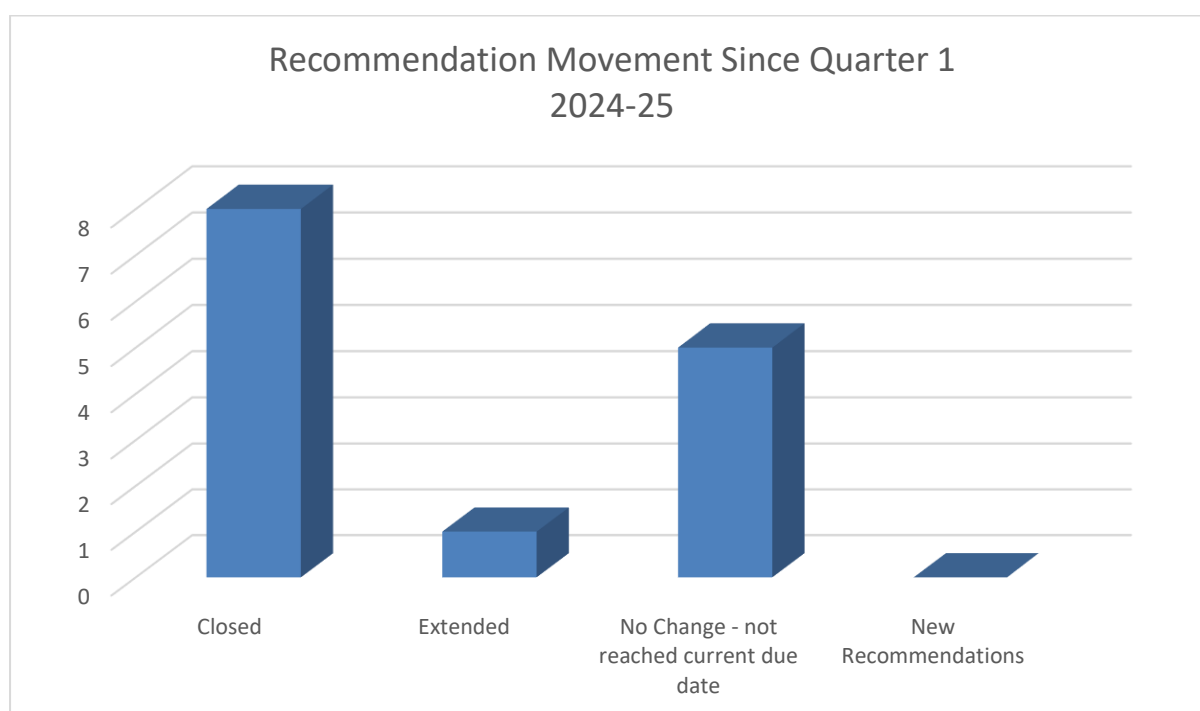
## 2 Internal Audit Plan Update

- 2.1 The 2024/25 audit plan is included at Appendix A for information and shows the audits in progress.

## 3 Internal Audit Recommendations

- 3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. Further details of extended recommendations are detailed in Appendix B for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
21/22	-	-	1	-	-	-
22/23	-	-	2	1	1	-
23/24	-	-	1	-	-	-



#### **4 Internal Audit Performance Indicators**

- 4.1 Progress against the agreed Internal Audit performance targets are documented in Appendix C. There are no areas of concern at this stage.

## Appendix A

### 2024/25 AUDIT PLAN PROGRESS

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
HR - specific area to be agreed	Audit	8		In progress						
IT Asset Management	Advisory	5		As required						
IT Implementation Support	Advisory	4		As required						
Customer Satisfaction	Audit	8		Q4						
Parks & Open Spaces	Audit	10	0.5	Engagement Planning						
Disabled Facilities Grant Determinations	Grant	3	3	Completed	N/A					
Building Control	Audit	10	10	In progress						
Lightbulb	Advisory	3		As required						
Licensing	Audit	8		Planning						
Temporary Accommodation	Audit	10		Q3						
Safeguarding Process	Audit	5	1	In progress						
Implementation of Elections Act	Audit	3	2	In progress						
Service Planning & Performance	Audit	8		Q2/3						
Key Financial Systems	Audit	45		Q3/Q4						
Benefits		5		Q3/Q4						
Council Tax	Audit	8		Q3/Q4						
NNDR	Audit	3		Q3/Q4						
Income Collection	Audit	6		Q3/Q4						
Creditors	Audit	3	0.1	In progress						

Debtors	Audit	4	0.1	In progress						
Main Accounting	Audit	3	0.1	In progress						
Payroll	Audit	4		Q3/Q4						
Treasury Management	Audit	9		Q3/Q4						
Property Services Compliance	Audit	15	0.1	Engagement Planning						
Planning	Audit	15		Q4						
Culture	Audit	8		Q2/3						
Garden Waste Collection	Audit	5	0.1	Engagement Planning						Addition to the plan

## EXTENDED RECOMMENDATIONS

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further Ext Date
2021/22	Hospital Housing Enablement	1. A formal procurement process should be completed for the clean and clear service in order to comply with the contract procedure rules and legislation.	High	Agreed.	Housing Enablement Team Leader	Nov-21	07.12.21: Due to recent issues of low staffing numbers within the team it was agreed with the Group Manager that the action for the procurement should be delayed until the new year.	Feb-22	March 22: The formal procurement process is ongoing and is a shared procurement framework between HET, Lightbulb and the Safespaces Project. The HET Service Team Leader is leading on this and working with Welland. An exemption form to cover HET for the interim period whilst this process is ongoing will be submitted shortly.	May-22	Mar-24 Following a failed procurement exercise, there is an ongoing exercise to procure a contract.	April-23 <del>Sept-23</del> April-24 Oct 24
2023/24	Creditors (Key Controls)	1. Cardholders are required to formally acknowledge receipt of their credit card and agree to the Council's terms of use.	High	Agreed	Accountancy Services Manager	Jun-24	June 24: Currently looking in to the use of virtual credit cards therefore an extension to Aug-24 agreed to prevent the risk of duplication and allow time to incorporate the recommendation into the final documentation if it is decided to move to virtual cards.	Aug-24	Sept 24: The review of the overall credit card process has started but further work is required.	Oct-24		
2022/23	Policy Management	2. HR policies reflecting current legislation, corporate values and industry best practice should be produced for all key employment areas. These should be supported by relevant procedure documents	High	Agreed. A process and timetable to produce the key documents will be in place within six months.	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sep-23 All HR policies have been imported to iPlan. A timeline for reviewing/producing (including prioritisation) the HR policies for all key employment areas with supporting procedure documents will now be agreed.	Mar-24	An action plan has been developed that details dates of when all HR policies, procedures and guidance are to be reviewed and updated. Audit will monitor the action plan and, if there is slippage, this will be reported to Audit and Corporate Governance Committee.	April 2025
2022/23	Policy Management	3. A review of all HR documentation is carried out and, where appropriate, these are updated to reflect the purpose of the document, i.e. strategies are in place which are supported by policies which in turn are implemented using procedures, with consideration being given to the definitions within the Report Writing Toolkit.	High	Agreed. This will form part of the action detailed in recommendation no. 2.	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sept-23 As above for recommendation no.2 (inextricably linked)	Mar-24		
2022/23	Policy Management	8. Policies and procedures are updated on a regular basis and correspond to the relevantly published documents.	High	Agreed. This will be incorporated into the process and timetable to be developed as part of recommendation no. 2	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sept-23 As above for recommendation no.2 (inextricably linked)	Mar-24		

2022/23	Policy Management	7. The Equality and Human Rights Policy should be reviewed, updated and published and arrangements made to review and update at appropriate intervals going forward.	Medium	Agreed.	Transformation Group Manager and HR Services Manager	Jun-23	28.06.23: Work in progress - expected to be completed during Jul-23.	Aug-23	Sept 23 – The organisation now has a new EDI lead. Further work is required prior to updating the policy. This will be included with the work outlined for Policy Management recommendation no. 2.	Mar-24		
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## Appendix C

### 2024/25 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 30.09.2024	Comments
Achievement of the Internal Audit Plan	5%	
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on five returns for 2023/24
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried November 2020 which confirmed that we conform to the Public Sector Internal Audit Standards.



## Blaby District Council

### Audit & Corporate Governance Committee

<b>Date of Meeting</b>	9 October 2024
<b>Title of Report</b>	<b>Update on National Action to Tackle Audit Backlog</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 communication received regarding measures to tackle the national audit backlog; discussions with Ernst & Young regarding outstanding audits and steps being taken to meet proposed backstop dates.

#### 2. Recommendation(s)

- 2.1 That the Audit and Corporate Governance Committee note the impact of the local audit delays; the communications received and how the audit backlogs are proposed to be addressed.

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

- 3.1 To ensure 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 last four years in terms of the audit of the local government accounts. Blaby's own position as to the status of the accounts for each of the years up to the current position has been well documented within reports to this committee.

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.

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 address the audits for years 2021/22 and 2022/23.

## 4.2 Proposal(s)

Recent correspondence from Jim McMahon OBE MP, Minister of State for Housing, Communities and Local Government received by the Council indicate how the government propose to overcome the audit backlog. In the letter at Appendix A it details the intention to lay secondary legislation, when parliamentary time allows, to provide for an initial backstop date of 13 December 2024 for financial years up to and including 2022/23 and five subsequent backstop dates:

Financial Year	Backstop date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

The letter goes on to say that:

*“We expect that there will be full assurance, with “clean” opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue ‘disclaimed’ audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable, however, given the scale of the failure in the local audit system the Government inherited meant that we have had to take this difficult decision to proceed. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance.”*

Given the above, the outstanding audits for Blaby District Council relating to years 2020/21, 2021/22 and 22/23 fall into the backstop date of the 13<sup>th</sup> December 2024. Based on correspondence received from Ernst & Young it is expected that an audit opinion of some nature will be forthcoming from them to meet this required backstop date. Appendix B and C detail recent correspondence received from Ernst & Young and officers have responded to requests received for information to assist Ernst & Young to meet this deadline. Members will also have seen an additional Audit & Corporate Governance Committee date put in the diary for the 25<sup>th</sup> November 2024 in order to consider reports of the External Auditors and adhere to the backstop date in December.

The backstop date of the 28<sup>th</sup> February 2025 relates to the audit opinion for the audit of the Statement of Accounts for the 2023/24 Financial Year. Azets were appointed as the Council’s external auditors from 2023/24 onwards and they will be working to adhere to the February backstop date. Azets have already carried out an interim audit on the 2023/24 accounts and are due to continue the audit of the draft accounts in November of this year. It may be

necessary to amend the date of the Audit and Corporate Governance Committee meeting in February in order to consider the report from the External Auditors to adhere to the February backstop date.

Given the timescales involved in meeting the backstop dates, it is expected that Ernst & Young will not be in a position to issue a 'clean' audit for the outstanding years. This being the case, when carrying out the audit for 2023/24 Azets will have to rely on information that have a 'disclaimed opinion' and it has been suggested that it will be some years before a 'clean' audit opinion may be issued.

The correspondence received from Jim McMahon OBE MP, Minister of State for Housing, Communities and Local Government also states that:

*Subject to parliamentary approval, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts.*

This perhaps recognises the huge effort that it has taken for finance officers of the Council to publish the draft accounts within the historic timescales. In particular considerable effort has been made with officers working to provide information in order to get the audit opinion on the 2020/21 statements and it is hugely disappointing that a full audit opinion will not be given by Ernst & Young for this period.

Further correspondence was received on the 20<sup>th</sup> September 2024 from Catherine Frances, Director General for Local Government and Public Services. This confirms the plans that have been put in place to tackle the audit backlog and is included at Appendix D for reference.

#### 4.3 Relevant Consultations

Consultations with external auditors Ernst & Young and Azets in addition to the Finance, People & performance Portfolio holder.

#### 4.4 Significant Issues

None

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

### 5. Environmental impact

#### 5.1 None

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

- 6.1 The Council may face additional resourcing costs in order for the Statements of Accounts to be brought fully up to date. There was suggestion that new burdens funding may be made available but final details have not yet been shared.

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

7.1

Current Risk	Actions to reduce the risks
That the Council's reputation for financial governance may be questioned because of the 'disclaimed audit' opinions that may be given.	The Council has at in all years issued the draft accounts in line with requirements and will be at pains to illustrate the continued good financial governance that is in place.
That additional burdens placed on the Council from the potential increase in audit fees, additional officers time and reporting requirements will not be covered by additional funding.	This will be kept under review and reflected in the annual budget process and the MTFS projections.

**8. Other options considered**

- 8.1 None

**9. Appendix**

- 9.1 Appendix A – Letter received from Jim McMahon OBE MP  
Minister of State for Housing, Communities and Local Government
- 9.2 Appendix B – Letter to S151 Officers from Stephen Reid, Partner, Head of  
UK Government and Public Sector Audit, Ernst & Young
- 9.3 Appendix C – Letter to S151 Officers from Maria Grindley, Partner, Ernst &  
Young LLP
- 9.4 Appendix D – Update on Action to Tackle Local Audit Backlog in England  
from Catherine Frances, Director General for Local Government and Public  
Services

**10. Background paper(s)**

- 10.1 None

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

Sarah Pennelli Executive Director (S151 Officer)  
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# Ministry of Housing, Communities & Local Government

**Jim McMahon OBE MP**

*Minister of State*  
2 Marsham Street  
London  
SW1P 4DF

To All Chief Executives, Chief  
Financial Officers, Local Authority  
Leaders and Local Audit Firm Partners

30 July 2024

Dear all,

## **ACTION TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND**

I am writing to you today to inform you that I have, today, provided Parliament with a written update on the decisive action I have taken to tackle the local audit backlog in England. The statement can be found here: <https://questions-statements.parliament.uk/written-statements/detail/2024-07-30/hcws46>.

Effective local audit ensures transparency and accountability for public money spent on these vital services and builds public confidence. The Government inherited a broken local audit system in England, with a significant and unacceptable backlog of unaudited accounts, which will likely rise again to around 1,000 later this year. This situation undermines trust and transparency in the way taxpayers' money is being spent. The delays that were seen under the last government mean that local bodies and their auditors cannot focus on up-to-date accounts, where assurance is most valuable.

To tackle the backlog, I intend to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates:

<b>Financial Year</b>	<b>Backstop date</b>
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

Subject to parliamentary approval, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. A new suite of guidance is planned by the NAO and Financial Reporting Council (FRC) on these measures, and we continue to work with other organisations to consider what guidance would be most constructive and helpful for local bodies.

We expect that there will be full assurance, with “clean” opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue ‘disclaimed’ audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable, however, given the scale of the failure in the local audit system the Government inherited meant that we have had to take this difficult decision to proceed. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance.

The Ministry will continue to work with the FRC and other key organisations across the local audit sector to support local bodies, auditors and the wider world to understand what the different types of modified opinions mean. As I set out in my statement, local bodies should not be unfairly judged based on disclaimed or modified opinions caused by the introduction of backstop dates that are largely beyond their control and auditors will be expected to clearly set out the reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

The Government will communicate the necessity of these steps and emphasise the context for modified or disclaimed opinions and all the key organisations. This will include some Q&A drop-in sessions followed by a webinar. Dates and invitations for these will be circulated shortly, and I hope you will all be able to attend to hear directly about the measures.

I recognise the commitment and hard work of all your finance teams to continue and strengthen their essential work to produce high quality accounts in a timely manner. I also recognise the commitment and hard work of auditors working to provide quality external assurance, as we move to restore a system of high-quality, timely financial reporting and audit, while managing the impact of this in a sustainable way.

It is my aspiration, and one I know is also supported by all the key organisations in the audit world, that it is in the public interest for the audit system for local public bodies in England to recover as quickly as possible once the backlog has been cleared. This means disclaimed opinions driven by backstop dates should in most cases be limited to the next two years (up to and including the 2024/25 backstop date of 27 February 2026), with only a small number of exceptional cases, due to specific individual circumstances, continuing thereafter.

This action to tackle the backlog, while vital, does not provide a long-term, sustainable solution to the wider, broken local audit system. The Government will need to undertake significant reform to overhaul the system, as we committed to in our manifesto. This will allow us to get the house in order, open the books, and repair the foundations of local government, and I will work with partners over the coming months to explore how best to achieve this.

Finally, I know the hard work is often unseen and too often not acknowledged, can I ask that you relay my appreciation to finance teams, key audit partners and others for the work they have done so far in what has been an extremely demanding period, and for the work they will do in the coming months and years.



**Jim McMahon OBE MP**

Minister of State for Housing, Communities and Local Government

21 August 2024

Email: sreid2@uk.ey.com

Dear Section 151 Officer colleagues

As you will be aware, Jim McMahon, the new Minister of State responsible for Local Government and English Devolution made a statement to parliament on Tuesday 30 July 2024, setting out the Government's policy proposal for addressing the local government audit backlog. This statement outlines immediate actions the Government – together with the Financial Reporting Council (FRC), the National Audit Office (NAO) and organisations in the wider system – is taking, which are designed to address the backlog and put local audit on a sustainable footing. ([Written statements - Written questions, answers and statements - UK Parliament](#)). The Minister then issued a cross system letter that same day. These now provide helpful clarity on the government's policy intentions and recognise the commitment of finance teams and auditors and the important role that we will all play to restore timely financial reporting and audit across local government in England.

As you will recall I wrote to you on 26 July and 6 December 2023 setting out EY's response and approach to dealing with Government proposals to re-establish the local authority audit framework on a more sustainable basis. Following this statement to parliament, I am now writing to update you how we are working to deliver the Government's policy intentions.

As you are aware, the challenges facing the local audit system have been highlighted by auditors, the Redmond Review, the NAO, PSAA Ltd, the Local Government Association and Parliament – through Select Committee hearings. The critical factors leading to these delays can be attributed to shortages in specialist audit resources and finance teams across local authorities, increasing regulatory requirements, specific governance or technical matters at audited bodies, emerging national accounting issues for Infrastructure Assets and more recently Pension Liability valuation matters, with all of these being further compounded by the impact of Covid.

We remain committed to delivering high quality local audit in the public interest. Therefore, in the light of the latest government announcement we are reviewing our current and future work prioritisation to ensure that we meet the requirements now being placed on us by government, the FRC and the NAO. At the same time, we are also mindful of the expectations on us to safeguard the timeliness of the audits in other priority sectors where we audit public funds – central government, the NHS and higher education.

The government's intention is to implement backstop dates relatively soon for financial years up to 2022/23 (13 December 2024) and 2023/24 (28 February 2025). While guidance remains to be issued, we have been working with the system leaders to understand what their expectations will be on all auditors to implement the government's policy proposals effectively. To ensure that we fully comply with the guidance given the relative proximity of the backstop dates and support an effective reset of the system across 2023/24 and 2024/25, it is clear that we, and other local audit firms will have to make difficult prioritisation decisions in how to best deploy finite audit resources. For these reasons we agree with the government's estimates that auditors are "likely to issue hundreds of disclaimed audit opinions and disclaimed opinions will likely continue for some bodies for a number of years". Most immediately, many audits will be disclaimed up to 2022/23 and 2023/24 under these backstop proposals. We anticipate that from 2024/25 the recovery of the system will commence, with assurance being rebuilt over several subsequent audit cycles, before unmodified opinions are able to be issued.

Therefore, in line with the timelines set out above our intention is to prioritise our resources to:

- a. finalise value for money reporting up to 2022/23 and complete the process of disclaiming audit opinions up to 2022/23 by end of November 2024;
- b. ensuring that other priority sectors are protected, including resources for the commencement and planning of 2024/25 local government audits;
- c. deliver 2023/24 audits including our continued focus on pension fund audits, where practical, ensuring the value for money responsibilities placed on auditors are completed; and
- d. complete the process of disclaiming audit opinions for 2023/24 by the end of January 2025, to then allow audit teams to begin planning 2024/25 audits with a view to commencing the build back of assurance.

In respect of the delivery of 2023/24 audits, we will be prioritising those audits that we consider meet the following criteria:

- draft unaudited financial statements were published by 31 July 2024<sup>1</sup>;
- there is evidence that finance teams can effectively and efficiently support the audit process; and
- have high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.

Where these factors are not present our experience tells us that there is an increased risk that the backstop provisions will be required for those 2023/24 audits, and in our view deploying valuable audit resource would not be in the best public interest.

We continue to work through the detail of the Minister's letter and the impact that the stated backstop dates have on our delivery plans. Your Key Audit Partner will be in touch in early September to discuss and answer your questions on what this means for your organisation, for any open years of audit to 2022/23 and your current 2023/24 audit. We will also provide a roadmap of what will be required and next steps to allow us to complete the necessary procedures to close outstanding audits by the respective backstop dates to ensure compliance with FRC and NAO requirements.

As the Government recognises, these are bold and exceptional measures and aspects of these proposals are uncomfortable. It therefore remains important that our respective teams continue to work constructively together to ensure that the Government's policy proposals on backstop dates are achieved, and that the local audit system is effectively reset in the short term to enable sustainable recovery in later years. I will, of course, update you if we become aware of any changes to the Government's intentions that would impact the approach set out above.

If you have any questions about the contents of this letter, please don't hesitate to contact me, otherwise your Key Audit Partner will be in touch as outlined above.

Yours sincerely



Stephen Reid  
Partner  
Head of UK Government and Public Sector Audit  
for and behalf of Ernst & Young LLP

<sup>1</sup> The Account and Audit Regulations (2015) set the 31 May 2024 as the publication for an Authority's 2023/24 draft financial statements. We acknowledge that this is an important responsibility upon an Authority but recognise the impact that delayed audits have on closedown processes for 2023/24 and the respective authorisation of draft financial statements by S151 Officers. Using the 31 July 2024 as a follow up date for publication ensures no Authority is unreasonably disadvantaged and is linked to the date of the Ministers Announcement.



29<sup>th</sup> August 2024

Email: [mgrindley@uk.ey.com](mailto:mgrindley@uk.ey.com)

Dear s151 Colleague

This letter follows on from the letter from Stephen Reid dated 21 August 2024 setting out our approach as a firm to addressing the Government's policy proposals as set out in the statement to parliament on 30 July 2024.

As Stephen stated in his letter, while guidance remains to be issued, we have been working with the system leaders to understand what their expectations will be on all auditors to implement the government's policy proposals effectively. We have also reviewed the auditing standards and the work required to move to a disclaimed opinion. Primarily, whilst we do not need to complete detailed testing of the financial statements we do need to review them, complete certain tasks to plan our approach to the audit, understand the business, get updates on key areas to ensure that we are sighted on developments, form a view on aspects that we report on, and communicate the outcome of this work to those charged with governance.

Therefore, once we have completed our work, in addition to the auditor's report including the disclaimed opinion for each year, we will issue one completion report for those charged with governance per authority that includes: details of the work undertaken for planning; the results from the work completed for this process; and our value for money commentary. For organisations with more than one open year to 31 March 2023, there will be one completion report to cover all open years.

We have set out below the programme of work that will need to be completed to ensure that together we can meet the backstop date of 13 December 2024 for the audits for financial years through to 2022/23.

The following are critical deadlines as this is an extremely tight timetable. There is clearly lots for us all to do to achieve this and we will need your support by completing the following tasks by the dates set out below.

Action required by the Authority	Why	Date by which action required
<i>Statement of accounts procedures – Authority actions and responses required</i>		
1. Approval of the statement of accounts for audit by the Responsible Finance Officer (RFO). If, for any open year of account, the draft statement of accounts has not been approved for audit, please make arrangements to do so.	In order to meet the December backstop date, draft statements of accounts for each open year need to be drafted and approved before we can undertake procedures to complete our work and issue our report. If statements of accounts are not approved for audit, and procedures are delayed, the Authority will be required to publish a statement by 13 December 2024, explaining why the backstop date has not been met.	We recommend that statements of accounts are approved for audit no later than 9 September 2024, to avoid delays in our completion procedures.
Please provide the following information: The date at which, for each open year of account, the draft statement of accounts was or will be approved for audit by the RFO. Please provide by 9 September 2024 to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
2. The Authority is required to publish the draft statement of accounts including an Annual Governance Statement for all open years up to and including 31/3/2023.	This is a requirement of the Local Audit and Accountability Act 2014, Section 25,26,27; Accounts and Audit Regulations 14, 15 and 21 and Local Audit (Public Access to Documents) Act 2017 Section 1. We cannot issue an opinion without this having been completed and confirmed.	By the 9 <sup>th</sup> September, if not already done.
Please confirm date(s) on which the financial statements were/will be published. Please confirm by 9 September 2024 to <a href="mailto:Kristi.Maughan@uk.ey.com">Kristi.Maughan@uk.ey.com</a>		
3. For the prepared and published draft financial statements and Annual Governance Statement, the Authority is required to advertise and then hold the 30 day public inspection period.	This is a requirement of the Local Audit and Accountability Act 2014, Section 25,26,27; Accounts and Audit Regulations 14, 15 and 21 and Local Audit (Public Access to Documents) Act 2017 Section 1.  We cannot issue an opinion without this having been completed and confirmed.	If not already done, we recommend that the Authority advertises and holds the public inspection period as soon as possible, to ensure it has completed before the backstop date.
Please confirm date(s) of inspection periods for each open year of account. Where inspection periods have not yet been undertaken/not yet completed, please confirm planned inspection period dates. Please provide dates by 9 September 2024 to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
4. Authority to consider the need to update and approve any open Annual Governance Statements (AGS) in line with CIPFA bulletin 16.	As part of our completion procedures we are required to review and report on the final version of the AGS.	As soon as possible

Action required by the Authority	Why	Date by which action required
Please confirm if you intend to update the AGS for open years of account and timing for approval an updated version, by 9 September 2024 to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
Please provide the final updated version of the AGS, by 30 September 2024 to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
5. You will need an Audit Committee meeting or delegated authority to approve the statement of accounts when we have completed the required work. The s151 should then authorise the statement of accounts for issue.	Depending on when we receive all of the required information, we are aiming to have our procedures completed by the end of November. We will require your approved and signed statement of accounts from you once we are ready to sign.	Before 29 November
Please confirm your planned approach and timing to approve the statement of accounts, bearing in mind that you may need either to delegate authority at the next scheduled meeting or to schedule an extra meeting of the Audit Committee if the planned dates do not allow the committee to receive our audit completion report in late November 2024. Please send details of your planned approach to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
<i>Audit procedures – Authority actions and responses required</i>		
6. Provide updated responses to the attached inquiry letters.  Please provide updated responses from s151 Officer, the Monitoring Officer, the Audit Committee chair and internal audit.	Under the auditing standards and our reporting duties we must ensure that we have considered any key matters that may have occurred during the period to date. Therefore, as with the recent work on vfm, we need to ask for updated inquiry letter responses and notification of any key changes or issues.  We are not sending these separately to each individually but are sending to you as RFO to distribute, collate and return within your Authority.	By the 16 September 2024 latest.
Please provide the following confirmation/information: Updated inquiry letter responses as attached. Please return all responses by 16 September 2024 to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
7. Review and provide comments on our Audit Completion Report prior to approval of the statement of accounts	We aim to get the report to you by late November to allow you time to review it in time for finalisation of the report and work before the December deadline.	Prior to your accounts approval date (5. above) and by 29 November at the latest.

Action required by the Authority	Why	Date by which action required
8. Provide signed letter of Representation and subsequent events confirmation to us on date of audit opinion	We attach the Template Letter of Representation for you to prepare on your letterhead. Please do not remove any paragraphs within the letter.	Date of audit opinion.
Prepare letter of representation on letterhead, to be signed on date of audit opinion. Please be available to respond to subsequent events queries on date of audit opinion. We will notify you of the planned date in November 2024.		
9. Availability for audit follow up queries during the audit period September – 13 December 2024	We are running this process with a large team over a number of audits and therefore we will require access to a key contact throughout the period, to ensure we can turn around queries quickly.	Throughout September – November for key contacts.
Please provide key contacts and contact numbers/emails for the period above by 9 September 2024 to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		
10. Publishing the final auditor's report and the Completion report on the website alongside the financial statements.	It is vital that our auditor's report and completion report are published on your website alongside the financial statements to which they refer. They should be easily accessible.	This upload should take place on receipt of the auditor's report and completion report.
Following receipt of our reports please provide confirmation that they have been published on your website and provide a link to <a href="mailto:kristi.maughan@uk.ey.com">kristi.maughan@uk.ey.com</a>		

If you have any questions on the above or want to discuss in detail, please contact me at [mgrindley@uk.ey.com](mailto:mgrindley@uk.ey.com)

Thank you for your help with this matter.  
Yours faithfully

Maria Grindley

Partner  
Ernst & Young LLP  
United Kingdom



# Ministry of Housing, Communities & Local Government

**Catherine Frances**  
Director General for Local  
Government and Public Services  
2 Marsham Street  
London  
SW1P 4DF

To All Chief Executives, Chief  
Financial Officers, Local Authority  
Leaders and Local Audit Firm Partners

20 September 2024

Dear Colleagues,

## UPDATE ON ACTION TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND

Local authorities and other local bodies provide vital public services to local communities. Effective local audit, in turn, helps ensure transparency and accountability for public money spent on these services and builds public confidence.

Following the Minister of State for Housing, Communities and Local Government's letter of 30 July 2024, I am writing today to provide a further update on the action the Government is taking to tackle the significant local audit backlog in England.

On 30 July, Minister McMahon issued a [written ministerial statement](#) (WMS) in Parliament setting out proposals to tackle the local audit backlog. As that statement set out, the proposals included setting a statutory backstop date of 13 December 2024 to clear the backlog of unaudited accounts up to and including Financial Year 2022/23. This will enable the system to refocus on recent accounts where assurance is most valuable. There will also be five further backstop dates up to and including financial year 2027/28 to allow assurance to be rebuilt over several audit cycles.

The Government has now laid in Parliament two pieces of legislation which would give effect to these proposals: [the Accounts and Audit \(Amendment\) Regulations 2024](#) and, on behalf of the Comptroller & Auditor General of the National Audit Office (NAO), [a draft Code of Audit Practice 2024](#). In parallel, we published a response to feedback on the [audit backlog consultation](#) held earlier this year.

The Accounts and Audit (Amendment) Regulations 2024 are due to come into force on 30 September 2024. This will remove the current requirement to publish audited accounts for financial year (FY) 2023/24 on that date. The deadline for the publication of audited accounts for FY 2023/24 will, instead, be 28 February 2025 to coincide with the second backstop. The Regulations also amend the date by which bodies should publish draft (unaudited) accounts to 30 June for financial years 2024/25 – 2027/28.

The draft Code must be laid in Parliament for a period of 40 calendar days (excluding periods during which both Houses of Parliament are adjourned for more than 4 days). Once both the Code and Regulations are in force, auditors will be required to produce timely audit opinions

(which may result in the issue of a disclaimed or modified opinion), which will in turn mean that local bodies can prepare accountability statements by statutory backstop dates.

As the WMS highlighted, aspects of these proposals are uncomfortable, particularly around issuing modified or disclaimed audit opinions where audits cannot be completed by a backstop date. Given the scale of the backlog, however, and the absence of viable alternatives, the difficult decision was taken to proceed. Without these measures, audits would continue to be delayed, and the system will move even further away from timely assurance. All key local audit organisations support these bold measures, while recognising their exceptional nature. As Minister McMahon set out in his WMS, the Government is clear that local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control. Auditors are expected to provide clear reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

To support auditors in meeting their responsibilities under the Code of Audit Practice, the NAO has issued specific [guidance](#), endorsed by the Financial Reporting Council (FRC) on implementing the reset and recovery of local audit in England. This guidance sets out the public interest considerations that require auditors to act in ways that enable a return to the completion of audits on a timely manner whilst complying with professional standards. As set out in Minister McMahon's WMS, the Government is clear that a proportionate approach to the rebuilding of assurance, once the backlog is cleared, is required by auditors - and all system partners including the FRC, NAO and auditors, are aware that this is the Government's objective. Work is ongoing to further understand the financial impact of these measures and consequent action.

In order to comply with the regulations, and to help auditors deliver opinions, any local body that has not yet done so should publish their unaudited accounts (including financial statements, the annual governance statement and narrative statement) and hold the 30-day public inspection period for all years up to and including FY 2023/24 as soon as possible. The Chartered Institute of Public Finance and Accountancy (CIPFA) will soon publish information to help preparers understand the impact of the backstop dates and how they should approach any unpublished accounts, alongside guidance for audit committees via its Better Governance Forum.

It should not be necessary for the audit of the previous year's accounts to be completed for Section 151 Officers to comply with their responsibilities to certify that the unaudited accounts show a true and fair view, as local bodies should have sufficient internal controls and processes for the Section 151 Officer to obtain this assurance. It is a legislative requirement for bodies to publish unaudited accounts. If bodies feel they are in a position where they will not be able to do this ahead of the backstop, following engagement with their auditor, they should contact the Department or their relevant sponsor department at the earliest opportunity.

As you may be aware, MHCLG will hold a webinar for senior officials on 24 September between 1045 – 1115, with support from key local audit organisations, to discuss ongoing work to address the local audit backlog. This is the first in a series of cross system communication and engagement events which will take place between now and the first backstop date of 13 December. The webinar can be joined via this [link](#), I would strongly encourage you to attend if possible.

Finally, I would like to share my appreciation for all of the hard work that finance teams, key audit partners and others have already delivered in support of these measures. Continued and effective collaboration is vital to ensure the best possible outcomes for the local audit system. As Minister McMahon set out in his WMS, the Government is committed to significant reform to overhaul the local audit system and will continue to review the evidence, including considering

the recommendations of external reviews to date, and update further in the Autumn on longer-term plans.

A handwritten signature in black ink, appearing to read 'C Frances', is centered on the page. The signature is fluid and cursive, with a small dot at the end.

**Catherine Frances**

Director General for Local Government and Public Services

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# **Audit & Corporate Governance Committee Work Programme**

Issue	Report Author
<b>30 July 2024</b>	
Quarterly update	Shared Service Audit Manager
CIPFA Position Statement update including training needs assessment	Shared Service Audit Manager
Annual Internal Audit Report	Shared Service Audit Manager
Risk Management Q1 2024/25	Interim Finance Group Manager
Unaudited Statement of Accounts 2023/24	Interim Finance Group Manager
<b>9 October 2024</b>	
Quarterly update	Shared Service Audit Manager
Risk Management Q2 2024/25	Interim Finance Group Manager
<b>25 November 2024 – Extraordinary Meeting</b>	
Approval of 2022/23 Accounts (EY – Tentative)	Interim Finance Group Manager
Grant Certification 2022/23 (EY Tentative)	Interim Finance Group Manager
<b>6 February 2025</b>	
Quarterly update	Shared Service Audit Manager
Approval of 2023/24 Accounts (Azets)	Interim Finance Group Manager

Issue	Report Author
<b>28 April 2025</b>	
Quarterly update	Shared Service Audit Manager
Annual Audit Plan	Shared Service Audit Manager
Audit Charter review	Shared Service Audit Manager

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## Blaby District Council

### Audit & Corporate Governance Committee

**Date of Meeting** 9 October 2024  
**Title of Report** Risk Management Quarter 2 2024/25  
**Report Author** Council Tax Income & Debt 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 30<sup>th</sup> September 2024.

#### 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. It is important that members are aware of the corporate risks and their potential impact on Council business, and that they review the control measures in place to mitigate risks.

#### 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 is contained within the Risk Management Strategy which was presented to this Committee in July 2023.

#### 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 16<sup>th</sup> September 2024 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.

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>
17	10	1	28

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>
7	11	10	28

Since the last quarterly report to Audit and Corporate Governance Committee on 30th July 2024, 1 risk has been added to the register, which means that there are now 28 corporate risks recognised.

The following risk has been added to the Corporate Risk Register:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
<b>R160:</b> Changes relating to new Government	Risk Likelihood	Likely (3)	Likely (3)
	Risk Impact	Medium (3)	Medium (3)
	Status	12	12
Control Measures	<p>* To monitor at a Corporate level - the pace of change; breadth of change</p> <p>* Planning Change; Devolution; Fair Funding and Business Rates Review; Changes to Statutory bodies; Changes to Approach eg Food Waste</p>		

Overall, 17 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, 10 of these are reduced to medium or low risk.

The latest review undertaken by the Corporate Risk Group has led to 3 risk scores being increased and 3 risk scores being decreased (one of these risks is detailed on Appendix B - IT Corporate Risks (exempt appendix)).

#### Increased risks:

##### **R013 - Failure to provide affordable housing and supporting infrastructure in the district in line with identified need.**

This risk rating has been increased in view of the increase in housing needs/homelessness.

##### **R071 - Failure to provide appropriate temporary accommodation for homeless households.**

This risk rating has been increased in view of the increase in housing needs/homelessness. Utilisation of all of the newly acquired accommodation and the numbers of homeless increasing.

##### **R132 - District Partners Do Not Reach Agreement on the Future Lightbulb Delivery Model and Business Case.**

This risk rating has been increased. The business case has been updated, the Districts are engaged and sign up by Leicester County Council is unknown at this time.

#### Reduced risks:

##### **R012 - 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.**

This risk rating has been reduced in view of the likelihood element coming down.

### **R131 - Partners lose confidence in the Leicestershire Building Control Partnership delivery model.**

This risk rating has been reduced. Staffing is going well with recruiting into the roles and developing our own staff.

#### **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.

#### **4.4 Significant Issues**

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

### **5. Environmental impact**

- 5.1 In preparing this report, the author has considered issues related to Climate Local and there are no areas of concern.

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

- 6.1 There are no direct financial implications arising from this report. However, financial implications may arise because of inadequate risk management, but with robust procedures in place they are minimised or removed.

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

7.1

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 cannot be minimised and may have a significant impact on the Council.	Mitigating control measures are in place and monitored through Audit and Corporate Governance Committee, Corporate Risk Group and by Senior Leadership Team/Group Managers.



**8. Other options considered**

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

**9. Appendix**

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

**10. Background paper(s)**

Risk Management Strategy 2023 – 2026.

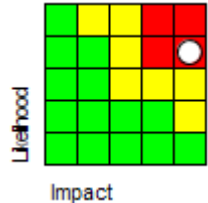
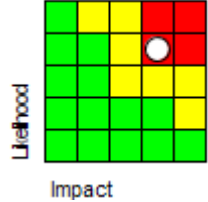
**11. Report author's contact details**

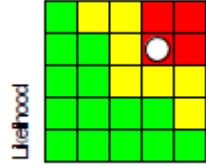
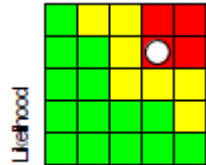
Sarabjit Khangura	Council Tax Income and Debt Manager
Sarabjit.Khangura@blaby.gov.uk	0116 272 7646

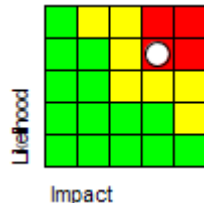
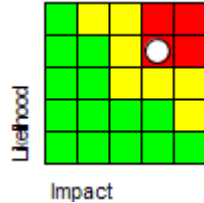
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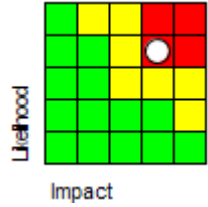
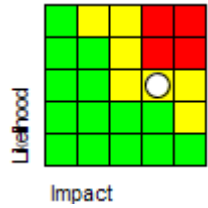
## Appendix A - Overview of Corporate Level Risks (excluding IT risks)

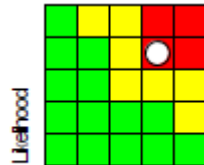
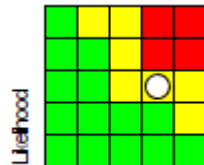
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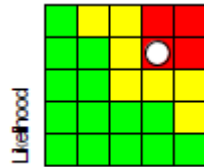
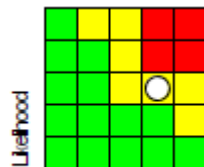
<b>Risk Title</b>	Impact on financial position as a result of lack of certainty around future funding streams (i.e. Business Rates, Fair Funding, New Homes Bonus and Council Tax Equalisation), and cost of living crisis.	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Financial	<b>Current 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 <a href="#">Note</a></b>	No change to risk rating. Expectation of 1 year settlement, fair funding will be looked at in 2025.	
		<b>Latest Note Date</b>	20 Sep 2024	

<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>16</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>	This risk rating has been increased in view of the increase in housing needs/homelessness.	
		<b>Latest Note Date</b>	20 Sep 2024	

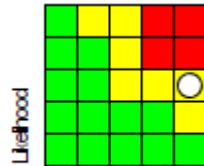
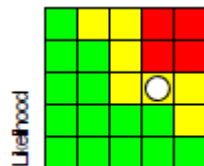
<b>Risk Title</b>	<b>District Partners Do Not Reach Agreement on the Future Lightbulb Delivery Model and Business Case</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Contractual / Financial / Partnership / Political / Reputational	<b>Current Controlled Risk Score</b>		<b>16</b>
<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>	This risk rating has been increased. The business case has been updated, the Districts are engaged but sign up by Leicester County Council is unknown at this time.	
		<b>Latest Note Date</b>	20 Sep 2024	

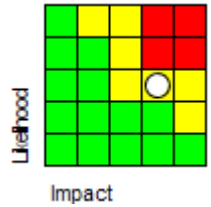
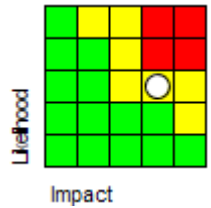
<b>Risk Title</b>	<b>Failure to recruit and retain the right people for the right jobs</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Professional	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Learning and development 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>	No change to rating but note that people want a change of career or to take up other opportunities and that there is a lack of career progression.	
		<b>Latest Note Date</b>	20 Sep 2024	

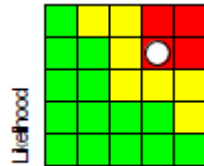
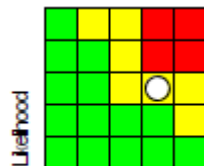
<b>Risk Title</b>	<b>Closure, downsizing of premises or relocation of a major district employer which may cause significant unemployment, retraining requirements and a potential loss of Business Rates</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Financial	<b>Current Controlled Risk Score</b>		<b>12</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>	This risk rating has been reduced in view of the likelihood element coming down.	
		<b>Latest Note Date</b>	20 Sep 2024	

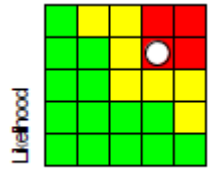
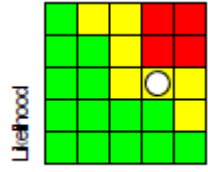
<b>Risk Title</b>	<b>Structural, legislative and budgetary changes in other Public Sector organisations (e.g. DWP, Health, Police, Leicestershire CC).</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Financial / Social	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</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 this risk rating. Devolution - change in new Government.	
		<b>Latest Note Date</b>	20 Sep 2024	

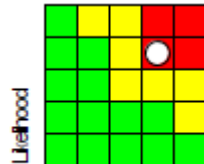
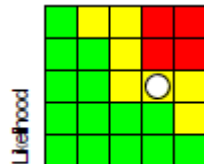


<b>Risk Title</b>	<b>Huncote Leisure Centre and surrounding site - risk of elevated levels of methane from landfill site.</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Financial / Reputational / Health & Safety	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Additional monitoring and venting wells installed.</li> <li>• Regular communication with partners on site.</li> <li>• Trenches installed around perimeter of building, including a pump and pipework to drain water away to land at rear of site.</li> <li>• A further active ventilation stack to be installed to draw gas away from building.</li> </ul>	<b>Latest Note</b>	No change to risk rating.	
		<b>Latest Note Date</b>	20 Sep 2024	

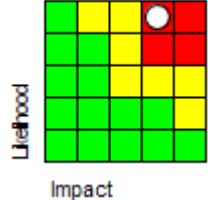
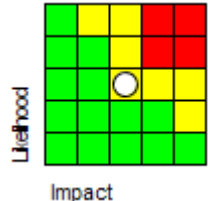
<b>Risk Title</b>	The Council's ambition to meet the 2030 net zero carbon reduction target has a detrimental impact on our financial position..	<b>Uncontrolled Risk Score</b>		<b>12</b>
<b>Risks Category</b>	Environmental / Financial / Reputational	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal 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 to risk rating. DLUHC are not going to pay for electric vehicles.	
		<b>Latest Note Date</b>	20 Sep 2024	

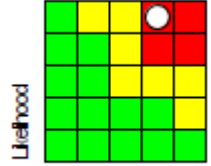
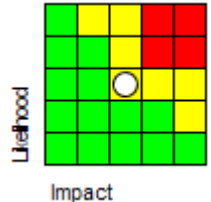
<b>Risk Title</b>	<b>Officer and Member emotional wellbeing is impacted by ongoing service demand and financial pressures</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Physical	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <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> <li>• Improvement in signposting.</li> <li>• Wellness action plans in place.</li> </ul>	<b>Latest Note</b>	No change to risk rating.	
		<b>Latest Note Date</b>	20 Sep 2024	

<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>12</b>
<b>Internal Controls</b>	Continue to source alternative provision of temporary accommodation in the District.	<b>Latest Note</b>	This risk rating has been increased in view of the increase in housing needs/homelessness. Utilised all of the newly acquired accommodation and the numbers of homeless are increasing	
		<b>Latest Note Date</b>	20 Sep 2024	

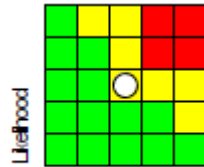
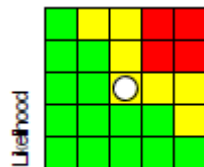
<b>Risk Title</b>	<b>The Council is unable to deliver a new Local Plan</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Reputational	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• identify additional sites for residential development</li> <li>• release appropriate sites for residential development through the development management process</li> <li>• progress the local plan in accordance with the Local Development Scheme</li> <li>• member training plan in place</li> <li>• resource in place to ensure delivery</li> </ul>	<b>Latest Note</b>	No change to risk rating. NPPF Consultation.	
		<b>Latest Note Date</b>	20 Sep 2024	

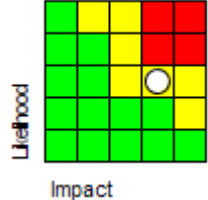
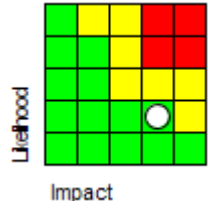
<b>Risk Title</b>	<b>The Council is unable to meet its 5 year land supply target</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Reputational / Financial	<b>Current Controlled Risk Score</b>		<b>12</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• re-establish land supply through new local plan</li> <li>• ensure that Planning Committee are sufficiently well-trained to be able to approve favourable housing applications</li> </ul>	<b>Latest Note</b>	No change to risk rating.	
		<b>Latest Note Date</b>	20 Sep 2024	

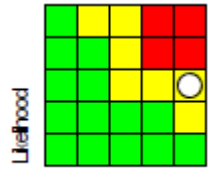
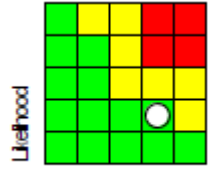
<b>Risk Title</b>	<b>Cost of living crisis leading to increased demand for services.</b>	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Financial / Social	<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• CAB service * Earmarked 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 rating. Keep promoting access to Benefits available.	
		<b>Latest Note Date</b>	20 Sep 2024	

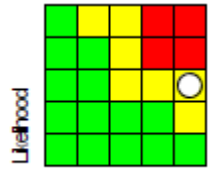
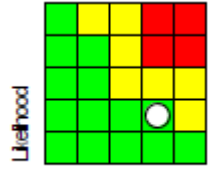
<b>Risk Title</b>	<b>Impact of Industrial Action on Services &amp; Residents</b>	<b>Uncontrolled Risk Score</b>		<b>20</b>
<b>Risks Category</b>	Environmental / Financial / Reputational	<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	Alternative workforce where possible; mental health support in place; arbitration measures; regular communication to staff, members, and residents; SLT presence at depot.	<b>Latest Note</b>	No change to risk rating.	
		<b>Latest Note Date</b>	20 Sep 2024	

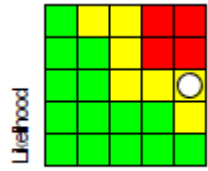


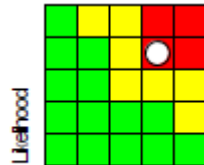
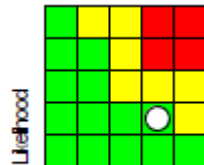
<b>Risk Title</b>	<b>Changes relating to new Government</b>	<b>Uncontrolled Risk Score</b>		<b>9</b>
<b>Risks Category</b>	Financial/Political/Professional	<b>Current Controlled Risk Score</b>		<b>9</b>
<b>Internal Controls</b>	To monitor at a Corporate level - the pace of change; breadth of change Planning Change; Devolution; Fair Funding and Business Rates Review; Changes to Statutory bodies; Changes to Approach eg Food Waste	<b>Latest Note</b>		
		<b>Latest Note Date</b>		

<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>	No change to risk rating.	
		<b>Latest Note Date</b>	20 Sep 2024	

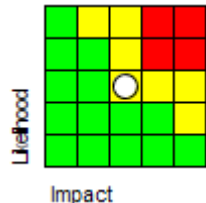
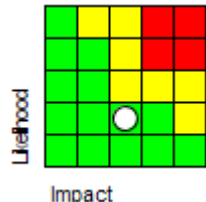
<b>Risk Title</b>	<b>Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults may place people in danger</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Competitive / Reputational / Social	<b>Current Controlled Risk Score</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 rating - review later after the Internal Audit inspection.	
		<b>Latest Note Date</b>	20 Sep 2024	

<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 to risk rating. Statutory Officers meet to ensure any elements of internal control are addressed.	
		<b>Latest Note Date</b>	20 Sep 2024	

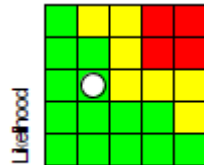
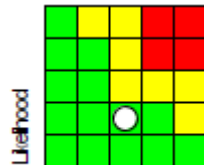
<b>Risk Title</b>	<b>Lack of effective Emergency Planning and Business Continuity arrangements</b>	<b>Uncontrolled Risk Score</b>		<b>15</b>
<b>Risks Category</b>	Professional	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• All key EP &amp; 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>	No change to risk rating. COMA training was undertaken recently.	
		<b>Latest Note Date</b>	20 Sep 2024	

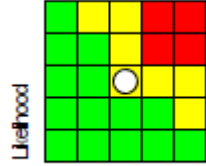
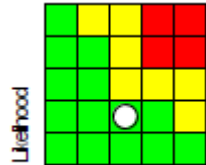
<b>Risk Title</b>	<b>Failure to identify, record, monitor and report health and safety risks.</b>	<b>Uncontrolled Risk Score</b>		<b>16</b>
<b>Risks Category</b>	Physical	<b>Current Controlled Risk Score</b>		<b>8</b>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• Effective Health &amp; Safety Committee</li> <li>• Effective Health &amp; Safety procedures</li> <li>• Service blueprints</li> </ul>	<b>Latest Note</b>	No change to risk rating. JCC on the agenda with the Unions.	
		<b>Latest Note Date</b>	20 Sep 2024	

<b>Risk Title</b>	<b>Partners lose confidence in the Leicestershire Building Control Partnership delivery model.</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>8</b>
<b>Internal Controls</b>		<b>Latest Note</b>	This risk rating has been reduced. Staffing is going well with recruiting into the roles and developing our own staff.	
		<b>Latest Note Date</b>	20 Sep 2024	

<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>6</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> <li>• New, cross-party Whips Group in place.</li> </ul>	<b>Latest Note</b>	No change to risk rating.	
		<b>Latest Note Date</b>	20 Sep 2024	



<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>	No change to risk rating. Work has been completed, Senior Leadership Team to review and decide the next steps.	
		<b>Latest Note Date</b>	20 Sep 2024	

<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> <li>• Awareness and contract management training delivered to staff involved with procurement.</li> <li>• Development of working relationship with Welland Procurement.</li> </ul>	<b>Latest Note</b>	No change to risk rating. Training by Welland Procurement Unit discussed by Legal Team at Project Board - more legal support is now available.	
		<b>Latest Note Date</b>	20 Sep 2024	

<b>Risk Title</b>	<b>Delivery of the Hospital Enablement Team Model 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>	No change to risk rating. To be included in the Lightbulb business case.	
		<b>Latest Note Date</b>	20 Sep 2024	

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Exempt

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