

**Meeting of:** Audit & Accounts Committee

**Date:** 3<sup>rd</sup> December 2025

**Time:** 6.30pm

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

The meeting will also be live streamed at the following link:

<https://www.youtube.com/channel/UCrLsMDOP7AYxik5pNP0gTIA/streams>

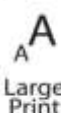
**Supported by:** Glenda Ashton, Committee and Member Services Officer Tel: 01706 252423

Email: [glendaashton@rossendalebc.gov.uk](mailto:glendaashton@rossendalebc.gov.uk)

ITEM		Lead Member/Contact Officer
<b>A.</b>	<b>BUSINESS MATTERS</b>	
<b>A1.</b>	<b>Apologies for Absence</b>	<p>Glenda Ashton, Committee and Member Services Officer 01706 252423 <a href="mailto:glendaashton@rossendalebc.gov.uk">glendaashton@rossendalebc.gov.uk</a></p>
<b>A2.</b>	<b>Minutes of the last meeting</b> To approve and sign as a correct record the Minutes of the meeting held on 24 <sup>th</sup> September 2025	
<b>A3.</b>	<b>Urgent Items of Business</b> To note any items which the Chair has agreed to add to the agenda on the grounds of urgency.	
<b>A4.</b>	<b>Declarations of Interest</b> <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>B.</b>	<b>COMMUNITY ENGAGEMENT</b>	
<b>B1.</b>	<b>Public Question Time</b> Members of the public can register their question by contacting the Committee Officer. Groups with similar questions are advised to appoint and register a spokesperson.  This is an opportunity to ask a question about	<p>Glenda Ashton, Committee and Member Services Officer 01706 252423 <a href="mailto:glendaashton@rossendalebc.gov.uk">glendaashton@rossendalebc.gov.uk</a></p>

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>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 one clear working day prior to the meeting by emailing <a href="mailto:democracy@rossendalebc.gov.uk">democracy@rossendalebc.gov.uk</a> 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.</p> <p>(Question time normally lasts up to 30 minutes).</p>	<p>Please register an agenda related public question by emailing <a href="mailto:glendaashton@rossendalebc.gov.uk">glendaashton@rossendalebc.gov.uk</a> no later than 12noon on Tuesday 2<sup>nd</sup> December 2025</p>
<b>C.</b>	<b>Chair's Update</b> To receive communications from the Chair	Councillor Driver
<b>D.</b>	<b>ORDINARY BUSINESS</b>	
<b>D1.</b>	Corporate Risk Register Update Q2 2025/26	Chris Warren Director of Resources/s151 Officer <a href="mailto:chriswarren@rossendalebc.gov.uk">chriswarren@rossendalebc.gov.uk</a>
<b>D2.</b>	Internal Audit Plan 2025/26 Progress Report	Mark Baskerville Lancashire County Council Auditors <a href="mailto:mark.baskerville@lancashire.gov.uk">mark.baskerville@lancashire.gov.uk</a>
<b>D3.</b>	Draft Auditor's Annual Report 2024/25	Katie Kingston Forvis Mazars Auditors <a href="mailto:katie.kingston@mazars.co.uk">katie.kingston@mazars.co.uk</a>
<b>E.</b>	<b>EXCLUSION OF PUBLIC AND PRESS</b> 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.	
<b>E1.</b>	Standards Complaints update (verbal)	Councillor Driver
<b>E2.</b>	Whistleblowing update (verbal)	Councillor Driver



**Rob Huntington**  
**Chief Executive**

**Date Published:** 25<sup>th</sup> November 2025

**MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE**

**DATE OF MEETING: 24<sup>th</sup> September 2025**

**PRESENT:** Councillor Driver (sub) (Chair)  
Councillors D Ashworth (sub), Eaton (sub), Gill (sub), Norton and Woods  
Simon McManus, Co-opted Member

**IN ATTENDANCE:** Chris Warren, Director of Resources (s151 Officer), RBC  
Kimberly Haworth, Head of Financial Services, RBC  
Andy Dalecki, LCC Internal Auditors  
Mark Baskerville, LCC Internal Auditors  
Katie Kingston, Forvis Mazars External Auditors  
Glenda Ashton, Committee Officer, RBC

**ALSO PRESENT:** Councillor Walmsley

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In the absence of the Chair and Vice Chair, the Director of Resources asked for a nomination to Chair the meeting. It was proposed and seconded that Councillor Driver act as Chair for this meeting. All were in favour.

**1. APOLOGIES FOR ABSENCE**

- 1.1 Apologies were received from Councillors Bleakley, Kenyon, Payne, Procter and M Smith.

**2. MINUTES OF THE MEETING HELD ON 28<sup>TH</sup> JULY 2025**

**RESOLVED:**

The minutes of the meeting held on 28<sup>th</sup> July 2025 were agreed as a correct record.

**3. URGENT ITEMS OF BUSINESS**

- 3.1 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 There were no public questions.

**6. CHAIR'S UPDATE – ACTIONS FROM THE LAST MEETING**

- 6.1 70% of staff confirmed completion of the Fraud Awareness training. Refresher training would take place annually using a new tracking system.
- 6.2 In relation to point 4.7.3 of the Fraud Report it was asked what 'other' fraud included.

It was noted that all allegations of fraud were logged and an initial check carried out. Information received may or may not lead to an investigation. In some cases, information would be passed on to partner organisations to investigate.

Generally, the council would not want to discourage residents from reporting potential fraud but not all reports had implications for local budgets.

- 6.3 The Finance Team did not report on the percentage of purchase invoices with retrospective purchase orders as a Key Performance Indicator (KPI). In previous years the internal auditors had raised this as a risk, but following discussions it was concluded that the risks had been mitigated.

## **7. CORPORATE RISK REGISTER UPDATE QUARTER 1 2025/26**

- 7.1 The Director of Resources outlined the report which asked the Committee to note the council's Corporate Risk Register, risk consequence, mitigation action and residual level of risk. This was the first quarter using the new risk framework.

- 7.2 The following comments were made and clarifications provided:

- The Leisure Trust were actively managing their financial performance and balances which had led to Risk 9 moving from a red risk to amber.
- It was hoped that the leisure review would be completed by the end of 2025. A repayment plan would be one of the deliverables from the review.
- The council was robust in its efforts to tackle cyber threats and worked closely with statutory bodies whose systems and data the council interacted with. Technical audits were also carried out.
- Staff vacancies were benchmarked against other local authorities and if necessary, to attract candidates, a market supplement was proposed as part of the recruitment process. The council had measures in place to ensure fair and comparable pay and grading internally. Market supplements were reviewed annually.
- The new Risk Register was noted as being more user friendly.

### **RESOLVED:**

1. The Committee noted the council's Corporate Risk Register for Quarter 1 2025/26.
2. Members noted the risk consequence, mitigation action and level of risk as detailed in Appendix 1.

## **8. INTERNAL AUDIT PROGRESS REPORT 2025/26**

- 8.1 The Audit Manager outlined the report which asked the Committee to consider the Internal Audit Progress report for 2025/26. Since the report was prepared, the payroll audit had been awarded substantial assurance.

- 8.2 The following clarifications were provided:

- Freedom of Information (FOI) requests were not always answered within the deadline due to staff being unavailable to process and the tight turnaround. However, it was not felt this was generally an issue.
- It was confirmed that FOI exemptions were applied correctly.

### **RESOLVED:**

1. The Committee noted the Internal Audit Progress Report.

## **9. EXTERNAL AUDIT PROGRESS REPORT**

- 9.1 The Audit Manager outlined the report which asked the Committee to consider the Audit Progress Report for 2025/26.

- 9.2 The following comments were made and clarifications provided:
- Financial sustainability was a funding question for the sector. The council had managed its finances prudently and the Medium-Term Financial Strategy showed sustainability from an audit perspective.
  - The leisure review indicated that Rossendale Leisure Trust were making great strides in ensuring its own financial sustainability and were operating within its budget.
  - Once the auditors had reviewed the data from the Finance Team, a Risk Assessment would be produced and internal audit review processes completed to assess the work necessary to build back assurance, and allow an unmodified audit report as soon as practicably possible. An update would be provided at the next meeting.
  - The team were thanked for their ongoing work.

**RESOLVED:**

1. The Committee noted the External Audit Progress Report.

**10. 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.

**11. STANDARDS COMPLAINTS UPDATE (VERBAL)**

- 11.1 An update was provided in relation to Standards Complaints.

**RESOLVED:**

- That the update was noted.

**12. WHISTLEBLOWING UPDATE (VERBAL)**

- 12.1 An update was provided in relation to Whistleblowing.

**RESOLVED:**

- That the update was noted.

**The meeting concluded at 7.00pm**

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**Signed (Chair)**

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**Date**

<b>Subject:</b>	Quarter 2 Corporate Risk Register Update (July, August, September) 2025/26	<b>Status:</b>	For Publication
<b>Report to:</b>	Audit and Accounts	<b>Date:</b>	3 <sup>rd</sup> December 2025
<b>Report of:</b>	Head of Finance	<b>Lead Member:</b>	Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required: No	<b>Attached:</b>	No
<b>Biodiversity Impact Assessment:</b>	Required: No	<b>Attached:</b>	No
<b>Contact Officer:</b>	Kimberly Haworth	<b>Telephone:</b>	01706 212467
<b>Email:</b>	kimberlyhaworth@rossendalebc.gov.uk		

## 1. RECOMMENDATION

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

## 2. EXECUTIVE SUMMARY

- 2.1
  - The Quarter 2 (Q2) Corporate Risks Register Update is reporting for months July, August and September 2025 and reflects risk at a point in time.
  - The report includes updates for the Council's 10 Corporate Risks.
  - Overall, the Council's performance is strong but the financial pressures for the Rossendale Leisure Trust and the Council are creating cost pressures which the Council must continue to monitor closely as the financial year progresses.
  - The report concluded no Corporate Risks rated as 'red' on the RAG status after mitigation.

## 3. BACKGROUND

- 3.1 The Council details its approach to managing risk in its Risk Management Strategy. This was updated in March 2016.
- 3.2 The strategy details the Council's risk monitoring and reporting framework. The Council has identified 10 Corporate Risks and these are monitored via the quarterly performance management reporting schedule using a RAG rating dashboard to report the risk status. These are reported to both the Overview and Scrutiny Committee and Audit and Accounts committees.
- 3.3 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.     **DETAILS**

- 4.1     The Council has reviewed and continues to monitor the Corporate Risk Register.
- 4.2     The Councils Corporate Risks are categorised at the end of Q2 as follows:

	Quarter 4 2024/25
Low	2
Medium	8
High	0

5.     **RISK**

- 5.1     The Council’s Corporate Risk Register continues to be monitored by the Corporate Management Team on a regular basis.

6.     **FINANCE**

- 6.1     Financial implications and risks arising are identified within this report.

7.     **LEGAL**

- 7.1     There are no immediate legal considerations attached to the recommendations within 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.     **REASON FOR DECISION**

- 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	
Q4 Corporate Risk Register	Appendix 1



ROSSENDALE  
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COUNCIL



Quarter 2 2025/26



# Corporate Risks

## Quarter 2 Corporate Risk Register

Risks are those things which might present a barrier to the Council delivering the things we have set out to achieve. Embedding risk management across the Council will ensure there is a robust and consistent process to enable the Council to make the most of its opportunities and make appropriate decisions based on accurate, relevant, timely and complete information.

As part of the Council's annual business planning process, the Council reviews the potential risks it is facing and how it might mitigate the occurrence of such risks.

Service level risks where the impact and/or likelihood of the risk occurring could be high and effect the Council's ability to achieve its objectives and priorities are escalated to a Corporate Risk. Corporate Risks are monitored by the Council's Corporate Management Team on a regular basis.

The Council uses a risk matrix to analyse the probability and impact of risks. Scores are determined by multiplying the 'likelihood' score with the 'impact' score.

Likelihood	Almost certain	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Remote	1	1	2	3	4	5
			1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood – How likely is it that the risk may occur.

Impact – How serious might the consequences of the impact be.

A risk scoring 25 is the highest level of risk, and a risk scoring 1 is the lowest level of risk.

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

## Risk 1 – Sustainability of the Medium-Term Financial Strategy

Responsible Officer - Chris Warren

### Description

The Council's latest Medium-Term Financial Strategy update indicates an underlying funding gap of c£574k in 2025/26, increasing each year thereafter to £934k in 2028/29. 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 4 years given the anticipated funding gap. Therefore, additional income must be identified or annual costs reduced in future years. The current cost of living crisis may also add to the pressure on the Medium-Term Financial Strategy through pay award, utility costs, contract inflation and Council Tax/NNDR collection rates.

### Risk Consequence

If the Council is not able to prepare a balanced budget there would be legal ramifications, but would ultimately impact on the level of services the Council is able to deliver to Rossendale residents and would result in major reputational damage.

### Mitigation

The Medium Term Financial Strategy does not indicate a significant narrowing of the gap in the next four years. However there are savings plans in progress and significant commercial opportunities available towards the end of the decade. Departments the Council are under constant review and there are a series of income and savings groups in place looking for efficiencies which meet regularly. The council has sufficient reserves to cover up to and past the vesting day for Local Government Reorganisation. Across the 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
2	5	10	AMBER

### Q2 Update

The income and savings groups have drawn up a long list of savings and income proposals which are being worked through to assign responsibility and action for delivery. Some of the savings have already been delivered through efforts to effectively manage utilities. Some items will need formal approval for delivery. On the assumption of delivery the Council has sufficient resources to deliver its core service objectives throughout the currency of the medium term financial strategy. Furthermore, the Council is forecasting an underspend in excess of £500k at the end of Q2 lessening the pressure on reserves and following on from the underspend reported at the year ended 31st March 25 at which point the Council held usable reserves in the sum of c£17m with an annual revenue budget of c£11.5m. Fair Funding 2.0 will create some change for the sector and the impact of that is not fully evaluated yet and subject to change. Analysts predictions are positive at the time of writing but the impact of the business base line reset, business rates pooling and consequent impacts on the Councils finances remain subject to clarification. It is expected that the provisional settlement due in December of this year will allow quantification of the impacts. Monitoring of the revenue and capital budgets of the Council and appropriate check challenge and action off the back of this monitoring remains a key control to minimise the risk of failure. This risk should remain on the Council's corporate risk register through Local Government Reorganisation.

### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
2	5	10	AMBER

## 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.

### Mitigation

A robust 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. The Council is a member of Lancashire County Council Local Resilience Forum. Officers attend meetings and undertake regular training exercises. The council 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
	2	4	8	AMBER

### Q2 Update –

The Local Emergency Response Plan is maintained and the internal Emergency Planning Team meets quarterly, with the last meeting held in July 2025. Officers continue to attend relevant Local Resilience Forum meetings to remain up to date with current arrangements, contribute to the development of plans and take part in exercises to test LRF plans. Local Authorities across Lancashire are discussing the impact of Local Government Reorganisation, and how they can prepare in advance of the changes. Flooding is a key emergency planning risk for RBC and Officers have been involved in several work streams on flood prevention and response: Officers have been working with the LRF to map out our culverts, to comply with an action from the debrief from Storm Bert, which highlighted the need for RBC to identify any high risk culverts and plan to clear these before any pre-notified flood events. Working in partnership with LCC, United Utilities and the East Lancashire Railway (ELR), significant progress has been made in relation to flooding in the Strongstry area. There is now a planned schedule of works for Feb 2026 to significantly improve the main culvert on ELR land, to reduce the adverse impact on the residents of Strongstry during flood events. Work has also continued with community groups in Strongstry, Chatterton and Irwell Vale to acquire an emergency communication system via grant funding. ERAL grant. Following a successful trial, RBC has ordered an Emergency Radio Aerial Link (ERAL) radio and base unit. This will enable communication to be maintained across Lancashire in the event of a failure of the mobile and internet network or a power outage.

Q2 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	3	4	12	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 who may be affected by our work. In the event of a RIDDOR reportable accident, there is a risk of a Health and Safety Executive investigation and potential for a civil claim for damages.

#### Risk Consequence

Failure to comply with current legislation and demonstrate compliance may result in harm to staff and others, financial loss and enforcement action.

#### 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
3	5	15	AMBER

#### Q2 Update

Following an accident at Rawtenstall Cemetery where a child sadly died after being struck by a memorial, Officers have been fully co-operating with the Health and Safety Executive (HSE) investigation. Both a Prohibition Notice and an Improvement Notice were served by HSE, and these were subsequently satisfied within the timescales required. A programme of work commenced and continued throughout Q2, including implementing a new Memorial Safety policy, risk assessments for managing memorials, memorial inspection, safe systems of work for memorial work and training of six memorial inspectors. All memorials across the four RBC cemeteries and closed churchyards are being inspected and relevant action taken to make any unstable memorials safe. This programme will be completed by the end of Q4.

Health and Safety management training for all Senior staff has been arranged and will be completed in Q3.

A debrief, led by the Chief Executive, for the serious accident which occurred in Q4 2024/25, has been completed and further recommendations added to the action plan. Progress is being monitored via the Joint Consultative Committee (JCC) and Operations' Health and Safety Committee. The new Accident/Incident reporting and investigation policy was approved and implemented during the Quarter. The new Drugs and Alcohol Policy has been drafted, and will be presented to the JCC for further consultation. Joint workplace inspections with Unison have continued.

#### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
4	5	20	RED

## Risk 4 – Changes to Government policy on the delivery of the Council’s services

Responsible Officer - Rob Huntington

### Description

As a statutory body, the Council is subject to changes in policy and legislation proposed or implemented by central government that could affect how services are delivered to residents and businesses. This includes potential changes arising from local government reorganisation, which may impact the Council’s structure, responsibilities, and service delivery models.

### Risk Consequence

There is a risk that the Council may fail to respond effectively and prepare for policy changes or structural reforms, including local government reorganisation, leading to disruption in service delivery, loss of local influence, or resource pressures.

### Mitigation

The Council is an active member of the Local Government Association and District Councils Network, which provide updates on government policy and consultations. The Council also subscribes to daily briefings from the Local Government Information Unit (LGIU), including government news and policy analysis. The Chief Executive and Leader of the Council meet regularly with the borough’s MPs to raise local priorities and discuss emerging national issues. The Corporate Management Team continually monitors and assesses government positions on funding distribution, policy developments, and potential local government reorganisation proposals to ensure timely preparation and response.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
1	2	2	GREEN

### Q2 Update

The Council’s Policy, Performance, and Communications Officer receives regular policy bulletins and legislative updates from government departments and undertakes a weekly horizon scanning exercise. Updates are shared with the Senior Leadership Team and cascaded to relevant officers. ‘Horizon Scanning and Policy’ is a standing agenda item at the Corporate Management Team’s weekly meeting, facilitating ongoing discussions on recent announcements, funding opportunities, and other government updates to determine any required actions. Staff also attend webinars, and the Chief Executive regularly participates in the North West Chief Executives and Lancashire Chief Executives meetings, both with representation from the Local Government Association.

In Q2, officers continued to represent Rossendale in Lancashire-wide working groups for local government reorganisation, including the Chief Executives Group, HR and Workforce, Finance, Legal, Communications, and Data. Attendance at these sessions will continue to ensure Rossendale’s interests are represented and the Council remains actively engaged throughout the reorganisation process.

### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
1	2	2	GREEN

## Risk 5 – 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.

### Mitigation

The Council has robust HR policies and procedures, an agreed Authorised Establishment, performance management framework and Service Area Business Continuity Plans in place to mitigate any staffing challenges such as loss of staff due to the impact of an epidemic or pandemic. HR will work with managers to develop workforce succession planning. The Council provides an attractive benefit package including final pension scheme, flexible working, generous annual leave, a purchase leave scheme, free onsite parking, family friendly policies, discounted gym memberships and a cycle scheme to attract and retain staff.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
2	3	6	AMBER

### Q2 Update

Sickness absence at Q2 stands at 4.07 days per employee, projecting to approximately 8 days annually if current trends continue. This represents a significant improvement from Q2 2024 (5.30 days).

Q2 turnover was 6 employees, below the quarterly average of 7. Exit interviews identified varied reasons for departure including career advancement at other local authorities, self-employment opportunities, and personal travel decisions. No systemic organisational concerns requiring intervention were identified.

To strengthen our Employee Value Proposition, a new benefits package was launched in September through Vivup, providing wellbeing support (counselling and online GP services), lifestyle savings, and Home & Technology and Cycle to Work schemes via salary deductions.

Recruitment and retention challenges persist in critical service areas, particularly Planning and Environmental Health. To mitigate these difficulties, alternative entry-level roles have been established, including Apprentice Environmental Health Officer and Trainee Planning Officer positions, designed to develop internal talent pipelines and enhance retention.

### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
4	3	12	AMBER

## Risk 6 – 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 General Data Protection Regulation, Payment Card Industry Data Security.

### Mitigation

To protect against a data breach the Council, host all council data in Tier 3 Data Centres located in different geographical regions and are backed up daily. The Council's Data Centres hold the following accreditations: ISO27001:2022 and compliance with the PSN (Public Services Network) which means the Councils' infrastructure met all the security requirements to allow connection to the PSN. The Council adopts a Risk Insight approach to determine the threat Landscape and more importantly its evolution. A cyber security training programme is to be provided for all staff and members.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
3	5	15	AMBER

### Q2 Update

Rossendale have received confirmation on achieving the following security certifications:

As part of the Rossendale Council's defence in depth security approach, the following programmes of work will be performed over the 25-26 period:

- Futures Park replacement cloud switches.
- Deployment of real time daily patches.
- Implementation of SOC to prevent ransomware utilising ARP (**Autonomous Ransomware Protection**) and AI.
- Replacement of core perimeter firewalls.
- Deployment of Zerto BCM / DR.

### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
3	5	15	AMBER

## Risk 7 – Poor communications and public relations

Responsible Officer - Clare Law

### Description

Effective communication and public relations are vital for informing, maintaining, and strengthening relationships with our stakeholders, supporting the successful delivery of the Valley Plan 2025–2029, and ensuring effective and efficient Council services.

### Risk Consequence

Failure to proactively communicate, respond to emerging issues, or inadequate or inappropriate communications could significantly damage the Council's reputation at a local, regional, or national level. Reputational damage can negatively impact staff morale, public trust, and weaken relationships with stakeholders, ultimately affecting the successful delivery of our Valley Plan 2025-2029 and services.

### Mitigation

The Council has a range of digital, traditional, and internal communication methods to ensure effective outreach and engagement with stakeholders. The Council's Communications Team supports officers in delivering timely, consistent messaging that aligns with and reinforces the objectives of the Valley Plan 2025–2029. For high-profile or potentially controversial issues, an established escalation and sign-off process is followed to ensure communications are reviewed, authorised, and aligned with corporate priorities and reputational risk management.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
4	2	8	AMBER

### Q2 Update

In partnership with Viva PR, the Council continues to deliver external communications via its website, social media channels, and media releases. During Q2, 17 positive press releases were issued, helping to promote Council services, initiatives, and achievements.

The Council has continued the use of TikTok to strengthen engagement with younger audiences. Early results are encouraging, with the last three videos achieving an average of over 9,000 views. Moving forward, the Council will continue to use TikTok and other video content as part of its strategy to expand reach and improve audience engagement.

The Council's Facebook following has now reached 10,000. Reputational risk on social media has also improved in Q2, with positive sentiment (28%) outweighing negative sentiment (26%), and neutral sentiment remaining the highest (46%) — consistent with trends across other local authorities. The continued use of FAQ documents for potentially contentious announcements is helping to manage misinformation and reduce negative responses. Proactive messaging was released, including advance notice of car park closures in Rawtenstall and explanation as to what was happening and why, addressed misinformation about tree felling in Waterfoot, issued statements addressing misinformation about Fieldfare Way statement on HMO's, and statement about headstones in Rawtenstall cemetery.

### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
3	2	6	AMBER



## Risk 8 – Non – Delivery of Corporate Programmes

Responsible Officer - Rob Huntington

### Description

The Council has agreed the 5 corporate programmes for 2025/26 to support the delivery of Corporate Plan. These are; Town Centre Regeneration, Property – Asset Review, Climate Change, Operations, and Customer Digital Strategy.

### Risk Consequence

Failure to deliver the corporate programmes would have a detrimental impact on the delivery of the Council's Valley Plan 2025-29 – Our Place, Our Plan, and result in a reputational risk to the Council's commitment to the residents. The failure to deliver the corporate programmes 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.

### Mitigation

Each programme has a Programme Sponsor (member of the Corporate Management Team), a Programme Manager and Finance Officer. Each programme will have a robust plan and live risk register. The Programme Sponsor will be responsible for the strategic overview, and the Programme Manager will be responsible for the day-to-day management of activity. The Council's Programme Board meets quarterly to review the progress of its programmes. The Programme Sponsor is responsible for highlighting any concerns to the Corporate Management Team.

Risk assessment RAG status (after mitigation)	Likelihood	Impact	Overall Risk	Status
	1	2	2	GREEN

### Q2 Update

Following the review of the Valley Plan 2025–29 – Our Place, Our Plan, 5 programmes have been identified, with individual projects monitored at an operational level to support delivery. Oversight of these programmes is provided through quarterly Programme Board meetings, attended by the Corporate Management Team, Programme Managers, and the Police and Performance Officer.

The most recent Programme Board meeting took place on 21<sup>st</sup> August 2025. At this meeting, 3 programmes were reported with a 'green' RAG status, 1 with 'amber', and 1 with 'red'. The Town Centre Regeneration programme received a 'red' rating due to timescale pressures and risk level. Mitigation actions were agreed within the meeting.

Q2 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	2	2	4	AMBER

## Risk 9 – Financial Sustainability of Council Owned Leisure Assets

Responsible Officer – Chris Warren

### Description

National lockdowns during the Covid-19 pandemic resulted in Council owned leisure facilities closing for extended periods. During closure no income was received and outside of lockdown periods, income was significantly reduced. The Council provided a level of financial support during that time. The tail end of the cost-of-living crisis and ongoing levels of inflationary pressures on such items as salaries and utilities continue to have a significant negative impact on the sustainability of the Trust. If the trust fails to follow a strategy whereby with Council it agrees on and delivers an appropriate sustainable leisure offer for the borough there is the risk of the trust in its entirety becoming unviable leading to the curtailment of leisure activities for the residents and a significant financial pressure for the Council.

### Risk Consequence

If the trust fails to deliver an agreed sustainable future operating model, the operators of the facilities have little recourse to additional funding to survive other than through the Council earmarking a level of funding. Given that the Council has limited resources itself this would lead to a decision on which services would take priority with a likelihood that services and facilities could be ceased or closed.

### Mitigation

The trust has made great strides in delivering trading results to small surpluses in the last two years and continues to trade within the headroom approved by the Council. A strategic review of the Council's leisure offer has been agreed by elected members and members of the trust board. This review is out for procurement at the time of writing with an ambition to be completed by the end of the calendar year. The review will focus on the operational and financial approach to deliver a sustainable leisure offer for the borough and the appropriate governance and skills required to deliver this outcome.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
2	5	10	AMBER

### Q2 Update

A well-known sector consultancy firm has been retained to carry out an up to date review of the sufficiency operations and governance arrangements for the Council owned leisure assets and the Trust. Work has commenced with the consultants meeting a range of stakeholders. It is expected that some preliminary findings from the review will be available in December. This will be in time to inform proposals for revenue and capital budgets as necessary for both the Trust and the Council for 2026/27 onwards. The Trust Q2 forecast position is expected soon and is expected to be close to budget. At Q1 the Trust forecast a surplus to budget which is also critical to mitigating this risk.

### Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
2	5	10	AMBER

## Risk 10 – Waste Transfer Station

Responsible Officer – Andy Taylor

### Description

Following LCC's decision not to enter into a contract with Whinney Hill for the disposal of Residual Waste and Central Government's decision on the introduction of Domestic Food Waste Collections our current Waste Transfer Station no longer meets legislative requirements and as such needs replacing.

### Risk Consequence

Failure to have an operational Waste Transfer Station at April 2026 will result in additional costs for running residual waste and food waste directly to Farrington.

### Mitigation

The Council has a single source collaborative plan review document which will be updated and actioned on a monthly basis. A permanent resource requirement is being assessed for the Economic Development team and will feed into the budget setting process for 2025-26. On the assumption that this is accepted, recruitment of permanent, qualified staff will support delivery.

Risk assessment RAG status (after mitigation)	Likelihood	Impact	Overall Risk	Status
	4	3	12	AMBER

### Q2 Update

Project is proceeding as per project plan, RIBA stage 3 completed on target and planning application submitted by target date. RIBA 4 stage procured via Bloom framework at expected Budget. Key Target date for Q3 is Planning application determination in December and full Council agreement to proceed to RIBA stage 5 (Build). Residual Risk due to change in location from Henrietta Street site resulting in delays to the programme - no longer able to hit target completion date of April 26 – now looking at completion date of Dec 2026 which means that interim arrangements will be needed to transfer waste to Farrington between April 26 and Dec 26.

Q2 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	3	1	3	GREEN

<b>Subject:</b>	Internal Audit Plan 2025/26 Progress Report October - November 2025	<b>Status:</b>	For Publication
<b>Report to:</b>	Audit & Accounts Committee	<b>Date:</b>	3 <sup>rd</sup> December 2025
<b>Report of:</b>	Head of Internal Audit (Internal Audit Service)	<b>Lead Member:</b>	Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required: No	Attached:	No
<b>Biodiversity Impact Assessment:</b>	Required: No	Attached:	No
<b>Contact Officer:</b>	Mark Baskerville Audit Manager	<b>Telephone:</b>	01772 538615
<b>Email:</b>	<a href="mailto:mark.baskerville@lancashire.gov.uk">mark.baskerville@lancashire.gov.uk</a>		

## 1. RECOMMENDATION

- 1.1 The Committee are asked to consider the Internal Audit report on progress to deliver the 2025/26 audit plan.

## 2. EXECUTIVE SUMMARY

- To support the Audit and Accounts Committee in fulfilling its responsibility to monitor performance against the internal audit plan.
- 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

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. DETAILS

This paper reports progress with the delivery of each audit on the 2025/26 annual audit plan

## 5. RISK

All the issues raised and the recommendation in this report involve risk considerations as set out below: adequacy of Council management of risks in respect of the areas subject to audit.

## 6. FINANCE

Any financial implications are commented upon in the report.

## 7. LEGAL

Any legal implications are commented upon in the report.

## 8. POLICY AND EQUALITIES IMPLICATIONS

Reported findings have been discussed and agreed, including management responses to the recommendations, with respective Service Managers and Heads of Service prior to reporting.

## 9. REASON FOR DECISION

To support the Audit and Accounts Committee in fulfilling its responsibility to monitor Internal Audit performance.

No background papers.

## **Appendix A**

**Rossendale Borough Council**

**Internal Audit Service**

**Progress Report:**

**2025/26 Audit Plan Delivery October - November 2025**



## 1 Introduction

- 1.1 This report supports Audit and Accounts Committee's responsibility under its terms of reference to consider performance reports from Internal Audit on progress with delivery of the 2025/26 audit plan agreed at the July 2025 Committee meeting.

## 2 Summary of progress

- 2.1 The table below reports progress with delivery of the 16 audits on the audit plan. We have issued two final audit reports, are actively progressing six audits and are scheduling in the eight further audits for Quarter 4, including the four annual financial systems audits.
- 2.2 We issued a final report on our payroll audit, providing substantial assurance that processes are well-managed, with robust internal controls and improvements in documentation, system access, and procedural compliance.
- 2.3 Salford Technical Audit Service delivers our IT audits, and we issued the final report of their audit of the council's compliance with Payment Card Industry Data Security Standards (PCI DSS) framework. The audit gave a low level of assurance, identifying several significant gaps in the council's compliance framework. These included incorrect completion of the Self-Assessment Questionnaires (SAQs), unassessed payment channels, and incomplete vulnerability scanning, exposing the Council to potential regulatory penalties, reputational harm, and increased risk of cardholder data compromise. Staff responded positively and promptly to progress the implementation of solutions to a number of the findings.
- 2.4 A further IT audit is progressing, to assess controls in place to minimise key risks associated with physical access and environmental risks within the council's key IT infrastructure. The audit will concentrate on the logical, physical and environmental security of sites hosting elements of the network infrastructure, and arrangements are currently being made for the auditors to visit the council's outsourced data centre.
- 2.5 Our September progress report notified the Committee of our response to a reduction in internal audit team capacity due to leavers. We are still in the process of recruiting to vacancies under our revised structure. We have a new auditor starting in January and we are actively recruiting a further trainee auditor and senior auditor, to build Service capacity and to support our long-term sustainability.
- 2.6 We have included extracts from the finalised audit reports in Annex A to this report.

Control Area	Audit Progress	Assurance
<b>Governance and democratic oversight</b>		
LGA Improvement and Assurance Framework	Q4 Start	
Rossendale Leisure Trust	Q4 start	
<b>Business effectiveness</b>		
Capital Programme	Q4 start	
Contract management	Q4 start	
IT - Payment Card Industry Data Security Standards	Final	Limited (Low 5/10)
IT - Cyber Security: Outsourced Data Centre Physical Security and Environmental Controls	Progressing	
<b>Service delivery</b>		
Asset commercialisation	Progressing	
<b>Service support</b>		
Data management	Progressing	

Business processes		
Council tax	Progressing	
Business rates/ NNDR	Progressing	
Housing benefits	Progressing	
Payroll	Final	Substantial
Accounts payable	Q4 start	
Accounts receivable	Q4 start	
General ledger and budget setting	Q4 start	
Income collection/ banking	Q4 start	
Stage of audit process		Number of audits
Not started	8	
Planning	0	
Progressing	6	
Draft report	0	
Completed - Final Report or no report necessary	2	
Deferred/ cancelled	0	
Total number of audits	16	

### 3 Update on the National Fraud Initiative (NFI)

- 3.1 The most recent results from the council's involvement in the National Fraud Initiative NFI are shown below.

Category of data	Number of matches				Frauds	Errors	Savings identified
	identified	processed	cleared	investigating			
Housing Benefit	9	9	8	0	1	0	£26,926.13
Payroll	9	0	0	0	0	0	£0.00
Waiting Lists	89	5	5	0	0	0	£0.00
Council Tax Reduction	255	166	162	20	2	2	£9,865.21
Creditors	902	0	0	0	0	0	£0.00
Procurement	32	0	0	0	0	0	£0.00
<b>Totals</b>	<b>755</b>	<b>180</b>	<b>175</b>	<b>20</b>	<b>3</b>	<b>2</b>	<b>£36,791.34</b>


### 4 Use of this report

- 4.1 This report has been prepared solely for the use of Rossendale Borough Council and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

Extracts from Final Internal Audit reports

Payroll

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

See Appendix A for Rating Definitions

Overall, the audit concluded that payroll processes are well-managed, with evidence of strong internal controls and ongoing improvements in documentation, system access, and procedural compliance.

The organisational structure chart was produced and approved by the Corporate Management Team in July 2025. All officers listed on the chart were accurately reflected in the payroll system, with correct alignment of names and role titles. Tax thresholds were correctly input into the CHRIS21 payroll system in accordance with central government guidance and system access was appropriately restricted.

Starting and final salary payments were correctly calculated and processed in line with contractual terms. New starters were added to the organisational structure chart, and leavers had accurate end dates on the payroll system. Improvements were noted in the collation and retention of HR documentation for new starters, including completed personal file checklist, signed contract, proof of identity, and evidence of right to work in the UK. Exit interview completion rates showed improvement compared to the previous year, supported by increased involvement from HR in assisting line managers. Not all leavers agreed to participate or attended their scheduled interviews, but we acknowledge that there will always be some level of non-engagement.

Controls over overtime, mileage, and expense claims were effective. All claims were calculated using the correct rates, supported by retained evidence such as receipts, and approved by line managers prior to processing. Voluntary deductions were appropriately supported by either direct officer requests or third-party instructions. Sickness absences were supported by completed and signed sickness declaration forms retained on file. No officers were on maternity leave during the period reviewed, and therefore no testing was undertaken in this area.

Reconciliation procedures were robust. Exception reports were produced monthly to support the review of payroll accuracy prior to approval by the Head of Finance and Principal Accountant. Net pay posting reports were confirmed to match the Civica system totals for the period, providing assurance over the completeness and accuracy of payroll transactions.



## Section Two – Background and Scope

### 2.1 Background

This audit has been undertaken in accordance with the 2025/26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period January to August 2025 and has been conducted in conformance with the Public Sector Internal Audit Standards.

### 2.2 Context

The council uses the Complete Human Resource Information System (CHRIS21) to administer and calculate payroll. HR and payroll functions are undertaken by council officer's and system access is restricted to those in HR, payroll and ICT service.

The council employed 172 officers at the time of our review, with an approximate monthly net pay of £370k.

### 2.3 Previous audit


An internal audit of payroll was last carried out in September 2024. This resulted in a substantial assurance opinion being issued with one improvement action.

### 2.4 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Non-compliance with tax legislation related to employees, including the incorrect processing of deductions from salaries may lead to fines and penalties being imposed by HM Revenue and Customs;
- Access to the payroll system is not restricted or personal data is not stored securely;
- Unauthorised amendments to pay are processed resulting in inaccurate or untimely payment of salaries;
- Amendments relating to new starters and leavers are processed incorrectly or without sufficient authorisation, potentially resulting assets belonging to the Council being lost or stolen;
- Salaries and deductions are incorrectly calculated leading to employees being over or under paid;
- Bogus employees are set up on the payroll system enabling misappropriation of Council funds

IT: Payment Card Industry Data Security Standards  
Executive Summary

Risk Opinion	Risk Opinion Score
<p>The audit identified several significant gaps in Rossendale Borough Council's PCI DSS compliance framework, including incorrect completion of the Self-Assessment Questionnaires (SAQs), unassessed payment channels, and incomplete vulnerability scanning.</p> <p>These weaknesses expose the Council to potential regulatory penalties, reputational harm, and increased risk of cardholder data compromise.</p> <p>However, it should be noted that staff were quick to progress the implementation of solutions to a number of the findings documented in this report.</p> <p>As a result, the overall risk opinion score reflects a low level of assurance, indicating that urgent remedial action is required to address the three Priority 1 and four Priority 2 recommendations raised. Implementing these recommendations will strengthen the Council's PCI DSS posture and ensure ongoing compliance.</p>	<div><p>The scale above is an indication of the level of control measures in place to manage risk. See Appendix B for more details.</p></div>

Audit Overview

Overview	Audit Objectives
<p>Rossendale Borough Council is required to submit Self-Assessment Questionnaires (SAQs) to ensure compliance with the Payment Card Industry (PCI) Data Security Standards (DSS).</p> <p>As the Council processes card payments to deliver services and support its operations, adhering to these mandatory data security standards, established by the PCI Security Standards Council is essential.</p> <p>In addition to a lack of data security, failure to comply with the standards can result in fines from the card brands (MasterCard/VISA) and ultimately could result in the withdrawal of card payment services.</p>	<p>The objective of this review was to assess the current progress in reviewing whether appropriate controls are in place to ensure that payment card transactions are conducted securely, in alignment with the Payment Card Industry Data Security Standard (PCI DSS). The audit focused on the following key areas:</p> <ul style="list-style-type: none"><li>• The completed Self-Assessment Questionnaires (SAQs) corresponds accurately to the payment channels in use (e.g., chip &amp; PIN, telephone payments, online transactions), and that appropriate due diligence has been performed for any third-party service providers involved.</li><li>• Relevant vulnerability scans are conducted regularly and identified vulnerabilities are addressed and remediated.</li><li>• Evaluation of whether the key controls outlined in the SAQs have been implemented effectively, with supporting evidence available to demonstrate compliance.</li></ul>

### Scope, responsibilities and assurance

#### Approach

- 1 The Internal Audit Service operates in accordance with Public Sector Internal Audit Standards, 2017. The scope of internal audit work encompasses all the council's operations, resources and services including where they are provided by other organisations on its behalf.

#### Responsibilities of management and internal auditors

- 2 It is management's responsibility to maintain systems of risk management, internal control and governance. Internal audit is an element of the internal control framework assisting management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal auditors cannot therefore be held responsible for internal control failures.
- 3 We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. We have reported all such weaknesses to management as they have become known to us, without undue delay, and have worked with management to develop proposals for remedial action.
- 4 Internal audit procedures alone do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.
- 5 Internal audit's role includes assessing the adequacy of the risk management processes, key internal control systems and corporate governance arrangements put in place by management and performing testing to ensure those controls were operating effectively for the period under review.

#### Basis of our assessment

- 6 My opinion on the adequacy of control arrangements is based upon the result of internal audit work undertaken and completed during the period in accordance with the plan approved by the Audit and Accounts Committee. Sufficient, reliable and relevant evidence has been obtained to support the recommendations made.

#### Limitations to the scope of our work

- 7 Other than as set out in the audit plan for the year there have been no limitations to the scope of the audit work.

#### Limitations on the assurance that internal audit can provide

- 8 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from our work as internal auditors. These limitations include the possibility of faulty judgement in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Further, there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in the future.

- 9 Decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

### **Access to this report and responsibility to third parties**

- 10 This report has been prepared solely for Rossendale Borough Council. It forms part of a continuing dialogue between the Internal Audit Service, the chief executive, Audit and Accounts Committee and management of the council. It is not therefore intended to include every matter that came to our attention during each internal audit assignment.
- 11 This report may be made available to other parties, such as the external auditors. However, no responsibility is accepted to any third party who may receive this report for any reliance that may be placed on it and, in particular, the external auditors must determine the reliance placed on the work of the Internal Audit Service.

### Audit assurance and residual risks

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 these options and we will 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.
- **Reasonable 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.
- **Limited assurance:** there are some significant weaknesses in the design and/or operation of the framework of control that put the achievement of its 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 its objectives.

### Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **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.*



# Draft Auditor's Annual Report

## Rossendale Borough Council – year ended 31 March 2025

November 2025

# Contents

- 01 Introduction
- 02 Audit of the financial statements
- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities

Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Rossendale Borough Council. It has been prepared for the sole use of the Audit and Accounts Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

# 01

Introduction



# Introduction

## Purpose of the Auditor’s Annual Report

Under AGN07 we are required to issue our drafted auditor’s annual report to those charged with governance by 30 November each year, this includes where we have not yet issued our auditor’s report on the financial statements. We are required to reflect the work completed to date since the issue of the last auditor’s annual report was issued in February 2025.

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Rossendale Borough Council (‘the Council’) for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We plan to issue our audit report by the end of February 2026, in line with the national timetable. Our opinion on the financial statements will be disclaimed.



### Reporting to the group auditor

We have not yet received the group instructions from the NAO and as such as cannot yet undertake work on the Council’s Whole of Government Accounts (WGA) return.



### Value for Money arrangements

We have completed our procedures and we are not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources. This is because we previously issued recommendations in relation to two significant weaknesses in those arrangements. We are satisfied the Council has addressed one of the significant weaknesses previously identified but one remains relevant to the 2024/25 financial year. Section 3 provides our commentary on the Council’s arrangements and a summary of our previously issued weaknesses and recommendations, including the progress that the Council is making to address the remaining weakness in 2025/26.

## Audit of the financial statements

# Audit of the financial statements

## Our audit of the financial statements

Our audit will be conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2025 and of its financial performance for the year then ended.

We anticipate issuing a disclaimed audit opinion on the 2024/25 financial statements. This means our audit report will not express an opinion on the financial statements and no assurance will be provided. It is necessary to issue a disclaimer of opinion as amendments to the Account and Audit Regulations in 2024 introduced a statutory deadline for publication of the Council's financial statements for the 2023/24 and earlier financial years. We were unable to complete the audit procedures necessary to obtain sufficient appropriate audit evidence on which to base our opinion before the date the Council published its audited financial statements and as such six years of disclaimed audit opinions were issued in February 2025. There is insufficient time available to complete all the work required to issue an unqualified opinion on the 2024/25 financial statements ahead of the national deadline at the end of February 2026. The work to rebuild assurance following a disclaimer opinion is significant. Our focus through 2024/25 and into 2025/26 is on assessing the risks of material misstatement in the opening balances which are derived from the financial statements that have had a disclaimer opinion. The Council has provided information to enable us to commence our detailed risk assessment, this will drive the audit procedures necessary to give an unqualified opinion in a future year.

Our work on Value for Money  
arrangements

# VFM arrangements


## Overall Summary





# VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- 

**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- 

**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.
- 

**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

# VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 <b>Financial sustainability</b>	11	No – but previously reported significant weakness.	No – previously reported significant weakness has been addressed.	No
 <b>Governance</b>	14	No – but previously reported significant weakness.	Yes – continuing significant weakness relating to Rossendale Leisure Trust.	No
 <b>Improving economy, efficiency and effectiveness</b>	16	No – but previously reported significant weakness.	Yes – as above, continuing significant weakness relating to Rossendale Leisure Trust.	Yes



# VFM arrangements

## Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services





# VFM arrangements – Financial Sustainability

## Overall commentary on Financial Sustainability

### Background to financial sustainability in 2024/25

During 2024/25 the Council continued to face significant challenges, against a backdrop of an adverse national economy and a cost-of-living crisis, the Council continued to see significant increase in demand for its services. The financial impact of the coronavirus pandemic on the Council continues to feature with a continuation of one year Government Settlements and additional costs. The Council has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans over the medium term.

In response to these pressures it is essential the Council has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Council.

### The Council's financial planning and monitoring arrangements

In February 2024 the Council set a balanced budget for the 2024/25 financial year. The total net expenditure budget for Council services was approved at £10,599k with an increase in Council Tax of 2.99%. We have reviewed the Council's budget setting papers for 2024/25 and confirmed the budget is linked to the Medium Term Financial Strategy (MTFS). It includes details of key underlying assumptions including levels of inflation and pay increases alongside known changes to levies charged in respect of waste, transport, police and fire services. The budget setting process for 2024/25 included a greater focus on anticipating changes in demand and expected costs to provide a more accurate estimate of the cost of service delivery.

The tables below demonstrate the key financial information and performance across the last three years.

As the tables demonstrate, the Council has made good progress in 2024/25 against the significant weakness in financial sustainability arrangements previously reported. The Council has underspent against their budget and contributed £230k to reserves. The favourable key variances were due to additional interest income (£500k), staff cost savings (£166k), lower than budgeted spending on the Empty Homes scheme (£106k) and additional grant funding. The Council fell short of their in-year savings target of £123k, achieving £86k.

	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)
<b>Budgeted revenue net expenditure</b>	8,991	10,256	10,599
<b>Actual revenue net expenditure</b>	10,002	9,361	9,806
<b>Overspend/(Underspend)</b>	1,011	(895)	(793)

	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)
<b>Budgeted use of reserves</b>	56	756	564
<b>Actual use of reserves</b>	775	(1,206)	(230)
<b>General Fund reserves</b>	1,000	1,000	1,000
<b>Earmarked reserves</b>	7,484	9,326	11,743
<b>... of which relate to Transitional Reserve and Business Rates Retention Reserve</b>	4,091	5,893	9,022

Although the Council has underspent in year, the Housing directorate had an adverse variance of £158k. This was primarily driven by overspends on temporary accommodation, of £450k which arose due to demand being higher than was anticipated in the budget and an increase in placements outside of the borough. The Council is focusing efforts in 2025/26 on establishing longer term solutions to the increased costs arising from demand for temporary accommodation.

The approved Capital programme for 2024/25 was £19.6m. Total capital spending in 2024/25 was less than half of the budget at £9.5m. A large proportion (£3.9m) of the slippage related to projects funded through the Levelling Up Funds where programme deadlines have been extended to 2027. All of the capital spend slippage from 2024/25 has been rephased into future years. Slippage of the capital programme is commonplace in local authorities, but the Council should work to improve the accuracy of its forecasting to ensure annual budgets are realistic and deliverable.

The Council's financial and budget planning processes include a range of activities and consultations. The budget setting process involves engagement with senior Council officers and incorporates discussion about the delivery of statutory services and priorities. Where additional resources are required to deliver services, these are scrutinised and challenged before they are included in the budget estimates. Service area business plans are updated annually to align with the Council's overall corporate priorities. The service area business plans are used to highlight areas of potential savings and are monitored quarterly by the s151 officer. Any under-performance or budget variances are identified and brought to members attention through quarterly reporting. The Council's medium term financial sustainability must be based on a strategy of spending within available resources.

# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria – continued

We have reviewed a sample of the budget setting and monitoring reports and they clearly report the impact of the current financial position and projections on the future financial sustainability. These reports set out a planned use of reserves over the medium term to bridge funding gaps. The continued use of reserves to support the costs of service delivery is unsustainable.

### The Council's arrangements for identifying, managing and monitoring funding gaps and savings

The Medium Term Financial Strategy (MTFS) is a three-year plan which the Council reports sets out its commitment to provide services that meet the needs of people locally and that represent good value for money within the overall resources available to it.

A key part of the strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years. The Council do this by forecasting the level of resources and budget pressures, relating to both capital and revenue spending. The Council also assess whether sufficient reserves and provisions are held for past and unknown events which may impact on the Council's resources. The MTFS is closely interlinked to other Council plans and strategies such as the Corporate Strategy, Capital Programme and Annual Revenue Budget.

Quarterly financial monitoring reports are taken to Cabinet which give members an update on the Council's financial position against budget. Departmental overspends and variances are reported and any changes are given a risk rating. Savings are identified as part of the budget setting process.

### Council's approach to 2025/26 financial planning

The Council adapted their arrangements for the 2025/26 budget setting process by establishing a more comprehensive budget approach, specifically involving more input from individual budget holders. This has allowed the Council to more accurately understand the cost of delivering Council services and produce annual budgets that are realistic and achievable.

The budget for 2025/26 was approved at the March 2025 Council meeting. The Council set a balanced budget with total net expenditure for Council services of £11,535k with an increase in Council tax of 2.99%. The 2025/26 budget includes £179k of identified savings and efficiencies. The Council budget was balanced through the use of £574k of the transitional reserve.

The Quarter 2 financial report for 2025/26 shows a forecasted underspend of £519k for the year against the original net expenditure budget. This favourable variance is a result of reduced staffing costs and additional bank interest income. The Council are forecasting a contribution to reserves in 2025/26 of £38k.

The MTFS that was presented alongside the 2025/26 budget demonstrates clearly the Council's challenging financial position. The MFTS projects funding gaps in 2026/27, 2027/28 and 2028/29 of £827k, £904k and

£934k respectively which are planned to be met through the use of reserves. The Council currently projects a level of the transitional reserve at the end of 2027/28 of £1,063k. Whilst the use of reserves is not sustainable over the long term, the Council has demonstrated a good track record since 2023/24 of identifying additional savings and raising income to deliver balanced budgets.

### Rossendale Leisure Trust

Rossendale Leisure Trust (RLT) is a Community Benefit Society that manages a portfolio of the Council's leisure and sports facilities. The Council and the Trust have a close working relationship. Until May 2023 the Council had a long-standing arrangement to pay the Trust's pay and non-pay expenditure and the Trust would repay this. In May 2023 this changed and the Council now limits this arrangement to just the pay expenditure costs. This financial arrangement exposes the Council to a significant risk if the Trust is unable to reimburse the Council for their expenditure, further depleting the Council's available resources. During the COVID-19 pandemic and subsequently, RLT have been financial supported by the Council which has resulted in a significant balance currently being owed to the Council. There is no repayment plan in place to repay the debt owed and the Council have not yet accounted for any impairment of this balance, working on the assumption it will be repaid in full. Consequently the Council's reserves position reported to members does not include the impact of any uncollectable debt owed to the Council. The debt at the end of March 2025 was £1,284k, this is the same level reported as at the end of March 2024. The Council needs to assess, manage and mitigate the risk that it will not receive the full amount owed.

The Council have commissioned an independent strategic review which commenced in the autumn of 2025. The review will provide the Council with recommendations on:

- The leisure need within the Borough and recommended leisure portfolio,
- A Service Level Agreement/management agreement between the Council and RLT,
- Future trading models and a five-year business plan, specifically outlining the timetable for the Trust to repay the debt owed to the Council, and a
- Financing structure for all current loans and debt.

The Council expect to receive the outcome of the strategic review at the end of 2025, this will allow them to include appropriate expectations within the 2026/27 budget.

***Based on the above considerations we are satisfied that there is not a significant weakness in the Council's arrangement in relation to financial sustainability.***

# VFM arrangements

## Governance

How the body ensures that it makes informed decisions and properly manages its risks





# VFM arrangements – Governance

## Overall commentary on Governance

### The Council's risk management and monitoring arrangements

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of effectiveness, economy and efficiency. In doing this it is responsible for putting in place proper arrangements for the governance of its affairs, effective exercise of its functions and arrangements for the management of risk.

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. The Council's Constitution details that the Audit and Accounts Committee is responsible for reviewing and monitoring those arrangements.

The Council has adopted a Risk Management Strategy which sets out the approach to managing risk. The strategy was last updated in 2016. We reported an 'other recommendation' within our 2022/23 Value for Money reporting highlighting the need to update key policies. The Council have not yet addressed this recommendation and it is relevant also to 2023/24, further details of this recommendation are on page 18. The Council has a Corporate Risk Register, risks are reviewed on a quarterly basis and reported to the Audit and Accounts Committee. At the September 2025 meeting the quarterly report categorised 2 risks as low, 8 as medium and none as high. This shows a decrease in the RAG rating of the Council's medium term financial sustainability and the Council's owned leisure assets which were reported as being high risks during 2024/25.

The Committee review the risks and challenge officers on the actions taken to address the risks. The role in taking decisions to reduce the risk levels lies outside of the Audit & Accounts Committee, with the Council, the Cabinet, or the Senior Leadership Team under delegated powers.

The Council's Internal Audit is provided by Lancashire County Council. The annual Internal Audit plan is developed by the Head of Internal Audit, agreed with management at the start of the financial year and is reviewed by the Audit and Accounts Committee prior to final approval. The audit plan is based on an assessment of risks that the Council faces and is designed to ensure that there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented if necessary by ad hoc reviews on suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plan for 2024/25 and confirmed that it is consistent with the risk-based approach.

Internal Audit progress reports are presented to Audit and Accounts Committee meetings including follow up reporting on recommendations. At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion on the Council's governance, risk and control framework based on the work completed during the year. The Annual Report is presented at the July Audit and Accounts Committee, in July 2025 the Head of Internal Audit's overall opinion on the Council's control environment in 2024/25 was "moderate assurance". There are no significant issues highlighted from our review of the annual Internal Audit reports.

### Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement (AGS). The AGS is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on its governance, assurance and internal control frameworks for the financial year. The AGS is formally signed by the Chief Executive and Leader of the Council. The governance structure, as described in the AGS includes amongst other things the Constitution which sets out the approach to decision making. The Constitution is kept under review and updated as required. The Overview and Scrutiny Committee are in place to formally challenge the Council's decision-making process.

As commented on in the financial sustainability section, the Council have a close working relationship with Rossendale Leisure Trust (RLT). Within our 2023/24 VFM reporting we recommended the Council should put in place a comprehensive signed agreement with RLT. The Council is currently working with the Trust on a strategic review of the current arrangement, the detail of which is included on page 13, but there is not yet a signed agreement in place. This agreement would serve to protect the Council from risks associated with the partnership especially relevant given the significant level of debt owed by RLT. It is our view that this is evidence of there being a continued significant weakness in the Council's arrangements with regards to properly informed decision making of the Council.

### Financial Statements

Prior to 2023/24 the Council had significant delays in producing their draft annual financial statements. The Council has strengthened the resources in the finance team and the team have continued to develop their knowledge and experience of local government accounting and reporting. The Council published its 2024/25 draft financial statements on 27 June 2025, before the national deadline and in line with its closedown plan.

***We reported a significant weakness in arrangements for governance in 2023/24 relating to the arrangements with Rossendale Leisure Trust. Based on the work completed for 2024/25 we consider the significant weakness to still exist. We have included details of this continuing significant weakness on page 20.***

# VFM arrangements

## Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on Improving Economy, Efficiency and Effectiveness

### The Council’s arrangements for assessing performance and evaluation service delivery

The Council prepares performance monitoring and financial monitoring reports which are regularly reported throughout the year. Quarterly performance management reports are presented to the Overview and Scrutiny committee. These reports are presented alongside narrative reporting of actual performance, progress to achieving targets, current and known future challenges and an assessment of how the Council is performing. The Council reports on a quarterly basis how they are performing against their KPI’s, any underperformance would be raised to members. We have reviewed a sample of the reports and can confirm that the information within is presented in an understandable format for committee members to make informed decisions.

The Council’s objectives are set out in its Corporate Plan 2021-2025. The Council’s strategy focuses around the following core areas:

- Thriving local economy
- High quality environment
- Healthy and proud communities
- Effective and efficient Council

The Council’s Medium Term Financial Plan ties into the Corporate Plan to ensure that funding is targeted as appropriate towards the Council’s priorities. The monitoring of the achievement of the Corporate Plan priorities is considered during the Council’s quarterly reporting. Additionally, a Operations Service Improvements board has been set up as a direct result of the financial and operational performance.

### The Council’s arrangements for effective partnership working

The Council has a number of partnerships with a range of organisations which is consistent with the sector in which they operate. These include service delivery partnerships, statutory partnerships and commercial partnerships, examples of key partnerships are set out below.

Rossendale Connected is coordinated by the Council and is a partnership of over 80 organisations from various sectors working together to make a positive impact on the health and wellbeing of Rossendale residents, focusing on the delivery of the Rossendale Health and Wellbeing Plan. Capita is another of the Council’s key longstanding partnerships, with Capita providing revenue and benefits services to Rossendale residents. The Council’s Service Assurance Team has a close working relationship with Capita colleagues. The success of the partnership is evidenced by high Council Tax and Business Rates collection rates. Other key partnerships include Together Homes, Rossendale Heritage Network, Plan for Neighbourhood, Rossendale Works and other Community Partnerships.

In our view the partnership working with Rossendale Leisure Trust, as detailed on page 13, is evidence of an

ineffective partnership working arrangement. Whilst the basis for the Council’s relationship with Rossendale Leisure Trust is to provide services to the local community; the Council does not have appropriate controls or operating arrangements to deliver effective services to service users. The lack of controls is evidence that there is a significant weakness in the Council’s arrangements. The Council has commissioned a strategic review, as detailed on page 13, which aims to address the weaknesses in the arrangement.

### The Council’s arrangements for procurement and commissioning services

The Council’s Constitution contains a chapter on the Contract Procedure Rules. The Council also sets the detailed process the Council must follow when procuring goods and services. The Procurement Strategy was due to be updated in 2020. This update is in progress to bring the policy in line with the Procurement Act 2023 but is yet to be completed. The Council have appropriate controls in place to ensure compliance with the Act from February 2025. It is important that the Council has clear and up to date policies to ensure that procedure is clear and the Council is protected when entering into agreements with third parties.

We have raised this as an ‘other recommendation’ since our Value for Money reporting on the 2020/21 financial year in March 2024. We are aware the Council is undertaking a full review and refreshing their policies but this has not yet been finalised. We have therefore raised this as an ‘other recommendation’ in 2024/25.

### Other recommendation

Description	Recommendation
The council has a number of policies that are out of date and require reviews and updating.	The Council should ensure it has a programme in place to review the Council Policies and update as necessary. This ensures management are acting in a lawful and compliant way to provide services or the local community.

***We reported a significant weakness in arrangements for improving economy, efficiency and effectiveness in 2023/24 relating to the arrangements with Rossendale Leisure Trust. Based on the work completed for 2024/25 we consider the significant weakness to still exist. We have included details of this continuing significant weakness on page 20.***



# VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weaknesses, and made recommendations for improvement in the Council’s arrangements to secure economy, efficiency and effectiveness it its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council’s progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Council progress in 2024/25	Overall conclusions
<p><b>Financial Sustainability</b></p> <p>The Council’s budgets for 2020/21, 2021/22 and 2022/23 all relied upon the use of reserves to bridge funding gaps. In addition, the Council’s outturn position for each of these years were overspent. The Medium Term Financial Strategy (presented to Council in February 2023) projected funding gaps in 2024/25, 2025/26 and 2026/27 of £857k, £1,514k and £1,564k. The growing deficit is forecast to exhaust the Council’s General Fund reserve by 2025/26, which is evidence of an unsustainable reliance on reserves and a lack of action to address the underlying reasons for persistent overspending.</p> <p>In our view the failure to address the underlying deficit is evidence of a significant weakness in the Council’s arrangements for financial sustainability (how the Council plans to bridge its funding gaps and identify achievable savings) in 2020/21, 2021/22 and 2022/23.</p>	Financial Sustainability	<p>The Council should develop sustainable financial plans to ensure services can be provided within available resources. Specifically, the Council should:</p> <ul style="list-style-type: none"> <li>undertake a baseline assessment of the affordability of services and funding available against Council priorities;</li> <li>develop a detailed plan to address the deficit; and</li> <li>ensure sufficient information is available to monitor and deliver planned savings.</li> </ul>	<p>The Council has made good progress against this recommendation in 2024/25. There was an underspend of the budget by £800k. This has allowed a positive contribution to reserves of £230k. 2024/25 is the second year of underspends and contributions to reserves the Council has delivered.</p> <p>The Council has performed an assessment of the affordability of their services and improved their budget setting process.</p> <p>Where funding gaps are identified the Council has identified additional savings and income to mitigate the use of reserves.</p> <p>Quarterly finance updates are reported to Cabinet which clearly set out the forecasted outturn, savings and impact on reserves.</p>	We conclude the Council has addressed the recommendation and has proper arrangements in place for 2024/25.



# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year - continued

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Council progress in 2024/25	Overall conclusions
<p><b>Partnership with Rossendale Leisure Trust</b></p> <p>Rossendale Leisure Trust (the Trust) manages a number of the Council's leisure facilities and has done since 2004. During the period 2020/21, 2021/22 and 2022/23, the Council paid for pay and non-pay expenditure incurred by the Trust.</p> <p>During and following the COVID-19 pandemic the Council gave revenue financial support to the Trust including lease payment holidays and grant allocations, this has resulted in a significant balance currently being owed to the Council by the Trust. We have seen no evidence of a repayment plan to repay the debt and the Council has not accounted for any impairment of the balance.</p> <p>Officers have confirmed there is no formal overarching agreement or contract between the Council and the Trust. For a partnership of this size and nature we would expect to see a comprehensive, signed agreement in place that aims to protect the Council's interests. This deficiency in arrangements for the provision of leisure services is evidence of significant weaknesses in the Council's arrangements for governance (how the body ensures it makes properly informed decisions, supported by appropriate evidence) and for improving economy, efficiency and effectiveness (how the Council ensures that commissioned services realise the expected benefits), in 2020/21, 2021/22 and 2022/23.</p>	<p><b>Governance &amp; Improving the three Es</b></p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>ensure that there is a comprehensive signed agreement in place to formally document the working relationship with Rossendale Leisure Trust;</li> <li>put in place arrangements to recover the debt owed by Rossendale Leisure Trust; and</li> <li>carry out an impairment review of the debt and recognise an expected credit loss where appropriate.</li> </ul>	<p>The Council has commissioned a strategic review to assess the terms of the current arrangement. The Council plans to put in place an operational agreement following the conclusion of this review.</p> <p>The balance owed to the Council has remained static in 2024/25, £1.3m as at March 2025 and there is no repayment agreement in place. The Council plans to incorporate this in the agreement with RLT following the strategic review.</p> <p>No impairment of this balance has been accounted for, following the Trust forecasting a small surplus.</p> <p>Whilst the Council has taken some action against the recommendation previously issued, by setting up a strategic review. In our view the action taken to date does not address our recommendation.</p>	<p>We consider this weakness has not been addressed and still exists for 2024/25.</p>

## Other reporting responsibilities

# Other reporting responsibilities

## Wider reporting responsibilities

### Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the group auditor

### Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We plan to issue this once we have completed our audit work. We have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

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