

Meeting of: Audit & Accounts Committee

Date: 1st December 2021

Time: 6.30pm

Venue: Council Chamber, The Business Centre, Futures Park, Bacup, OL13 0BB

***This meeting will be accessible in the Council Chamber for essential attendees (elected councillors, supporting officers and members of the public with a registered question). All other access will be by remote observation as detailed below.**

To observe the meeting, please use the Zoom link below (please allow time for set up if accessing for the first time):

<https://us06web.zoom.us/j/95072643870?pwd=Y0lBdGtHS0xZUUNTZmQ3VEFwcVZkZz09>

Meeting ID: **950 7264 3870**

Passcode: **265981**

A waiting room will be in place and observers will be admitted to the meeting at approx. 6.30pm.

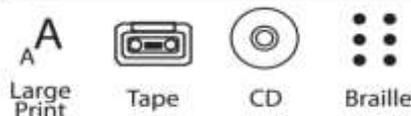
Supported by: Glenda Ashton, Committee and Member Services Officer Tel: 01706 252423

Email: glendaashton@rossendalebc.gov.uk

| ITEM | | Lead Member/Contact Officer |
|------------|--|---|
| A. | BUSINESS MATTERS | |
| A1. | Apologies for Absence | <p>Glenda Ashton, Committee and Member Services Officer Tel: 01706 252423 Email: glendaashton@rossendalebc.gov.uk</p> |
| A2. | Minutes of the last meeting To approve and sign as a correct record the Minutes of the meeting held on 28 th July 2021 | |
| A3. | Urgent Items of Business To note any items which the Chair has agreed to add to the Agenda on the grounds of urgency. | |
| A4. | Declarations of Interest <i>Members are advised to contact the Monitoring Officer in advance of the meeting to seek advice on interest issues if necessary.</i> Members are requested to indicate at this stage, any items on the agenda in which they intend to declare an interest. Members are reminded that, in accordance with the Local Government Act 2000 and the Council's Code of Conduct, they must declare the nature of any personal interest and, if the interest is prejudicial, withdraw from the meeting during consideration of the item. | |
| B. | COMMUNITY ENGAGEMENT | |
| B1. | Public Question Time Members of the public can register their question by contacting the Committee Officer. | |

The agenda and reports are also available for inspection on the Council's website <https://www.rossendale.gov.uk/>. Other formats are available on request. Tel 01706 217777 or contact Rossendale Borough Council, Futures Park, Bacup, OL13 0BB

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| ITEM | | Lead Member/Contact Officer |
|------------|--|---|
| | <p>Groups with similar questions are advised to appoint and register a spokesperson.</p> <p>This is an opportunity to ask a question about a matter which the Council may be able to assist with. A time limit of 3 minutes applies for each question and you are only able to address the meeting once.</p> <p>To register for public question time your question must be received no later than 12noon on the day of the meeting by emailing democracy@rossendalebc.gov.uk Please give your full name, telephone number and include a copy of your question.</p> <p>Please begin by giving your name and state whether you are speaking as an individual member of the public or as a representative of a group. (Question time normally lasts up to 30 minutes).</p> | <p>Lead Member/Contact Officer Glenda Ashton, Committee and Member Services Officer 01706 252423 glendaashton@rossendalebc.gov.uk</p> <p>Please register an agenda related public question by emailing democracy@rossendalebc.gov.uk no later than 12noon on Wednesday 1st December 2021</p> |
| C. | <p>Chair's Update To receive communications from the Chair</p> | Councillor Marriott |
| D. | ORDINARY BUSINESS | |
| D1. | Corporate Risk Report Q1 & Q2 2021/22 | Karen Spencer, Head of Finance 01706 252465 karens pencer@rossendalebc.gov.uk |
| D2. | Appointment of External Auditors | Karen Spencer, Head of Finance 01706 252465 karens pencer@rossendalebc.gov.uk |
| D3. | Internal Audit Progress Report Q2 2021/22 | Mark Baskerville Lancashire County Council mark.baskerville@lancashire.gov.uk |
| D4. | External Audit Update Report - Mazars | Amelia Salford, Mazars Amelia.Salford@mazars.co.uk |
| D5. | External Audit Progress Report – Grant Thornton – Verbal Update | Sophia Iqbal, Grant Thornton Sophia.S.Iqbal@uk.gt.com |
| E. | <p>EXCLUSION OF PUBLIC AND PRESS To consider passing the appropriate resolution under Section 100 (A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following item of business since it involves the likely disclosure of exempt information under Paragraphs 1 and 2 of Schedule 12A of the Act.</p> | |

| ITEM | | Lead Member/Contact Officer |
|------------|---|------------------------------------|
| E1. | Standards Complaints Update (verbal) | Councillor Marriott |
| E2. | Whistleblowing update (verbal) | Councillor Marriott |



Neil Shaw
Chief Executive

Date Published: 23rd November 2021

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

DATE OF MEETING: 28TH JULY 2021

**PRESENT: Councillor Marriott (Chair)
Councillors Essex, Kenyon, Oakes, Procter, Steen and
Woods
Co-opted Member, Mr S McManus**

**IN ATTENDANCE: Mr N Shaw, Chief Executive, RBC
Ms K Spencer, Head of Finance (S151 Officer), RBC
Mr C Finn, Finance Manager, RBC
Mr I Walker, Service Assurance Team Leader, RBC
Mrs C Walker, Fraud & Compliance Officer, RBC
Mr M Baskerville, LCC Internal Auditors
Ms A Payton, Mazars Auditors
Miss S Iqbal, Grant Thornton Auditors
Miss G Ashton, Committee Officer, RBC**

**ALSO PRESENT: Councillors Pendlebury and Walmsley
Miss Y Ahmed, Legal Officer
1 member of the public (on Zoom)**

1. APOLOGIES FOR ABSENCE

1.1 Apologies were received from Mark Dalton, Mazars.

2. MINUTES OF THE MEETING HELD ON 9TH MARCH 2021

RESOLVED:

The minutes of the meeting held on 9th March 2021 were agreed as a correct record.

3. URGENT ITEMS OF BUSINESS

3.1 The chair confirmed there were no urgent items of business.

4. DECLARATIONS OF INTEREST

4.1 There were no declarations of interest.

5. PUBLIC QUESTION TIME

5.1 No questions had been registered.

6. CHAIR'S UPDATE

6.1 The chair reported on the sad passing of Councillor Haslam-Jones who had been a member of the committee since his appointment in May 2019. A formal vote of thanks was made by the committee.

7. CORPORATE RISK REPORT QUARTER 4 2020/21

7.1 The Head of Finance presented the report, which asked members to note the Corporate

Risk Register as detailed and note the risk consequence, mitigation action and level of risk as detailed in Appendix 1. Amendments/typos were noted for point 4.22 and risks 2 and 6.

7.2 In response to comments made it was noted that:

- The £100k of the Council's Government Covid funding had been paid to Rossendale Leisure Trust (RLT).
- A further £115k had been paid to RLT for their costs incurred in supporting the community hub.
- The £140k Leisure Recovery Fund had been received but had not yet been passed over to RLT.
- RLT's finances were closely monitored and regular meetings took place with the trust and their finance board.
- A Service Level Agreement (SLA) had been drafted for the Whitaker which included a requirement for RLT to pay the utilities and that the council would receive a share of the profits from catering and events once the Whitaker had built a reserve.
- The Whitaker to be approached regarding the possibility of an opposition member joining the board. It was to be noted that the Whitaker is an independent organisation.
- Clarification would be sought regarding staff training on cyber security (Risk 9).
- The Risk Register was monitored regularly and updated at least quarterly.
- A review of industrial estate rents was underway.
- The Post Examination Hearing Letter from the Planning Inspectorate had been received and key issues circulated to members.
- Staff sickness levels were slightly below those in previous years. Absences included Covid related sickness.

Clare Law, Head of People and Policy was thanked for producing an excellent report.

RESOLVED:

- That the Audit and Accounts Committee noted the Corporate Risk Register as detailed in the report.
- That members noted the risk consequence, mitigation action and level of risk as detailed in Appendix 1.

8. ANNUAL FRAUD REPORT 2020/21

8.1 The Fraud and Compliance Officer presented the report, which provided details of the Fraud and Compliance work completed and performance results during the period 1st April 2020 to 31st March 2021.

8.2 In response to comments made it was noted that:

- Work was ongoing in relation to business rate grant potential fraud cases. Details had been submitted to the Police National Investigation Service (NATIS) who would review and advise of any further investigations.
- Some figures in the tables did not match due to the crossover of financial years.
- Fewer civil penalties had been applied as face-to-face interventions could not take place.
- Future reports should include a comparison of trends over the years.
- Final amends were needed to the fraud awareness training before circulation to staff.
- Key staff received ongoing fraud awareness training.

- Performance and statistics information would be broken down into number of cases going forward.

RESOLVED:

- That the Audit and Accounts Committee noted the content of the report.

Councillor Essex moved the following verbal motion which was seconded by Councillor Woods:

This committee requests that the chair stands down for item D3 Empty Homes Project Update.

Councillor Essex requested a vote on the motion.

A short break to check the Constitution was agreed.

NB The Chief Executive, Head of Finance, Legal Officer and Committee Officer left the meeting.

The Chief Executive confirmed that the motion was valid and that a vote should take place.

Members voted on the motion, which was not carried.

9. EMPTY HOMES PROJECT UPDATE

9.1 The Chief Executive outlined the report which asked members to consider the update on the Empty Homes project and the actions to manage the project in the future.

9.2 In response to comments made it was noted that:

- Procurement training had taken place and fraud awareness training would take place in the near future. Roll-out of training was an oversight and was being addressed.
- Systems and processes were in place and the Management Team were passionate about creating a rigorous staff culture.
- The internal auditor's assurance opinion was a positive one rather than negative.
- The second letting agent was Ian Steinberg.
- An update report would be provided annually.
- It was difficult to project total costs for the remainder of the project.
- A Project Support Officer had been appointed; the costs would be factored into next year's report.
- The Police were not taking criminal proceedings against any officer or member, past or present.

RESOLVED:

- That the Audit and Accounts Committee noted the content of the report.

10. REVIEW AUDIT & ACCOUNTS TERMS OF REFERENCE

10.1 The chair outlined the changes that were made at the 17th March 2021 Council meeting.

RESOLVED:

- That the Audit and Accounts Committee noted the changes to the Terms of Reference.

11. INTERNAL AUDIT ANNUAL REPORT FOR YEAR ENDED 31ST MARCH 2021

11.1 The Audit Manager, LCC outlined the report which asked members to consider the internal audit annual assurance report for 2020/21.

11.2 In response to comments made it was noted that:

- The auditor's assurance opinion on the Emergency Plan and Business Continuity would remain but actions would be reviewed.
- The council's overall response to the pandemic had been admirable.

Councillor Procter asked that the auditor's feedback be passed on to staff to recognise their work during the pandemic.

RESOLVED:

- The Audit and Accounts Committee considered the internal audit annual assurance report 2020/21.

12. INTERNAL AUDIT PROGRESS REPORT QUARTER 1 2021/22

12.1 The Audit Manager, LCC outlined the report, which asked members to consider the internal audit progress report for quarter 1 2021/22.

RESOLVED:

- The Audit and Accounts Committee considered the internal audit progress report for quarter 1 2021/22.

13. INTERNAL AUDIT CHARTER

13.1 The Audit Manager, LCC outlined the report which asked members to consider and approve the Internal Audit Charter.

RESOLVED:

- The Audit & Accounts Committee considered and approved the Internal Audit Charter.

14. EXTERNAL AUDIT PROGRESS REPORT – GRANT THORNTON

14.1 The Audit Manager, Grant Thornton provided a verbal update on the audit progress for the 2017/18 accounts.

RESOLVED:

- The Audit & Accounts Committee noted the verbal report provided.

15. EXTERNAL AUDIT PROGRESS REPORT - MAZARS

15.1 The Account Manager, Mazars outlined the report, which asked members to consider their external audit progress report.

RESOLVED:

- The Audit & Accounts Committee noted the content of the report.

16. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

- That the public and press be excluded from the following items of business under Section 100(A)(4) of the Local Government Act 1972 since the items involved the likely disclosure of exempt information under Paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972.

17. STANDARDS COMPLAINTS UPDATE (VERBAL)

17.1 An update was provided in relation to Standards Complaints.

RESOLVED:

- That the update was noted.

18. WHISTLEBLOWING UPDATE (VERBAL)

18.1 An update was provided in relation to Whistleblowing.

RESOLVED:

- That the update was noted.

The meeting concluded at 7.52pm

Signed (Chair)

Date

| | | | |
|---------------------------------------|--|--------------------------|--|
| Subject: | Corporate Risk Register Update – Quarter 1 and Quarter 2 (2021-2022) | Status: | For Publication |
| Report to: | Audit and Accounts Committee | Date: | 1 st December 2021 |
| Report of: | Head of Finance | Portfolio Holder: | Resources |
| Key Decision: | <input type="checkbox"/> Forward Plan <input type="checkbox"/> | General Exception | <input type="checkbox"/> Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: | No | Attached: N/A |
| Biodiversity Impact Assessment | Required | No | Attached: N/A |
| Contact Officer: | Karen Spencer | Telephone: | 01706 252409 |
| Email: | karenspencer@rossendalebc.gov.uk | | |

| | |
|------------|--|
| 1. | RECOMMENDATIONS |
| 1.1 | That the Audit and Accounts Committee note the Corporate Risk Register as detailed in the report. |
| 1.2 | That members note the risk consequence, mitigation action and level of risk as detailed in Appendix 1 and Appendix 2. |

2. PURPOSE OF REPORT

2.1 The purpose of this report is to update the Audit and Accounts Committee on the council's Corporate Risk Register.

3. BACKGROUND

3.1 The council details its approach to managing risk in its Risk Management Strategy. This was updated in March 2016.

The strategy sets out the framework of monitoring and reporting of risks. The council has identified 13 corporate risks and these are monitored via quarterly performance reporting schedule using a R/A/G rating dashboard to report the risk status. These are reported to both the Overview and Scrutiny Committee and Cabinet.

If a potential issue was identified during the periodic monitoring of the risk, the responsible officer would be required to identify the risk and note the actions needed to mitigate the level of risk.

4. THE CURRENT RISK REGISTER

4.1 The council has reviewed and continues to monitor the council's corporate risks.

4.2 The corporate risks as categorised at the end of quarter 1 are as follows:

| | Quarter 1 2021/22 |
|--------|--------------------------|
| Low | 1 |
| Medium | 9 |
| High | 3 |

The corporate risks rated as 'red' are as follows:

| Corporate Risk 1 | Likelihood | Impact | Overall risk | Status |
|--|-------------------|---------------|---------------------|---------------|
| Sustainability of the Medium Term Financial Strategy | B | 2 | B2 | RED |

Covid-19 has placed additional pressure on the MTFS. However, the Government has provided the council with several grants to assist with delivering the extra services required and to mitigate the impact of lost income. This has continued throughout Q1. The legal claims arising from the Empty Homes scheme may also have an adverse impact on the MTFS if settled in the claimants' favour. Officers are monitoring the scheme closely and managing the claims where possible.

| Corporate Risk 12 | Likelihood | Impact | Overall risk | Status |
|---|-------------------|---------------|---------------------|---------------|
| Response and Recovery to Covid19 Pandemic | B | 2 | B2 | RED |

The Covid Outbreak Board meets weekly in response to an increase in Covid cases starting in Spring 2021. The council continues to follow Government advice on the relaxation of restrictions. Rossendale (along with Lancashire) has been designated an area of enhanced Government support. This has boosted the vaccination and testing programmes during June. These activities are anticipated to continue for the foreseeable future.

| Corporate Risk 13 | Likelihood | Impact | Overall risk | Status |
|---|-------------------|---------------|---------------------|---------------|
| Impact of Covid-19 on the financial sustainability of council owned leisure assets. | B | 2 | B2 | RED |

Year-end financial out-turn for the Leisure Trust has proven to be more favourable than original projections. However, it is still expected that total losses could reach £500k by the end of 21/22. There may be an additional negative impact if a large privately operated gym opens in Rawtenstall. The Council and the Trust have worked together to do all they can to mitigate the financial risks. This includes the consolidation of facilities, a financial support package and accessing substantial external funding. This risk is being managed and has become more certain, however due to the continuing unknown impact of Covid and other factors, the risk rating remains 'red'.

4.3 The corporate risks as categorised at the end of quarter 2 are as follows

| | Quarter 2 2021/22 |
|--------|--------------------------|
| Low | 2 |
| Medium | 8 |
| High | 3 |

The corporate risks rated as 'red' are as follows:

| Corporate Risk 1 | Likelihood | Impact | Overall risk | Status |
|--|-------------------|---------------|---------------------|---------------|
| Sustainability of the Medium Term Financial Strategy | B | 2 | B2 | RED |

Covid-19 has placed additional pressure on the MTFS. However, the Government has provided the council with several grants to assist with delivering the extra services required and to mitigate the impact of lost income. This has continued into Q2. The legal claims arising from the Empty Homes scheme may also have an adverse impact on the MTFS if settled in the claimants' favour. Officers are monitoring the scheme closely and managing the claims where possible.

| Corporate Risk 12 | Likelihood | Impact | Overall risk | Status |
|---|-------------------|---------------|---------------------|---------------|
| Response and Recovery to Covid19 Pandemic | B | 2 | B2 | RED |

Government Covid-19 restrictions have been eased in Q2. The Covid-19 Outbreak Board was stepped down in August. The council continues to follow Government advice on managing the impact of Covid-19. Take up of the vaccination programme has been good. However, the level of positive cases in Rossendale have remained between 200 and 250 per 100,000 people throughout Q2. We continue to monitor the position and have made contingency plans for a further tightening of Government restrictions in Q3.

| Corporate Risk 13 | Likelihood | Impact | Overall risk | Status |
|---|-------------------|---------------|---------------------|---------------|
| Impact of Covid 19 on the financial sustainability of council owned leisure assets. | B | 2 | B2 | RED |

The transfer of all facilities to the Leisure Trust has now taken place and facilities are operating under the Trust structure. The Whitaker has reopened and is fully operational. We were successful in obtaining Sport England Funding and the Council have been able to allocate other Covid-19 funding to the Trust. The Trust has managed the transitions and closures very well and the financial projections are now much improved compared to those presented to Council in Feb 21. A new private leisure provider is opening in Rawtenstall during October 21 which may impact Trust income. The Council are undertaking a feasibility study for the future of our facilities. It is imperative that investment in the aging facilities take place to give them a long-term sustainable future.

The risks will continue to be monitored by Management Team.

5. RISK

- 5.1 All the issues raised and the recommendations in this report involve risk considerations as set out above.

6. FINANCE

- 6.1 Any financial implications related to specific risks are noted in this report and detailed in the appendices.

7. LEGAL

7.1 There are no immediate legal considerations attached to the recommendations in this report.

8. POLICY AND EQUALITIES IMPLICATIONS

8.1 Effective risk management is very important to the council, and the council is committed to improving on an on-going basis how it manages and mitigates risk. A very important part of this process is robust and transparent scrutiny and taking timely, corrective action to improve risk management.

9. CONCLUSIONS

9.1 The Corporate Risk Register is dynamic. The updates to the risks demonstrate active mitigation of the existing risks. The Committee will want to explore the implications of each corporate risk in the appendices.

| Background Papers | |
|---|---|
| Document | Place of Inspection |
| Corporate Risk Register | Appendix 1 – Quarter 1 (2021-2022) Appendix 2 – Quarter 2 (2021-2022) |
| Risk Management Strategy updated March 2016 | https://www.rossendale.gov.uk/downloads/download/10836/risk_management_strategy |

Corporate Risks

Risks are those things which might present a barrier to us delivering the things we have undertaken to achieve. Each year the council reviews the potential risks it is facing and looks at what it might do to minimise the occurrence of such risks. This information is then regularly monitored and reviewed. This quarter the council has added a new risk to the corporate risk register. This is focused on the financial vulnerability of the borough’s leisure assets and classified as Risk 13.

We profile our risks using a matrix (shown below) which is based on our making two judgments about each potential risk faced by the council. The definition of the likelihood and impact can be found in the Councils Risk Management Strategy 2016.

The Council’s Risk Matrix

| | | | | | | |
|------------|--------|---|---|---|---|---|
| Likelihood | A | | | | | |
| | B | | | | | |
| | C | | | | | |
| | D | | | | | |
| | E | | | | | |
| | F | | | | | |
| | | 5 | 4 | 3 | 2 | 1 |
| | Impact | | | | | |

Likelihood

How likely is it that the risk may occur (rated A-F, A being the most likely)

Impact

How serious might the consequences of the impact be (rated 1-5, 1 being the highest consequence).

Therefore, a risk rated A1 is the highest risk rating and a risk of F5 is the lowest risk rating.

| Risk RAG (Red, Amber and Green) rating status indicators | |
|--|---|
| Risk Status | Status description |
| GREEN | The likelihood and impact of the risk is low |
| AMBER | The likelihood and impact of the risk is medium |
| RED | The likelihood and impact of the risk is high |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 1 - Sustainability of the Medium Term Financial Strategy | | | Responsible Officer - Karen Spencer | |
| Description The Council's latest Medium Term Financial Strategy (MTFS) update published February 2021 indicates an underlying funding gap of c.£400k per annum. The Council must take appropriate action in order to balance its annual expenditure against its available annual income and other revenue resources. The Council has a legal obligation to publish an annual balanced budget; this means its budget expenditure must equal its available income and any available reserves. Council reserves are limited and equate to only circa 3 years given the anticipated funding gap. Therefore, additional income must be identified or annual costs reduced in future years. | | | | |
| Risk Consequence If the Council is not able to prepare a balanced budget there would be legal ramifications, but it would ultimately impact on the level of services the Council is able to deliver to Rossendale residents and would result in major reputational damage. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall | Status |
| | B | 2 | B2 | RED |
| Mitigation The MTFS does not indicate a significant narrowing of the gap in the next four years, however, the deficits in future years are less than previous MTFS cycles. New income generating opportunities will need to be identified to generate additional revenue, along with improved efficiency and effectiveness of service delivery. Departments across the Council will need to be challenged to become more effective. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 2 | C2 | AMBER |
| Q1 Update Covid has placed additional pressure on the MTFS. However, the Government has provided the council with several grants to assist with delivering the extra services required and to mitigate the impact of lost income. This continued in Q1. The legal claims arising from the Empty Homes scheme may also have an adverse impact on the MTFS if settled in the claimants' favour. Officers are monitoring the scheme closely and managing the claims where possible. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 2 – Major disaster affecting the delivery of council services | | | Responsible Officer - Clare Law | |
| Description The council has statutory duties under the Civil Contingencies Act (2004) and to carry out emergency planning and business continuity management activities to minimise the impact of a civil emergency or business interruption on people living, working and visiting the borough. | | | | |
| Risk Consequence Failure to have robust contingency plans in place could result in the failure to deliver council services, such as, the collection of residential and trade waste, burial services and payment of suppliers and benefits. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 1 | C1 | AMBER |
| Mitigation A robust overall council Emergency and Business Continuity Plan is in place. Service continuity plans are updated and tested regularly through a quarterly Emergency Planning meeting. The plans are embedded with the Corporate Management Team as critical working documents to support the continued delivery of essential council services. All managers have a copy of the overall plan and their service plan and keep them under review. RBC is a member of Lancashire County Council Local Resilience Forum (LRF). Officers attend meetings and undertake regular training exercises. RBC plans are available on the Resilience Direct website. Mutual aid agreements are in place with all Local Authorities across Lancashire. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 2 | C2 | AMBER |
| Q1 Update We are in the recovery stage of Covid, Government and Public Health England guidance has continued to be followed. Service areas has continued to stress test business continuity plans throughout Q1. Covid related absences and isolation has remained below 10%. Isolation of Operations staff is more challenging and any absences have been backfilled using agency workers. Majority of office based staff can work remotely and a new Flexible Working Policy supports a more productive remote way of working for office base staff. Work has been ongoing preparing for the safe return of office based staff at Futures Park and Henrietta Street in-line with Government guidance. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 3 - Incident resulting in death or serious injury or HSE investigation | | | Responsible Officer - Clare Law | |
| Description Under the Health and Safety at Work Act (1974), the council has a duty of care towards the health, safety and wellbeing of its employees and others. | | | | |
| Risk Consequence Failure to comply with current legislation and demonstrate compliance may result in harm to staff and others, financial loss and enforcement action. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |
| Mitigation The council has health and safety policies and procedures including a health and safety incident reporting procedure in place along with a safe working culture. Actions need to be completed to address and implement a consistent approach across the council in order to secure compliance. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Q1 Update A competent health and safety person has been employed by the council from 1 st June 2021, increasing the contracted working hours to 2.5 days per week. The officer has commenced an initial assessment of the council' health and safety legal compliance. At the Chief Executive's request, following the completion of the assessment a more detailed report and action plan will be presented to management team as a priority. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 4 - Sustainability of the County Council budget | | | Responsible Officer - Karen Spencer | |
| Description Like all local authorities, Lancashire County Council has to maintain a balanced budget. This will mean making budget reductions of over £120m in the next few years. | | | | |
| Risk Consequence The County Council's 2019 approved budget included £120m savings over the period 2019/20 to 2022/23. This level of budget reductions is likely to have an impact on service provision for our residents. There is also a risk of cost shunting to district councils. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 3 | B3 | AMBER |
| Mitigation RBC will continue to work with County Council to find ways of reshaping services to reduce costs whilst ensuring shared outcomes are achieved. The council will support joint leadership and Chief Executive meetings to find new ways of working together for the benefit of our residents. The council will interrogate LCC savings proposals and identify risks to our residents and to our services. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 3 | B3 | AMBER |
| Q1 Update In February 2021 the County Council announced that the elements of their savings plan, originally agreed in February 2019, which were yet to be implemented, had been delayed by a year as a result of the Covid pandemic and could slip further. However the savings programme will continue to be implemented post Covid. This council continue to suffer from increased fly-tipping and the associated costs, which has in part resulted from the implementation of the reduced opening hours of the LCC Household Waste Recycling Centres savings proposal. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | B | 3 | B3 | AMBER |

| | | | | |
|--|-------------------|---------------|---|---------------|
| Risk 5 - Non-delivery of the borough's economic development strategy | | | Responsible Officer - Cath Burns | |
| Description The Council has put in place an ambitious Economic Development Strategy and Action Plan to implement the economic regeneration elements of its Corporate Plan. | | | | |
| Risk Consequence The investment based revenue generation schemes identified within the economic development strategy will underpin the Medium Term Financial Strategy (MTFS). In addition, sweating or realising existing assets will underpin the MTFS. Failure to deliver would lead to the inability to support the delivery of the Medium Term Financial Strategy. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 3 | C3 | AMBER |
| Mitigation | | | | |
| <ul style="list-style-type: none"> • Development and delivery of identified economic regeneration projects at Spinning Point and Futures Park. • Review of rentals on industrial estates underway. • Bringing forward Council owned land for development or sale. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |
| Q1 Update | | | | |
| Two prospective tenants are at an advanced stage to occupy all three retail/food and beverage units in Rawtenstall. Construction work on Futures Park Plot 1 is proceeding to plan. Rent reviews of the industrial sites continue in line with individual agreements. Following a tender process, land at Park Avenue is being marketed for sale with Petty Estate Agents. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 6 - Non-delivery of the Local Plan | | | Responsible Officer - Mike Atherton | |
| Description The Local Plan is a plan for the future development of the local area, drawn up by the Local Planning Authority. It guides decisions on whether or not planning applications can be granted. In law it is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. The Local Plan was due to be adopted in late 2020. It is not considered to be a risk that it will not be adopted, however the risk is that the adoption of the plan will be seriously delayed or that the process will be taken out of the council's hands and that the Government will intervene. | | | | |
| Risk Consequence Risk of the Local Plan not being delivered is extremely low. The risk of the plan being slightly delayed is moderate. The risk of delay includes a reputational issue; there may be short term criticism from elected members and MP's, and developers. There may also be an environmental risk if planning appeals are being allowed on development sites which the Local Authority does not consider suitable for development. The risk of this increases the longer it takes to adopt the plan. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 2 | C2 | AMBER |
| Mitigation Measures are in place to reduce the risk include the Local Plan Action Plan which outlines the actions required following the hearing sessions into the examination of the Local Plan. This is updated and sent to the Planning Inspectorate on a regular basis. The Local Plan Steering Group meets on a regular basis to keep members informed of issues and the timetable. Monthly meetings also take place between the Planning Manager and the Portfolio Holder and also separately the Planning Manager and Director. A barrister has been retained to provide expert advice as required. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |
| Q1 Update Work has progressed on finalising the evidence base including the revised housing figure. Consultation has taken place with interested parties. The Inspector's Post Hearing Letter is expected in Q2 and will provide an indication whether we can proceed towards main modifications of the policies in the Plan. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 7 - Changes to Government policy on the delivery of the council's services | | | Responsible Officer - Neil Shaw | |
| Description Like all local authorities the council is a statutory body that is subject to changes being consulted upon and or implemented by central government that might affect how we operate and serve our residents/businesses. | | | | |
| Risk Consequence The risk that the council fails to react and be prepared for any changes being proposed or implemented by central government. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Mitigation The council is a member of the Local Government Association and District Councils Network who keep us informed of government policy and consultations and lobby on behalf of councils to mitigate the impact of any change. The Council is also signed up to receive daily emails from Local Government Information Unit who provide daily government news and other Local Government Information Unit (LGiU) policy briefings. The Chief Executive and Leader of the Council meets regularly with our two MPs. The Councils Corporate Management Team monitor and assess government's position on funding to be distributed to local authorities and other Government announcements that impact funding. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Q1 Update In March 2021 the Government published a new Planning White Paper. This would have significant implications for change to the planning regime if legislated. The council continues to monitor the development of the White Paper. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 8 - Sustainable Workforce | | | Responsible Officer - Clare Law | |
| Description There is a requirement to have a sustainable workforce to deliver the council services to residents and customers. | | | | |
| Risk Consequence Failure to have a fully resourced, trained staff could result in the failure to deliver statutory and non-statutory service in a safe and professional manner to residents and customers. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |
| Mitigation The council has robust HR policies and procedures, an agreed Authorised Establishment, performance management framework, Service Area Business Continuity Plans in place. HR will work with managers to review roles to make them more attractive. The council provides an attractive benefit package including final pension scheme, flexible working, generous annual leave, a purchase leave scheme, free on sight parking, family friendly policies, discounted gym memberships and a cycle scheme. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 3 | E3 | GREEN |
| Q1 Update There continues to be a higher staff turnover during Q1. The turnover projection is 25%. Recruitment has been significantly challenging during the pandemic and salaries, HR are working with managers to support recruitment to more difficult to recruit roles using additional methods, such as, recruitment agencies, professional journals, LinkedIn, Greater Jobs, Jobs Go Public. Failure to recruit to key roles in a timely manner is starting to put additional pressure on staff within services with vacancies and wider teams. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | C | 3 | C3 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 9 - Insufficient data and cyber security | | | Responsible Officer - Andrew Buckle | |
| Description Cyber security presents one of the most challenging areas for both the public and private sectors. With the proliferation and severity of attacks constantly increasing this represents a major threat. | | | | |
| Risk Consequence Cyber-attack resulting in a complete loss of all systems coupled with malware being spread across the entire network. Data breach resulting in information loss causing reputational damage and resulting in a financial penalty due to non-compliance with statutory requirements such as GDPR (General Data Protection Regulation), PCI DSS (Payment Card Industry Data Security). | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 1 | C1 | AMBER |
| Mitigation To protect against a data breach RBC, host all council data in Tier 3 Data Centres located in different geographical regions and are backed up daily. RBC Data Centres hold the following accreditations: ISO27001:2013, PCI-DSS. RBC adopts a Risk Insight approach to determine the treat Landscape and more importantly its evolution. RBC has received notification of meeting the Public Services Network (PSN) which means the councils' infrastructure met all the security requirements to allow connection to the PSN. A cyber security training is to be provided for all staff. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |
| Q1 Update A Digital Strategy was approved at Council in July 2021. This strategy includes a number of actions and projects to further enhance our digital infrastructure and data security. Implementation of the strategy will take place from 2021 to 2025. During Q1 a number of cyber security initiatives have been introduced namely additional email security measures to protect against email phishing and user anti spoofing. Work has commenced on the Finance compliance with the new 3D Secure V2 standard that has been introduced in order to maintain compliance with the Payment Card Industry Data Security Standard. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | C | 1 | C1 | AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 10 - Poor communications and public relations | | | Responsible Officer - Clare Law | |
| Description Good communication and public relations is essential to inform, maintain and develop relationships with residents, customers and partners to provide council services. | | | | |
| Risk Consequence Failure to communicate and respond to issues as they develop and inadequately or inappropriately communicating. Could lead to a major loss of reputation for the council on a local, regional and national level. A loss of reputation can damage staff morale, trust between the council and residents and impair the relationship between the council and its partners meaning projects and services delivery is damaged. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 1 | B1 | RED |
| Mitigation Communication methods in place to support face to face, mail or electronic communications. Developed website and social media channels provide 24/7 service. Experienced communications function to support council officers to deal with communications in a timely manner and promote the work of the council. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |
| Q1 Update VivaPR agency has continued to deliver the agreed communications plan and Covid-19 communications updates, including regular updates to the council's website and social media posts to residents and communities. The contract with VivaPR is due to expire end of June and work is ongoing to re-tender the process. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 11- Non – Delivery of Corporate Projects | | | Responsible Officer - Neil Shaw | |
| Description The council has agreed the 11 corporate projects for 2020-2021 to support the delivery of Corporate Strategy 2017-2021. | | | | |
| Risk Consequence Failure to deliver the corporate projects would have a detriment impact on the delivery of the council's Corporate Strategy 2017-2021, and result in a reputational risk to the Council's commitment to the residents. The failure to deliver the corporate projects could potentially have a negative impact on the Council's revenue budgets (by failure to deliver income generating projects) and delivery of the medium term financial strategy, and the associated economic and social benefits may not be realised. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |
| Mitigation Each corporate project has a Project Sponsor (member of the Corporate Management Team), a Project Manager and finance officer. Each corporate project will have a robust project plan and live risk register. The Project Sponsor will be responsible for the strategic overview of the corporate project, and the Project Manager will be responsible for the day to day management of the corporate project. Council's Programme Board meets quarterly to review the progress of the corporate projects. The Project Sponsor will be responsible for highlighting any concerns to the Corporate Management Team throughout the life of the corporate project. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Q1 Update The Programme Board continues to monitor all the projects. All but one project is on track and within budget. The Whitaker HLF project is nearing completion of the build phase of the project. The timescale has been slightly pushed back in order to ensure a good quality finish to the build, which is anticipated to be complete for opening in July. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |

| | | | | |
|---|------------------------|--------------------|--|----------------------|
| Risk 12 – Response and Recovery to COVID-19 Pandemic | | | Responsible Officer - Neil Shaw | |
| Description COVID-19 is a strain of the coronavirus, the government declared the virus as a pandemic in the UK in March 2020. | | | | |
| Risk Consequence The pandemic causes a potentially risk to the delivery of the council services and the health and wellbeing of the wider community. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood A | Impact 1 | Overall Risk A1 | Status RED |
| Mitigation The council has an Emergency Plan and Service Area Business Plans to support a pandemic emergency. The plans have been activated, regularly reviewed and stress tested throughout the pandemic. Risk Assessments and Safe Systems of Work have been developed and reviewed with staff and Trade Unions throughout the pandemic to provide a safe working environment. Council officers have worked with the Lancashire Resilience Forum and multi-agency partners to mitigate any potential risks throughout the pandemic. The council established and managed a Community Hub to provide support to vulnerable residents. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood B | Impact 2 | Overall Risk B2 | Status RED |
| Q1 Update The Covid Outbreak Board meets weekly in response to an increase in Covid cases starting in Spring 2021. The council continues to follow Government advice on the relaxation of Covid restrictions. Rossendale (along with Lancashire) has been designated an area of enhanced Government support. This has boosted the vaccination and testing programmes during June. These activities are anticipated to continue for the foreseeable future. | | | | |
| Quarter 1 risk assessment RAG status (current) | Likelihood B | Impact 2 | Overall Risk B2 | Status RED |

| | | | | |
|--|-------------------|---------------|---|---------------|
| Risk 13 – Impact of COVID-19 on the Financial Sustainability of Council Owned Leisure Assets | | | Responsible Officer – Adam Allen | |
| Description National Lockdowns due to COVID-19 result in council owned leisure facilities closing for extended periods. During closure no income is received and outside of lockdown periods, income is significantly reduced. | | | | |
| Risk Consequence If the council owned leisure assets are to be sustained in the longer term, the operators of the facilities have little recourse to additional funding to survive other than through the council. This financial impact will be over £500k but is likely to be considerably higher, depending on the length and severity of lockdowns. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | A | 2 | A2 | RED |
| Mitigation The Leisure Trust and Council are currently seeking to consolidate all council owned leisure assets under the umbrella Trust to maximise efficiency. Ski Rossendale has transferred and the transfer of CLAW facilities will be recommended to Council in Q3, the Whitaker is likely merge with the Trust and discussions are on-going. A report on the impact of all facilities has been produced by KKP and recommendations to minimise impact are being implemented. Senior Council Officers are attending the Trust Board to ensure we work together to minimise costs and an intensive monitoring process is in place. Funding through a COVID-19 specific Sport England Fund will be applied for. However, this is not thought to provide retrospective funding for closures and it is unlikely to cover the majority of financial loss. Lobbying of Government for sufficient financial support will continue. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |
| Q1 Update Year-end financial out-turn for the Leisure Trust has proven to be more favourable than original projections. However, it is still expected that total losses could reach £500k by the end of 21/22. There may be an additional negative impact if a large privately operated gym opens in Rawtenstall. The Council and the Trust have worked together to do all they can to mitigate the financial risks. This includes the consolidation of facilities, a financial support package and accessing substantial external funding. This risk is being managed and has become more certain, however due to the continuing unknown impact of Covid and other factors, the risk rating remains 'red'. | | | | |
| Quarter 1 risk assessment RAG status | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |

Corporate Risks

Risks are those things which might present a barrier to us delivering the things we have undertaken to achieve. Each year the council reviews the potential risks it is facing and looks at what it might do to minimise the occurrence of such risks. This information is then regularly monitored and reviewed. This quarter the council has added a new risk to the corporate risk register. This is focused on the financial vulnerability of the borough’s leisure assets and classified as Risk 13.

We profile our risks using a matrix (shown below) which is based on our making two judgments about each potential risk faced by the council. The definition of the likelihood and impact can be found in the Councils Risk Management Strategy 2016.

The Council’s Risk Matrix

| | | | | | | |
|-------------------|----------|----------|----------|----------|----------|----------|
| Likelihood | A | | | | | |
| | B | | | | | |
| | C | | | | | |
| | D | | | | | |
| | E | | | | | |
| | F | | | | | |
| | | 5 | 4 | 3 | 2 | 1 |
| Impact | | | | | | |

Likelihood

How likely is it that the risk may occur (rated A-F, A being the most likely)

Impact

How serious might the consequences of the impact be (rated 1-5, 1 being the highest consequence).

Therefore, a risk rated A1 is the highest risk rating and a risk of F5 is the lowest risk rating.

| Risk RAG (Red, Amber and Green) rating status indicators | |
|--|---|
| Risk Status | Status description |
| GREEN | The likelihood and impact of the risk is low |
| AMBER | The likelihood and impact of the risk is medium |
| RED | The likelihood and impact of the risk is high |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 1 - Sustainability of the Medium Term Financial Strategy | | | Responsible Officer - Karen Spencer | |
| Description | | | | |
| The Council's latest Medium Term Financial Strategy (MTFS) update published February 2021 indicates an underlying funding gap of c.£400k per annum. The Council must take appropriate action in order to balance its annual expenditure against its available annual income and other revenue resources. The Council has a legal obligation to publish an annual balanced budget; this means its budget expenditure must equal its available income and any available reserves. Council reserves are limited and equate to only circa 3 years given the anticipated funding gap. Therefore, additional income must be identified or annual costs reduced in future years. | | | | |
| Risk Consequence | | | | |
| If the Council is not able to prepare a balanced budget there would be legal ramifications, but it would ultimately impact on the level of services the Council is able to deliver to Rossendale residents and would result in major reputational damage. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall | Status |
| | B | 2 | B2 | RED |
| Mitigation | | | | |
| The MTFS does not indicate a significant narrowing of the gap in the next four years, however, the deficits in future years are less than previous MTFS cycles. New income generating opportunities will need to be identified to generate additional revenue, along with improved efficiency and effectiveness of service delivery. Departments across the Council will need to be challenged to become more effective. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 2 | C2 | AMBER |
| Quarter 2 Update | | | | |
| Covid-19 has placed additional pressure on the MTFS. However, the Government has provided the council with several grants to assist with delivering the extra services required and to mitigate the impact of lost income. This has continued into Q2. The legal claims arising from the Empty Homes scheme may also have an adverse impact on the MTFS if settled in the claimants' favour. Officers are monitoring the scheme closely and managing the claims where possible. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |

| | | | | |
|---|------------------------|--------------------|--|------------------------|
| Risk 2 – Major disaster affecting the delivery of council services | | | Responsible Officer - Clare Law | |
| Description The council has statutory duties under the Civil Contingencies Act (2004) and to carry out emergency planning and business continuity management activities to minimise the impact of a civil emergency or business interruption on people living, working and visiting the borough. | | | | |
| Risk Consequence Failure to have robust contingency plans in place could result in the failure to deliver council services, such as, the collection of residential and trade waste, burial services and payment of suppliers and benefits. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood C | Impact 1 | Overall Risk C1 | Status AMBER |
| Mitigation A robust overall council Emergency and Business Continuity Plan is in place. Service continuity plans are updated and tested regularly through a quarterly Emergency Planning meeting. The plans are embedded with the Corporate Management Team as critical working documents to support the continued delivery of essential council services. All managers have a copy of the overall plan and their service plan and keep them under review. RBC is a member of Lancashire County Council Local Resilience Forum (LRF). Officers attend meetings and undertake regular training exercises. RBC plans are available on the Resilience Direct website. Mutual aid agreements are in place with all Local Authorities across Lancashire. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood C | Impact 2 | Overall Risk C2 | Status AMBER |
| Quarter 2 Update We continue to operate in the recovery stage of Covid-19 and regularly review the Covid-19 service business continuity plans and risk assessments. Covid-19 related absences and isolation has remained below 10% during quarter 2; majority of office based staff are able to work from home if isolating and any operations staff is backfilled using agency workers. The national LGV driver shortage has impacted on the availability of agency drivers and caused significant challenges to the refuse and recycling service, staff from other Operations service areas have been used to back fill driver absences. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood D | Impact 3 | Overall Risk D3 | Status AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 3 - Incident resulting in death or serious injury or HSE investigation | | | Responsible Officer - Clare Law | |
| Description Under the Health and Safety at Work Act (1974), the council has a duty of care towards the health, safety and wellbeing of its employees and others. | | | | |
| Risk Consequence Failure to comply with current legislation and demonstrate compliance may result in harm to staff and others, financial loss and enforcement action. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |
| Mitigation The council has health and safety policies and procedures including a health and safety incident reporting procedure in place along with a safe working culture. Actions need to be completed to address and implement a consistent approach across the council in order to secure compliance. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Quarter 2 Update Work has continued to evaluate the systems and measures in place across the council's services to secure compliance and safeguard staff. The Safety & Emergency Planning Officer has spent time with Operational Services observing the activities and safety measures in place and advising on any required improvements. A review of policies has been completed. A report and action plan will be presented to CMT in Q3 and the agreed actions taken forward should progressively reduce the likelihood of the risk being realised and support the ongoing development of a safe working culture. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 4 - Sustainability of the County Council budget | | | Responsible Officer - Karen Spencer | |
| Description Like all local authorities, Lancashire County Council has to maintain a balanced budget. This will mean making budget reductions of over £120m in the next few years. | | | | |
| Risk Consequence The County Council's 2019 approved budget included £120m savings over the period 2019/20 to 2022/23. This level of budget reductions is likely to have an impact on service provision for our residents. There is also a risk of cost shunting to district councils. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 3 | B3 | AMBER |
| Mitigation RBC will continue to work with County Council to find ways of reshaping services to reduce costs whilst ensuring shared outcomes are achieved. The council will support joint leadership and Chief Executive meetings to find new ways of working together for the benefit of our residents. The council will interrogate LCC savings proposals and identify risks to our residents and to our services. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 3 | B3 | AMBER |
| Quarter 2 Update In February 2021 the County Council announced that the elements of their savings plan, originally agreed in February 2019, which were yet to be implemented, had been delayed by a year as a result of the Covid-19 pandemic and could slip further. However, the savings programme will continue to be implemented post Covid-19. This council continue to suffer from increased fly-tipping and the associated costs, which has in part resulted from the implementation of the reduced opening hours of the LCC Household Waste Recycling Centres savings proposal. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | B | 3 | B3 | AMBER |

| | | | | |
|---|-------------------|---------------|---|---------------|
| Risk 5 - Non-delivery of the borough's economic development strategy | | | Responsible Officer - Cath Burns | |
| Description The council has put in place an ambitious Economic Development Strategy and Action Plan to implement the economic regeneration elements of its Corporate Plan. | | | | |
| Risk Consequence The investment based revenue generation schemes identified within the economic development strategy will underpin the Medium Term Financial Strategy (MTFS). In addition, sweating or realising existing assets will underpin the MTFS. Failure to deliver would lead to the inability to support the delivery of the Medium Term Financial Strategy. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 3 | C3 | AMBER |
| Mitigation | | | | |
| <ul style="list-style-type: none"> • Development and delivery of identified economic regeneration projects at Spinning Point and Futures Park. • Review of rentals on industrial estates underway. • Bringing forward Council owned land for development or sale. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |
| Quarter 2 Update | | | | |
| Spinning Point retail units have been leased to suitable tenants. Futures Park Plot one has now achieved practical completion and is being utilised by the tenant. Plot 4 is now being marketed internally to identify a suitable long-term tenant. All of the Councils industrial site tenants are being assessed for rent reviews. A strategic asset review is taking place on a ward by ward basis with the specific aims of identifying surplus land assets and utilising returns from viable holdings. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 6 - Non-delivery of the Local Plan | | | Responsible Officer - Mike Atherton | |
| Description | | | | |
| <p>The Local Plan is a plan for the future development of the local area, drawn up by the Local Planning Authority. It guides decisions on whether or not planning applications can be granted. In law it is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. The Local Plan was due to be adopted in late 2020. It is not considered to be a risk that it will not be adopted, however the risk is that the adoption of the plan will be seriously delayed or that the process will be taken out of the council's hands and that the Government will intervene.</p> | | | | |
| Risk Consequence | | | | |
| <p>Risk of the Local Plan not being delivered is extremely low. The risk of the plan being slightly delayed is moderate. The risk of delay includes a reputational issue; there may be short term criticism from elected members and MP's, and developers. There may also be an environmental risk if planning appeals are being allowed on development sites which the Local Authority does not consider suitable for development. The risk of this increases the longer it takes to adopt the plan.</p> | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 2 | C2 | AMBER |
| Mitigation | | | | |
| <p>Measures are in place to reduce the risk include the Local Plan Action Plan which outlines the actions required following the hearing sessions into the examination of the Local Plan. This is updated and sent to the Planning Inspectorate on a regular basis. The Local Plan Steering Group meets on a regular basis to keep members informed of issues and the timetable. Monthly meetings also take place between the Planning Manager and the Portfolio Holder and also separately the Planning Manager and Director. A barrister has been retained to provide expert advice as required.</p> | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |
| Quarter 2 Update | | | | |
| <p>The Planning Inspectorate have confirmed that the Plan can be found sound subject to modifications to the policies. Consultation on the main modifications has begun and the consultation period is due to expire on the 15th October. Responses will be collated and sent to the Inspectorate. The Local Plan is timetabled is due to go to Full Council on the 15th December for adoption. A potential risk is that one of the local MPs has written to the Inspectors explaining that if his concerns regarding a specific housing site allocation are not addressed he will ask the Inspector to call in the Plan, risking delay and further modification.</p> | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 7 - Changes to Government policy on the delivery of the council's services | | | Responsible Officer - Neil Shaw | |
| Description Like all local authorities the council is a statutory body that is subject to changes being consulted upon and or implemented by central government that might affect how we operate and serve our residents/businesses. | | | | |
| Risk Consequence The risk that the council fails to react and be prepared for any changes being proposed or implemented by central government. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Mitigation The council is a member of the Local Government Association and District Councils Network who keep us informed of government policy and consultations and lobby on behalf of councils to mitigate the impact of any change. The Council is also signed up to receive daily emails from Local Government Information Unit who provide daily government news and other Local Government Information Unit (LGiU) policy briefings. The Chief Executive and Leader of the Council meets regularly with our two MPs. The Councils Corporate Management Team monitor and assess government's position on funding to be distributed to local authorities and other Government announcements that impact funding. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Quarter 2 Update No specific policy changes or updates have occurred in Q2, although we anticipate information in Q3 on the Government's Levelling Up Fund, which should be a positive opportunity for the council. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 8 - Sustainable Workforce | | | Responsible Officer - Clare Law | |
| Description There is a requirement to have a sustainable workforce to deliver the council services to residents and customers. | | | | |
| Risk Consequence Failure to have a fully resourced, trained staff could result in the failure to deliver statutory and non-statutory service in a safe and professional manner to residents and customers. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |
| Mitigation The council has robust HR policies and procedures, an agreed Authorised Establishment, performance management framework, Service Area Business Continuity Plans in place. HR will work with managers to review roles to make them more attractive. The council provides an attractive benefit package including final pension scheme, flexible working, generous annual leave, a purchase leave scheme, free on sight parking, family friendly policies, discounted gym memberships and a cycle scheme. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 3 | E3 | GREEN |
| Quarter 2 Update There continues to be challenges to recruitment of staff, with 9 vacancies in Q2 (4 newly established temporary posts to support Covid-19 and corporate projects), the main reason for officers leaving the authority is career progression and salaries. Operations have reviewed and stress tested their business continuity plan in relation to the national LGV driver shortage and fuel shortage. The council has increased the opportunity from 2 staff to 4 staff to complete the LGV driving qualification to support the mitigation of the national shortage of drivers or agency drivers. The impact of covid continues to be monitored and covid related absences remains a potential challenge to managing service delivery. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 3 | D3 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 9 - Insufficient data and cyber security | | | Responsible Officer - Andrew Buckle | |
| Description Cyber security presents one of the most challenging areas for both the public and private sectors. With the proliferation and severity of attacks constantly increasing this represents a major threat. | | | | |
| Risk Consequence Cyber-attack resulting in a complete loss of all systems coupled with malware being spread across the entire network. Data breach resulting in information loss causing reputational damage and resulting in a financial penalty due to non-compliance with statutory requirements such as GDPR (General Data Protection Regulation), PCI DSS (Payment Card Industry Data Security). | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | C | 1 | C1 | AMBER |
| Mitigation To protect against a data breach RBC, host all council data in Tier 3 Data Centres located in different geographical regions and are backed up daily. RBC Data Centres hold the following accreditations: ISO27001:2013, PCI-DSS. RBC adopts a Risk Insight approach to determine the treat Landscape and more importantly its evolution. RBC has received notification of meeting the Public Services Network (PSN) which means the councils' infrastructure met all the security requirements to allow connection to the PSN. A cyber security training is to be provided for all staff. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |
| Quarter 2 Update Rossendale have successfully upgraded to the latest MasterCard security standard version 2 this is required by PCI DSS (Payment Card Industry Data Security). This provides further protection for customers who pay electronically via the website. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 10 - Poor communications and public relations | | | Responsible Officer - Clare Law | |
| Description Good communication and public relations is essential to inform, maintain and develop relationships with residents, customers and partners to provide council services. | | | | |
| Risk Consequence Failure to communicate and respond to issues as they develop and inadequately or inappropriately communicating. Could lead to a major loss of reputation for the council on a local, regional and national level. A loss of reputation can damage staff morale, trust between the council and residents and impair the relationship between the council and its partners meaning projects and services delivery is damaged. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 1 | B1 | RED |
| Mitigation Communication methods in place to support face to face, mail or electronic communications. Developed website and social media channels provide 24/7 service. Experienced communications function to support council officers to deal with communications in a timely manner and promote the work of the council. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |
| Quarter 2 Update Viva PR has continued to deliver the agreed communications plan and Covid-19 communications updates, including regular updates to the council's website and social media posts to residents and communities. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | D | 1 | D1 | AMBER |

| | | | | |
|--|-------------------|---------------|--|---------------|
| Risk 11- Non – Delivery of Corporate Projects | | | Responsible Officer - Neil Shaw | |
| Description The council has agreed the 11 corporate projects for 2020-2021 to support the delivery of Corporate Strategy 2017-2021. | | | | |
| Risk Consequence Failure to deliver the corporate projects would have a detriment impact on the delivery of the council's Corporate Strategy 2017-2021, and result in a reputational risk to the Council's commitment to the residents. The failure to deliver the corporate projects could potentially have a negative impact on the Council's revenue budgets (by failure to deliver income generating projects) and delivery of the medium term financial strategy, and the associated economic and social benefits may not be realised. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | D | 2 | D2 | AMBER |
| Mitigation Each corporate project has a Project Sponsor (member of the Corporate Management Team), a Project Manager and finance officer. Each corporate project will have a robust project plan and live risk register. The Project Sponsor will be responsible for the strategic overview of the corporate project, and the Project Manager will be responsible for the day to day management of the corporate project. Council's Programme Board meets quarterly to review the progress of the corporate projects. The Project Sponsor will be responsible for highlighting any concerns to the Corporate Management Team throughout the life of the corporate project. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |
| Quarter 2 Update The Programme Board continues to monitor all the projects. All projects are on track and within budget. The build phase of the Whitaker HLF project is complete closing down any major risks with the most challenging part of this project. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | E | 2 | E2 | GREEN |

| | | | | |
|---|-------------------|---------------|--|---------------|
| Risk 12 – Response and Recovery to COVID-19 Pandemic | | | Responsible Officer - Neil Shaw | |
| Description COVID-19 is a strain of the coronavirus, the government declared the virus as a pandemic in the UK in March 2020. | | | | |
| Risk Consequence The pandemic causes a potentially risk to the delivery of the council services and the health and wellbeing of the wider community. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | A | 1 | A1 | RED |
| Mitigation The council has an Emergency Plan and Service Area Business Plans to support a pandemic emergency. The plans have been activated, regularly reviewed and stress tested throughout the pandemic. Risk Assessments and Safe Systems of Work have been developed and reviewed with staff and Trade Unions throughout the pandemic to provide a safe working environment. Council officers have worked with the Lancashire Resilience Forum and multi-agency partners to mitigate any potential risks throughout the pandemic. The council established and managed a Community Hub to provide support to vulnerable residents. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |
| Quarter 2 Update Government Covid-19 restrictions have been eased in Q2. The Covid-19 Outbreak Board was stepped down in August. The council continues to follow Government advice on managing the impact of Covid-19. Take up of the vaccination programme has been good. However, the level of positive cases in Rossendale have remained between 200 and 250 per 100,000 people throughout Q2. We continue to monitor the position and have made contingency plans for a further tightening of Government restrictions in Q3. | | | | |
| Quarter 2 risk assessment RAG status (current) | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |

| | | | | |
|--|-------------------|---------------|---|---------------|
| Risk 13 – Impact of COVID-19 on the Financial Sustainability of Council Owned Leisure Assets | | | Responsible Officer – Adam Allen | |
| Description National Lockdowns due to COVID-19 result in council owned leisure facilities closing for extended periods. During closure no income is received and outside of lockdown periods, income is significantly reduced. | | | | |
| Risk Consequence If the council owned leisure assets are to be sustained in the longer term, the operators of the facilities have little recourse to additional funding to survive other than through the council. This financial impact will be over £500k but is likely to be considerably higher, depending on the length and severity of lockdowns. | | | | |
| Initial risk assessment RAG status (without mitigation) | Likelihood | Impact | Overall Risk | Status |
| | A | 2 | A2 | RED |
| Mitigation The Leisure Trust and Council are currently seeking to consolidate all council owned leisure assets under the umbrella Trust to maximise efficiency. Ski Rossendale has transferred and the transfer of CLAW facilities will be recommended to Council in Q3, the Whitaker is likely merge with the Trust and discussions are on-going. A report on the impact of all facilities has been produced by KKP and recommendations to minimise impact are being implemented. Senior Council Officers are attending the Trust Board to ensure we work together to minimise costs and an intensive monitoring process is in place. Funding through a COVID-19 specific Sport England Fund will be applied for. However, this is not thought to provide retrospective funding for closures and it is unlikely to cover the majority of financial loss. Lobbying of Government for sufficient financial support will continue. | | | | |
| Risk assessment RAG status (after mitigation) | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |
| Quarter 2 Update The transfer of all facilities to the Leisure Trust has now taken place and facilities are operating under the Trust structure. The Whitaker has reopened and is fully operational. We were successful in obtaining Sport England Funding and the Council have been able to allocate other Covid-19 funding to the Trust. The Trust has managed the transitions and closures very well and the financial projections are now much improved compared to those presented to Council in Feb 21. A new private leisure provider is opening in Rawtenstall during October 21 which may impact Trust income. The Council are undertaking a feasibility study for the future of our facilities. It is imperative that investment in the aging facilities take place to give them a long-term sustainable future. | | | | |
| Quarter 2 risk assessment RAG status | Likelihood | Impact | Overall Risk | Status |
| | B | 2 | B2 | RED |

| | | | |
|---------------------------------------|--|--|--|
| Subject: | Appointment of External Auditors | Status: | For Publication |
| Report to: | Audit & Accounts Committee | Date: | 1 December 2021 |
| Report of: | Head of Finance | Portfolio Holder: | Resources |
| Key Decision: | <input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/> | General Exception <input type="checkbox"/> | Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: | No | Attached: No |
| Biodiversity Impact Assessment | Required: | No | Attached: No |
| Contact Officer: | Karen Spencer | Telephone: | 01706 252409 |
| Email: | karenspencer@rossendalebc.gov.uk | | |

1. RECOMMENDATION

- 1.1 **The committee is asked to agree to recommend to Full Council to opt into Public Sector Audit Appointments Limited, to act as the appointing person for the appointment of external auditors for Rossendale Borough Council.**

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to request Audit and Accounts Committee to recommend to Council that it opts in to the national collective scheme administered by Public Sector Audit Appointments Ltd (PSAA) for the appointment of external auditors for the period 2023/24 to 2027/28.

3. BACKGROUND

- 3.1 The appointment of the council's current external auditors is administered by Public Sector PSAA and the current appointment covers the audits of accounts for Rossendale Borough Council for the financial years 2018/19 to 2022/23. The council's current External Auditor is Mazars LLP. The PSAA scheme does not include the annual Housing Benefit Subsidy Audit. The council is required to engage the Auditor for this piece of work separately.

- 3.2 The second appointing period is to span the five consecutive financial years commencing 1 April 2023 and cover the audits of accounts for the financial years 2023/24 to 2027/28. The council is required to appoint an external auditor by 31 December 2022 to commence 1 April 2023.

- 3.3 There are three options available to the council for appointing its external auditor:

Option 1 - Establish its own independent auditor panel under part 3, section 9 and schedule 4 of the Local Audit and Accountability Act 2014. The panel must be made up of a majority, or of wholly independent members and must be chaired by an independent member. It would therefore be necessary to undertake a selection process to appoint the panel, whose members may be remunerated. The panel's role would be to advise the council on the selection of its external auditor and therefore to oversee a procurement process.

Option 2 - Establish a joint independent auditor panel to carry out the function on behalf of two or more councils which would therefore have to agree on the selection criteria firstly for the panel's members and then for the external auditor, and then oversee a procurement process.

Option 3 - Opt into PSAA's sector led national scheme. Full Council approval would be required to opt into the sector led body approach as required by the Local Audit (Appointing Person) Regulations 2015. No significant further action would then be required by the council. On 22 September 2021 PSAA invited all principal local government bodies to become opted-in authorities. Eligible bodies have until 11 March 2022 to formally respond and accept the opt-in invitation. The national scheme is considered to represent the best option as the council will benefit from PSAA's experience of working within the context of the Regulations to appoint auditors, manage contracts with audit firms, setting and determining audit fees. It avoids the necessity to establish an independent auditor panel and undertake a procurement exercise and assures the independence of the auditor's appointment for the council.

4. RISK

4.1 Section 12 of the Local Audit and Accountability Act 2014 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

5. IMPLICATIONS

5.1. Financial

The current annual scale fee for External Audit is £35k. However the external audit fee levels are likely to increase when the current contract through PSAA ends. The impact of any increase will be built into the next medium-term financial strategy, although following the outcome of the Redmond Review Government have indicated that council's will receive additional funding to reflect the increasing cost of external audit. The recommendation to proceed with PSAA as the appointing body is expected to deliver the most economically advantageous option from the three available options, given the bargaining power and experience PSAA can bring to bear.

As stated above this contract does not include the Housing Benefit Subsidy Audit work. For information the cost of this audit increased to £21k in 2020/21 from £9k the previous year.

5.2 Legal

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable PSAA to be the 'appointing person'.

6 POLICY AND EQUALITIES IMPLICATIONS

6.1 N/A

7. CONCLUSION

7.1 The most cost effective and efficient option is for the council to opt in to the PSAA scheme for the appointment of the External Auditors.

| | | | |
|---------------------------------------|--|--|--|
| Subject: | Internal Audit Progress Report Qtr 2 2021/22 | Status: | For Publication |
| Report to: | Audit and Accounts Committee | Date: | 01 December 2021 |
| Report of: | Head of Internal Audit (Internal Audit Service) | Portfolio Holder: | Resources |
| Key Decision: | <input type="checkbox"/> Forward Plan <input type="checkbox"/> | General Exception <input type="checkbox"/> | Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: | No | Attached: No |
| Biodiversity Impact Assessment | Required: | No | Attached: No |
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| | |
|------------|--|
| 1. | RECOMMENDATION |
| 1.1 | The committee are asked to consider the internal audit progress report for Qtr 2 2021/22. |

2. PURPOSE OF REPORT

2.1 To support the Audit and Accounts Committee in fulfilling its responsibility to monitor performance against the internal audit plan, and to consider a summary of internal audit activity and the level of assurance it gives over the council's governance, risk management and internal control arrangements.

3. BACKGROUND AND OPTIONS

3.1 In the context of fulfilling its responsibility to monitor the adequacy and effectiveness of the internal audit service, and to review internal audit reports, the Committee is asked to consider the assurance provided by the Internal Audit Service.

4. RISK

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- This report addresses the adequacy of the council's management of risks in respect of the areas subject to audit.

5. FINANCE

5.1 Any financial implications are commented upon in the report.

6. LEGAL

6.1 Any legal implications are commented upon in the report.

7. POLICY AND EQUALITIES IMPLICATIONS

7.1 Reported findings have been discussed and agreed, including management responses to the recommendations, with respective service managers and heads of service prior to reporting.

8. CONCLUSION

8.1 The audit programme is progressing in line with the plan.

No background papers

Rossendale Borough Council

Internal Audit Service

Progress report on delivery of the 2021/22 internal audit plan

Quarter 2 2021/22



Internal Audit Service

1. Introduction

1.1. This report supports Audit and Accounts Committee's responsibility under its terms of reference to consider regular performance reports from the internal audit function on progress with delivery of the 2021/22 audit plan agreed at the March 2021 Committee meeting. Our annual assurance opinion report, submitted to the July 2021 Committee, sets out the position with delivery of the 2020/21 audit plan including summary audit findings.

2. Summary of progress against the 2021/22 audit plan

2.1. We are continuing to make progress with audit plan delivery and plan to deliver the agreed audits by the year end. There are six audits which have not started, although two of these are following up on implementation of actions agreed on previous audits and will not take significant time to complete. We have continued to experience some delay in getting evidence to support audit testing, due to council capacity issues and new ways of working. However, we have issued final audit reports on the three financial systems managed by Capita, issued draft reports on the payroll and Covid business grants audits, and are progressing work on the remaining finance audits. Work by Mersey Internal Audit Agency (MIIA) is also progressing well with good support from management. We have issued a final report on the audit of IT Resilience – Service Continuity and the audits of homeworking arrangements and Civica are close to completion. We have also completed our audit of the Rossendale Together Barnfield's partnership governance and procurement arrangements, the final audit from our 2020/21 audit plan.

2.2. The table below shows the current status of audits.

| Audit Title | Status | Audit Type | Assurance Opinion |
|---|-------------|------------|-------------------|
| Governance and democratic oversight | | | |
| Performance management | Progressing | 1+2 | |
| GDPR/ information security policies | Progressing | 1+2 | |
| Rossendale Improvement Plan | Progressing | F | |
| Risk Management | Progressing | F | |
| Freedom of information/ subject access requests | Progressing | F | |
| Business effectiveness | | | |
| Procurement | Not started | 1+2 | |

Internal Audit Service - Progress Report 2021/22 Quarter 2

| Audit Title | Status | Audit Type | Assurance Opinion |
|--|--------------------------|------------|-------------------|
| Critical application review – Civica (MIAA) | Progressing | 1+2 | |
| IT - Homeworking arrangements (MIIA) | Progressing | 1+2 | |
| IT Resilience - Service Continuity (MIAA) | Completed - Final Report | 1+2 | Moderate |
| Digital Strategy | Completed | F | N/A |
| Service delivery | | | |
| Planning Controls | Not started | 1+2 | |
| Commercial rents | Not started | 1+2 | |
| Rossendale Together Barnfield | Draft Report | 1+2 | |
| CCTV regulatory compliance | Progressing | F | |
| Service support | | | |
| Health and Safety | Not started | 1+2 | |
| Emergency Planning and Business Continuity | Not started | F | |
| Purchase/ lease rental | Not started | F | |
| Business processes (follow up and compliance) | | | |
| Business grant allocations | Draft report | 1+2 | |
| Accounts payable | Progressing | 2 | |
| Accounts receivable | Progressing | 2 | |
| General ledger, budget setting and monitoring | Progressing | 2 | |
| Income collection/ banking | Progressing | 2 | |
| Payroll | Draft Report | 2 | |
| Council tax | Completed - Final Report | 2 | Moderate |
| Business rates/ NNDR | Completed - Final Report | 2 | Moderate |
| Housing benefits | Completed - Final Report | 2 | Substantial |

| Stage of audit process | Number of audits |
|---|------------------|
| Completed (no report necessary)/ Final Report delivered | 5 |
| Draft report | 3 |
| Progressing | 12 |
| Not started | 6 |
| Deferred/ cancelled | 0 |
| Total number of audits | 26 |

Audit type:

- '1' - phase one/ consultancy work
- '2' - phase two/ compliance testing
- '1+2' - full risk and control evaluation
- 'F' - follow-up work.

Background and Context – Capita Audits

2.3. The council outsources the management of housing benefit, council tax and business rates services to Capita PLC, under a contract awarded in 2019. The council's Service Assurance (SA) team monitor performance against this contract through key performance indicators and thematic exercises, and report quarterly to Members for oversight. Capita and the SA Team use the Northgate system to input and manage claims and Anite, an electronic document management system, for storing evidence.

Council Tax – Moderate Assurance

2.4. Our assurance opinion allows for the fact that, while some established debt recovery procedures were suspended by senior managers during 2020/21 in response to the pandemic, Members were made aware of the potential impact on the collection rate and outstanding debt. Council tax bands, discounts and exemptions are correctly input, and the database is well maintained. Bill reductions are supported by evidence and properties are inspected where necessary. Refund and write off procedures are compliant with the debt management policy and members have adequate oversight of the key performance indicators.

2.5. However, the debt management policy has not been reviewed and updated for some time, despite an action to address this being agreed in our previous report. We notified managers of two active user accounts on the Northgate system for officers who no longer

work for the council, which have now been closed, and we were unable to confirm formal access approval for eight accounts. We agreed an action to periodically review access rights and to establish a process between the council and Capita for management oversight of access requests, and we understand a new application and approval template has been produced. There has been an increase in the level of outstanding council tax debt of approximately £1m between April 2019 and March 2021. While the suspended recovery procedures are the probable cause managers should continue to monitor the position and consider developing an aged debt key performance indicator for council tax and non-domestic rates debt, such as year-on-year percentage reduction/ increase.

Business Rates/ NNDR – Moderate Assurance

2.6. As with Council Tax, we acknowledge that the decision was made not to manage debt in full compliance with established policy during the pandemic, but the issues regarding debt management policy and Northgate user access apply equally here. We confirmed that business rate system parameters are correctly input, bills are calculated accurately and exemptions and discounts are applied appropriately. Refund and write off procedures are compliant with debt management policy. Members have adequate oversight of the key performance indicators and missed targets are explained with context. We were also unable to confirm that Valuation Office Agency reports were reconciled to the NNDR database due to the absence of key staff and working from home arrangements and agreed an action to modify procedures, including using email to record approval. The majority of our sample of empty properties were not inspected during 2020/21 due to social distancing restrictions but we understand that there will be a return to normal arrangements as restrictions are lifted.

Housing Benefits – Substantial Assurance

2.7. Overall, controls are adequately designed and operating effectively to meet the council's objective to provide housing benefits and council tax support to eligible claimants. We are satisfied that procedures for new claims and changes in circumstances correctly assess eligibility prior to award or amendment for all the claims we sampled. Due to the pandemic, 2019/20 quarterly key performance indicator targets have been retained, were met for processing efficiency and accuracy and are reported quarterly to Members. There is appropriate separation of duties between responsibility for approving claims, making payments and reconciliation. We reconciled all but one payment between Capita and the council's records, where we received a satisfactory explanation for the difference.

Rossendale Together Barnfield Partnership – Moderate Assurance (2020/21 internal audit plan)

2.8. Rossendale Together Barnfield is a joint venture established in 2013 between the council, Together Housing and Barnfield Construction to deliver regeneration projects within the borough, including the Spinning Point development in Rawtenstall. Overall, we can provide moderate assurance that partnership governance and procurement arrangements operate effectively. Articles of association establish governing structures and rules for decision making and Board appointments, and these are consistently complied with. Full Council approves project funding under the Capital Programme and members receive regular updates on project

progress. Partners apply their own procurement rules and procedures, but partnership expenditure must be approved by the three partners and non-construction invoices, such as pre-work assessments and administration costs, are split between partners and jointly approved monthly for payment. The costs incurred seemed reasonable and in line with expected expenses. Council approval of payments is recorded in email from a designated officer, the Chief Executive Officer. However, we could not confirm whether payments had been approved as email evidence had not been found at the time we published this report.

IT Resilience Service Continuity (MIAA) – Moderate Assurance

2.9. The council uses its network IT environment to store and access applications and data which are critical (fundamental to the council's normal operations) and sensitive (including resident or employee data). As system disruptions could adversely affect operations, service continuity and recovery arrangements are necessary to minimise any impact. The IT service utilises resilient technologies to provide system resilience and contingency, including backup processes and multiple computer rooms (council-based and using third party hosts). We audited against five key themes: business continuity and disaster recovery; data management and recovery; incident management; virtualised environment and contracts and service level agreements. We noted both good practice and areas for improvement in all five key themes.

2.10. There has been no reported outage since 2018. An ICT Disaster Recovery Plan was in place and remote working and new cloud-based services were quickly deployed during the pandemic. The Public Services Network (PSN) had been re-certified, emails were being held securely (using a third-party solution) and forensic services and retained data backups were contracted out. The two third-party data centres were 27001:2013 compliant. At the time of the audit work a new supplier assurance process was being matured and embedded and procurement for a new disaster recovery/ offline backup solution was being prepared. We agreed a number of actions to address areas for improvement including annual tests of the Business Continuity Plan, updates to the disaster recovery/ incident management documentation, risk assessing the new disaster recovery/ backup solution, formalising and approving monitoring and logging, backup and scanning strategies, approval of a draft hardening policy, and the upgrade of a legacy server (as scheduled within the Digital Strategy Plan).

3. Update on the National Fraud Initiative (NFI)

3.1. The main exercise is run every two years. Matches were released in February 2021 but there were subsequent releases during the year and all datasets have now been uploaded to the NFI website.

| 2020/21 biennial exercise | Number | | | | | Savings |
|---------------------------|---------|---------|-----------|--------|--------|---------|
| | Reports | Matches | Processed | Frauds | Errors | £ |
| Housing benefit | 14 | 126 | 38 | 0 | 1 | 2,210 |

Internal Audit Service - Progress Report 2021/22 Quarter 2

| 2020/21 biennial exercise | Number | | | | | Savings |
|------------------------------------|-----------|------------|------------|----------|----------|--------------|
| Payroll to payroll/ creditors | 2 | 8 | 8 | 0 | 0 | 0 |
| Council tax reduction scheme | 13 | 185 | 122 | 0 | 3 | 4430 |
| Creditors - duplicates | 6 | 266 | 3 | 0 | 0 | 0 |
| SBGF/ RHLG - Duplicates | 4 | 38 | 28 | 0 | 0 | 0 |
| Discretionary/ Other Grants | 1 | 8 | 0 | 0 | 0 | 0 |
| Value Added Tax | 1 | 23 | 0 | 0 | 0 | 0 |
| Procurement – payroll | 2 | 13 | 13 | 0 | 0 | 0 |
| Individuals - more than one report | 1 | 17 | 0 | 0 | 0 | 0 |
| Total | 44 | 684 | 212 | 0 | 4 | 6,640 |

- 3.2. Separate matching is undertaken of council tax data to the electoral roll. Data is released in December when the process to check matches begins. The council also buys a comparison against a range of other data sets in all local authorities and a new premium single person discount match. The table below shows the latest matches, numbers processed and outcomes.
- 3.3. Premium Council Tax data is re-matched against data from a credit agency, for which the council pays a fee. Checks are now progressing on data. Council Tax matches were released in February 2021. Checks are being completed and outstanding matches are under investigation. Council tax and the electoral register have now been uploaded to the NFI website.

| Data categories | Number | | | | | Savings |
|---|----------|-------------|-------------|------------|------------|----------------|
| | Reports | Matches | Processed | Frauds | Errors | £ |
| Premium council tax – SPD Nov 2021 | 3 | 937 | 937 | 17 | 21 | 16,909 |
| Council Tax to HMRC household composition Nov 2021 | 1 | 1738 | 1738 | 68 | 79 | 67,467 |
| Premium council tax – SPD Nov 2021 - electoral register | 2 | 697 | 697 | 41 | 73 | 39,515 |
| Council Tax rising 18s | 2 | 58 | 58 | 0 | 20 | 77 |
| Council tax – Other datasets Jan 2020 release | 1 | 2285 | 2277 | 6 | 19 | 8,961 |
| Total | 9 | 4530 | 4522 | 132 | 192 | 132,930 |

4. Audit assurance levels and classification of residual risk

4.1. The definitions of the assurance given by internal audit work, and the categories of residual risk used to prioritise any actions arising from audit work are set out below.

Assurance levels

4.2. Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options and we refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance:** the framework of control is adequately designed and/or effectively operated overall.
- **Moderate assurance:** the framework of control is adequately designed and/or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.
- **Limited assurance:** there are some significant weaknesses in the design and/or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.
- **No assurance:** there are some fundamental weaknesses in the design and/or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

Residual risks

- **Extreme residual risk:** critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of the county council's services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the council's reputation. Remedial action must be taken immediately.
- **High residual risk:** critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to the council's business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the council's reputation. Remedial action must be taken urgently.
- **Medium residual risk:** failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. Prompt specific action should be taken.
- **Low residual risk:** matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern. Specific remedial action is desirable.

Audit Progress Report

Rossendale Borough Council

November 2021



1. National Publications

01

Section 01:

National Publications

National Publications

| | Publication/update | Key points |
|--|---|---|
| Financial Reporting Council (FRC) | | |
| 1. | Major local audits – Audit Quality Inspection | Sets out the findings of FRC's most recent quality inspection of major local audits. |
| National Audit Office (NAO) | | |
| 2. | Good practice guide: Cyber and information security | Provides a good practice guide for audit committees on cyber security arrangements. |
| 3. | The local government finance system in England: overview and challenges | This overview looks at what local government in England spends, how this spending is funded and the effect of changes in recent years |
| CIPFA | | |
| 4. | Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 | New code for 2021/22 |

NATIONAL PUBLICATIONS

Financial Reporting Council

1. Major local audits – Audit Quality Inspection, October 2021

The Financial Reporting Council (FRC) is the independent body responsible for monitoring the quality of major local audits, as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. This monitoring is performed by the FRC's Audit Quality Review (AQR) team. The reviews of individual major local audit engagements are intended to contribute to safeguarding and promoting improvement in the overall quality of local audit in the UK. Audit firms are required to audit the financial statements and Value for Money (VFM) arrangements conclusion and exercise their additional powers or duties, as required, in accordance with the Local Audit and Accountability Act 2014

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of the firms' local audits that do not meet the definition of a major local audit.

The FRC has published its report setting out principal findings arising from the 2020-21 inspection of the audit firms completing major local audits in England as well as QAD results of other audits.

[FRC AQR Major Local Audits_October 2021](#)

NATIONAL PUBLICATIONS

National Audit Office

2. Good practice guide: Cyber and information security, October 2021

The NAO has published a good practice guide for audit committees on cyber security arrangements.

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

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

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

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

The guide provides a checklist of questions and issues covering:

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

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

NATIONAL PUBLICATIONS

National Audit Office

3. The local government finance system in England: overview and challenges, November 2021

Local authorities in England provide a broad range of universal services, with targeted services for the most vulnerable in society. They have also been pivotal in the local response to the COVID-19 pandemic. Local authorities are funded through multiple funding streams, including government grants, taxes, and charges for services. The Department for Levelling Up, Housing & Communities, previously the Ministry of Housing, Communities & Local Government, is responsible for a framework that provides assurance on the financial health of local government and allows for intervention in individual cases and in response to system-wide risks.

This overview looks at what local government in England spends, how this spending is funded and the effect of changes in recent years. It draws on relevant findings from past NAO work. The overview aims to enhance financial transparency about local government in England. It covers:

- An introduction to local government funding
- Government policy and actions since 2010
- Some results or consequences of these changes.

The overview covers England only as local government is devolved in Scotland and Wales and focuses on five types of English local authority – London boroughs (including City of London), metropolitan boroughs, unitary authorities, county councils and district councils. This does not include town and parish councils, combined authorities, or stand-alone police and fire authorities.

<https://www.nao.org.uk/report/the-local-government-finance-system-in-england-overview-and-challenges/>

NATIONAL PUBLICATIONS

CIPFA

4. Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, June 2021

Local authorities in the UK are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2021/22 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2021.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

This edition of the Code introduces a number of important amendments relating both to context and an understanding of requirements. Changes include:

- Reframing the Code requirements in terms of UK-adopted standards rather than EU adopted standards, reflecting the United Kingdom's withdrawal from the European Union.
- Confirmation of the accounting arrangements for the Dedicated Schools Grant to reflect changes to the statutory requirements.
- Amendments to confirm the existing adaptation in the Code for standards issued but not yet adopted.
- Augmentations to the reporting of estimation uncertainty.
- Confirmation of the reporting requirements for interest rate benchmark reform.

Importantly, the Code includes an appendix on the future implementation of the IFRS 16 Leases standard, which has been deferred for a further year. The appendix sets out the anticipated provisions in the 2022/23 Code and it will allow local authority accounts preparers to make effective preparations for the implementation of the standard in the 2022/23 financial year. Note that early adoption of IFRS 16 is not permitted, with the exception of Transport for London.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202122-online>

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*where permitted under applicable country laws.

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