

Governance Committee

Tuesday, 25th January, 2022, 6.00 pm

Shield Room, Civic Centre, West Paddock, Leyland PR25 1DH

Agenda

1 Apologies for absence

2 Declarations of Interest

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

3 Minutes of meeting held Tuesday, 30 November 2021 of Governance Committee

(Pages 3 - 6)

Minutes of the last meeting are attached to be agreed as a correct record for signing by the Chair.

4 Audit Progress Report and Sector Update

(Pages 7 - 24)

Report of the External Auditors attached.

5 Internal Audit Interim Report as at 31st December 2021

(Pages 25 - 34)

Report of the Shared Service Lead (Audit and Risk) will be to follow.

6 Strategic Risk Review

(Pages 35 - 56)

Report of the Deputy Chief Executive attached.

7 Annual Governance Statement 2020/21 - Action Plan Update

(Pages 57 - 62)

Report of the Director of Governance and Monitoring Officer attached.

8 RIPA update - 2021 - 2022

(Pages 63 - 72)

Report of the Director of Governance and Monitoring Officer
attached.

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Governance Committee Councillors
Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton,
Margaret Smith, Alan Ogilvie, Angela Turner and Kath Unsworth

The minutes of this meeting will be available on the internet at
www.southribble.gov.uk

Forthcoming Meetings

6.00 pm Tuesday, 29 March 2022 - Wheel Room, Civic Centre, West Paddock,
Leyland PR25 1DH

Minutes of	Governance Committee
Meeting date	Tuesday, 30 November 2021
Committee members present:	Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton, Margaret Smith, Alan Ogilvie and Kath Unsworth
Officers present:	Gary Hall (Chief Executive), Dave Whelan (Shared Services Lead - Legal & Deputy Monitoring Officer), Dawn Highton (Shared Service Lead- Audit & Risk), Tony Furber (Principal Financial Accountant), James Thomson (Deputy Director of Finance), Coral Astbury (Democratic and Member Services Officer) and Georgia Jones
Other attendees:	Councillors Paul Foster, Clare Hunter, Phil Smith, Mick Titherington and Karen Walton
External Auditors	Georgia Jones (Grant Thornton)

24 Apologies for absence

Apologies were received from Councillor Angela Turner.

25 Declarations of Interest

No declarations were made by members, however, the Council's External Auditor indicated an interest in Item 5 Appointment of External Auditors and provided that they would be happy to leave the meeting at this point.

The Deputy Monitoring Officer advised that the External Auditors could remain in the meeting for this item.

26 Minutes of meeting Wednesday, 29 September 2021 of Governance Committee

Resolved: (Unanimously)

The minutes of the meeting Wednesday, 29 September 2021 were agreed as a correct record for signing by the Chair.

27 Audit Progress Report and Sector Update

The committee considered a report of the Council's External Auditor, Grant Thornton which sought to provide a general sector update and information for members on various reports of interest.

Agenda Item 3

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The External Auditor's explained that an unqualified opinion had now been given on the financial statements and the value for money work was still ongoing. The External Auditors were hoping to report the annual report at the next meeting of the committee, with the certification work starting soon to meet the end of January deadline.

In response to a member enquiry, it was confirmed that value for money considers whether the council has arrangements in place to provide value for money. When looking at capital projects and overspends the auditors would consider various factors such as how soon the overspend was identified, how it was corrected and the reasons behind the overspend. The auditors would only be concerned if the overspend was identified at the end of the project.

Resolved: (Unanimously)

That the report be noted.

28 Appointment of External Auditors

The Service Lead (Audit and Risk) presented a report that set out the options available to the council for the appointment of an external auditor for the period 2023/24 to 2027/28. Following abolition of the Audit Commission in 2018 the council opted into the Public Sector Audit Appointments Limited (PSAA) scheme to appoint the external auditors and it had now come to the end of the appointment period.

The Service Lead (Audit and Risk) explained that the recommendation was to opt back in to the PSAA scheme and committee were requested to refer the decision to opt back in to full Council for ratification.

Members enquired how PSAA allocate external auditors. It was explained by the Service Lead (Audit and Risk) that PSAA would undertake a procurement exercise, identify the available firms and allocate local authorities to them. Previously PSAA had tried to allocate External Auditors based on the geographical locations.

Resolved: (Unanimously)

That the committee recommend to Council to opt into the Public Sector Audit Appointments national scheme for the appointment of the external auditor.

29 Treasury Management Activity Mid-Year Review 2021/22

Members considered the report of the Director of Finance which sought to report on the Treasury Management performance for the financial year, 2021/22 to the end of September.

The Principal Financial Accountant advised that the continuing effects of the pandemic were visible on both the cash flow and the level of interest on investments. In terms of cash flow, there was still relatively high levels of cash balance in the accounts averaging around £54 million. The balance within the accounts were currently over £60 million and it was expected to tail off before the end of the year.

Agenda Item 3

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Members noted the limited investment opportunities, and it was explained that it was because local authorities had more cash than usual and were not looking to borrow. The Principal Financial Accountant provided that interest earned averaged at 0.11% and had exceeded the council's target of 0.10%.

In the recent Corporate Peer Challenge of the council reference was made to Treasury Management activities in two areas. The Principal Financial Accountant explained that the first was treasury management training for members, which should happen regularly. This would be arranged over the next three months. Secondly, the investment policy was seen to be overly cautious by Peers. Officers were of the view that the investment policy was appropriately cautious rather than excessively, this had been discussed with treasury advisers who were of the same view.

Members noted an error within Appendix B in the table of Investments as at 30 September 2021, the amount lent to Plymouth City Council was £4 million and the appendix would be amended.

In response to a member enquiry, the Principal Financial Accountant explained that the placement with Goldman Sachs was a termed deposit and it would have been ideal to place the extra £2 million with them, however they weren't looking for the investment at the time.

Members asked if the council were still receiving the 0.4% interest rate from Santander and noted that this was the rate being received on 30 September 2021, although this had varied.

The Leader of the Council asked how the two notice accounts which had been invested for 4 or 5 years (Appendix B) fitted in with the Treasury Management Strategy. The Principal Financial Accountant explained that the accounts had been invested but were still available at short notice for withdrawal. The investments continued on a roll over basis and remained within the limit as the investment would only be invested for under six months. Further clarification would be given outside of the meeting and it was agreed that the rollover date would be added to the report moving forwards.

Members commented on the results of the Peer Review and stated that it might be time to be less risk averse and make better use of investment. It was provided that the Investment Policy would be reviewed as part of the budget process.

Resolved: (Unanimously)

That the report be noted.

Chair

Date

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South Ribble Borough Council Audit Progress Report and Sector Update

Year ending 31 March 2021

January 2022



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at January 2022

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in April 2021. We began our work on your draft financial statements in July 2021.

In July we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The date by which authorities were required to publish audited financial statements was 30 September.

We have completed our work on the Council's financial statements and reported on this work to the Governance Committee in our Audit Findings Report on 29 September. We issued an unqualified opinion on the Council's financial statements on 5 November 2021.

We are continuing with our value for money work and will report to committee members on the outcome of that work in our Auditor's Annual Report. This is due by 5 February 2022.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements.

At the time of writing our work is substantially complete. We are finalising our internal quality procedures and will then share the draft report with officers for discussion. The final report will be provided to members at the next Governance Committee.

Progress at January 2022 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim is underway and we are working towards the deadline for certification of 31 January 2022.

Meetings

We meet with Finance Officers on a regular basis and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive and Senior Leadership Team in November to discuss the Authority's strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Governance Committee in our audit plan.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 437">Audit Plan</p> <p data-bbox="120 456 1339 555">We are required to issue a detailed audit plan to the Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	July 2021	Complete
<p data-bbox="120 632 416 660">Audit Findings Report</p> <p data-bbox="120 679 1182 708">The Audit Findings Report was reported to the September Governance Committee.</p>	September 2021	Complete
<p data-bbox="120 785 331 813">Auditors Report</p> <p data-bbox="120 833 734 861">This is the opinion on your financial statements.</p>	November 2021	Complete
<p data-bbox="120 938 443 967">Auditor's Annual Report</p> <p data-bbox="120 986 1155 1015">This Report communicates the key issues arising from our Value for Money work.</p>	February 2022	Not yet due

Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

FRC report (cont.)

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Sector Update

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

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

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

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

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

Public Sector

Local
government

Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG

Government has published a response to the Housing, Communities & Local Government (HCLG) Committee report on local authority financial sustainability and the section 114 regime, published in July.

The MHCLG report states “In recent years, the financial sustainability of local government has faced successive challenges, including increased demand for services, especially social care, changes to the level of funding equalisation between councils and, most recently, the COVID-19 pandemic. In some instances, councils have been in such acute financial trouble that they have approached the Ministry of Housing, Communities and Local Government for financial assistance; three of these—Northamptonshire in 2018, Croydon in late 2020 and Slough in July 2021—issued section 114 notices, essentially declaring they had run out of money. Our inquiry has sought to identify the most serious threats facing local councils’ finances. In light of the various factors we consider in the report, including the somewhat delayed Fairer Funding Review, renewed discussion about property taxes and the need to reform funding for social care, the time is right to consider a more radical review of local government finances—and our report makes various recommendations about how this should be done. We also consider what happened at Croydon—which prompted us to look at the section 114 regime—in the annex to our report.”

The report includes sections on:

- Social Care
- Funding
- COVID-19
- Local authority commercial investment
- Audit and control

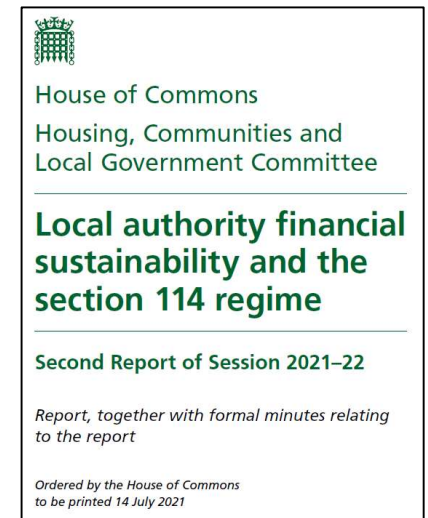
The report made 13 recommendations, and the Government response to these was published in October. The response notes “Moving forward, we will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline service and support other government priorities. We will also take stock, including of the impact of the pandemic on local authority resources and service pressures, to determine any future reforms.”

The initial report can be found here:

<https://committees.parliament.uk/publications/6777/documents/72117/default/>

Government response can be found here:

<https://www.gov.uk/government/publications/local-authority-financial-sustainability-and-the-section-114-regime>



Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons
Committee of Public Accounts

Local auditor reporting on local government in England

Eleventh Report of Session 2021–22

2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

2023-24 audit appointments – Public Sector Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

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

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

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

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psaa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

Guide to support Value for Money (VfM) analysis for public managers – CIPFA

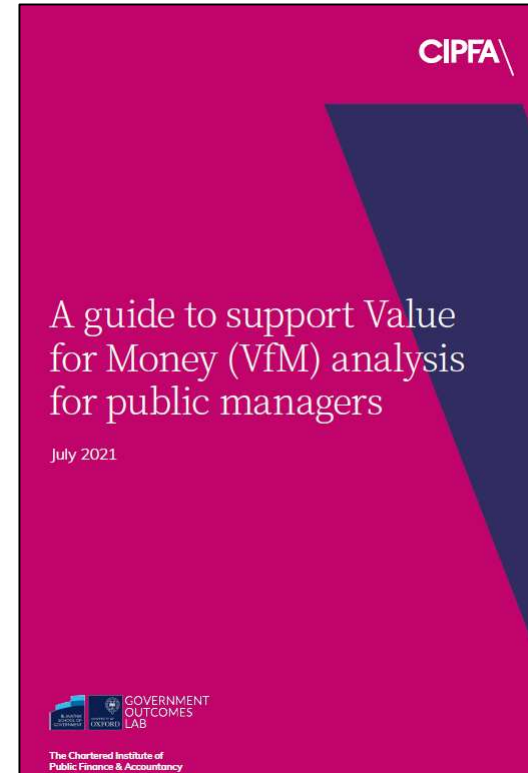
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)

Local government and net zero in England – NAO

The National Audit Office (NAO) report responds to a request from the Environmental Audit Committee to examine local government and net zero. It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK's statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

The NAO comment “While the exact scale and nature of local authorities’ roles and responsibilities in reaching the UK’s national net zero target are to be decided, it is already clear that they have an important part to play, as a result of the sector’s powers and responsibilities for waste, local transport and social housing, and through their influence in local communities. Government departments have supported local authority work related to net zero through targeted support and funding. However, there are serious weaknesses in central government’s approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities’ overall roles, piecemeal funding, and diffuse accountabilities. This hampers local authorities’ ability to plan effectively for the long-term, build skills and capacity, and prioritise effort. It creates significant risks to value for money as spending is likely to increase quickly.

MHCLG, BEIS and other departments recognise these challenges and are taking steps to improve their approach. Their progress has understandably been slowed by the COVID-19 pandemic, but there is now great urgency to the development of a more coherent approach.”

Key findings include:

- Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.
- There is little consistency in local authorities’ reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved.
- Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.

The report can be found here:

<https://www.nao.org.uk/report/local-government-and-net-zero-in-england/>



Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

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

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

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

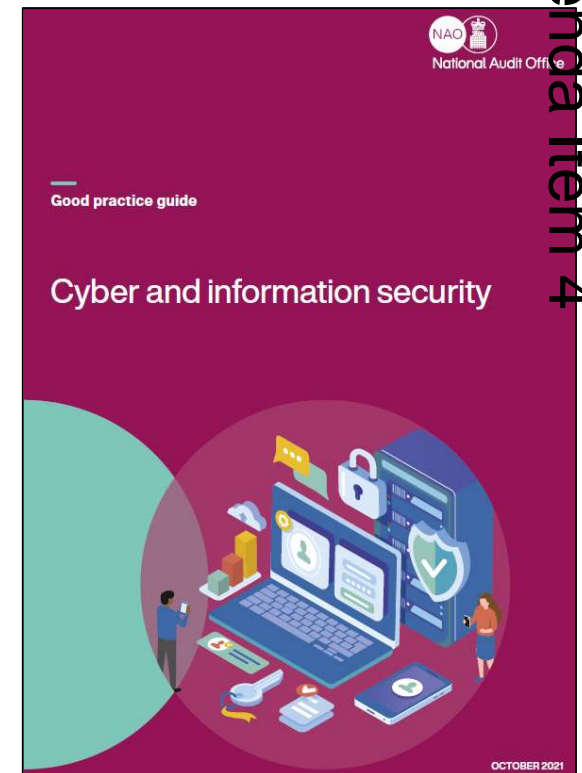
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

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

The report can be found here:

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





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Report of	Meeting	Date
Director of Governance and Monitoring Officer	Governance Committee	Tuesday, 25 January 2022

Internal Audit Interim Report as at 31 December 2021

Is this report confidential?	No
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Purpose of the Report

- The purpose of this report is to advise members of the work undertaken in respect of the Internal Audit Plan from September 2021 to December 2021 and to give an appraisal of the Internal Audit Service's performance to date. The Committee is also asked to approve the amendments to the Audit Plan 2021/22.

Recommendations to Governance Committee

- Members are asked to:
 - Note the position with regard to the Internal Audit Plan
 - Approve the amendments to the Internal Audit Plan 2021/22

Corporate priorities

- The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

- The Internal Audit Plan for 2021/22 was approved by the Committee at its meeting in April 2021 and provides for 499 days of audit work.
- This is the second interim report for 2021/22 and covers the period between 1 September and 31 December 2021.

Internal Audit Reports

- Appendix A** provides a snapshot of the overall progress made in relation to the 2021/22 Internal Audit Plan, indicating which audits have been completed and their assurance rating, those that are in progress and those that have yet to start. **Appendix A** also shows the time planned and actually spent on individual audits.

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7. The table below highlights the main pieces of work undertaken during the period together with any issues identified where applicable:

Name of Review	Assurance Rating	Comments
National Fraud Initiative	Not applicable	Work is currently on-going to provide the mandatory Business Grant Recipient Data by the deadline 24 January 2022 along with the Council Tax SPD 2021 which is due by the deadline of 28 January 2022.
COVID Post Payment Assurance	Not applicable	<p>In addition to the assurance provided to BEIS which was now included in the first interim report, Internal Audit are now working on the sample of paid Local Restriction Support Grants (LRSG).</p> <p>The evidence to support that the payments are compliant with the grant eligibility criteria is due to be submitted to BEIS before the end of Jan 22.</p>
COVID Pre Payment Assurance	Not applicable	Internal Audit have continued to provide support to Directorates by reviewing new and existing procedures to provide assurance that they are robust, meet Government requirements and measures are in place to ensure fraudulent activity is minimised for grant payments.
Sundry Debtors	Substantial	This was a risk-based review and only minor improvements are required to strengthen the current arrangements in place.
Leisure Centres	Not applicable	The review has been completed and report presented to the Board of Directors of South Ribble Leisure Limited.
Disabled Facilities Grants	Adequate	<p>Our work has established that local residents have continued to benefit from the provision of Disabled Facilities Grants by the Council throughout periods of lockdown and disruption over the last year due to Covid 19 and customer feedback has shown an appreciation of the client's circumstances and concerns, with a good level of sensitivity applied throughout the application process. The Senior Strategic Housing Officer has effective policies and procedures in place to direct service provision and support Officers throughout the application process from start to finish.</p> <p>Testing was undertaken on a sample of applications processed throughout periods of Covid 19 lockdown and identified that due to a change in working practices driven by the pandemic, modifications have been</p>

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		<p>made to established controls to accommodate working from home arrangements. Due to the change in controls operational during the period of review we were unable to evidence that the necessary checks had been undertaken at the appropriate stage of the application process.</p> <p>Established controls have now been reinstated, however due to the control changes in place during the period of review an Adequate assurance rating was awarded for this review.</p>
Facilities and Building Management	Limited	<p>A full copy of the report has been provided to members of the Committee.</p> <p>The final report contained actions with short timescales for implementation due to the criticality of the issues identified.</p> <p>As at the end of December 2021, the majority of these actions have been implemented. The remaining actions are in progress, with a revised implementation date of March 22.</p>
Risk Management	Adequate	<p>As responsibility for Risk Management sits within the Audit and Risk Service, this review was undertaken by an independent third party.</p> <p>The review identified the following areas of good practice or where controls are operating effectively:</p> <ul style="list-style-type: none"> • Risk Management has adequate resources allocated to the activity; • A Local Code of Governance has been established and is reviewed through the Annual Governance Statement; • A formal risk management strategy has been adopted; • Training has been provided to Officers and Members; • Strategic risk registers have been developed and are regularly monitored; • Project risk registers are established and populated. <p>The review established that overall procedures are in place to record and monitor risks. Whilst some work has been</p>

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		undertaken to help embed these procedures there is still work to be done to ensure that the recording and evaluation of all risks have been fully completed on the dedicated risk management system GRACE.
Treasury Management	Substantial	No key control issues identified.
Income Collection	Adequate	<p>Our work established that the Council has sufficient arrangements in place for the collection, receipting and banking of Council income via the cash office and via other channels such as payments received via the website, post office and telephone, however some weaknesses were identified in other areas including:</p> <ul style="list-style-type: none"> • The lack of an overarching banking and cash handling policy; • Improvements to the income reconciliation process (in relation to income directly from Chorley Leisure Ltd); • Establishing controls to restrict access to the dedicated cash receipting system and <p>Strengthening the supervisory / management</p>

Internal Control System

8. To provide members with an overview of the assurance ratings awarded to date, the table below provides a summary of ratings awarded for each level of assurance for the Internal Audit Plan 21/22.

Assurance Rating	Definition	Number of reviews
Full	The Authority can place complete reliance on the controls. No control weaknesses exist.	0
Substantial	The Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.	2
Adequate	The Authority can place only partial reliance on the controls. Some control issues need to be resolved.	5
Limited	The Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist.	3

9. For all reviews completed to date, management have accepted all the findings and the agreed actions in these reports will be followed up and reported on at future meetings of this committee.

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Amendments to the Internal Audit Plan 2021/22

10. Members will be aware that the 2021/22 is an extremely challenging plan which involved additional resource being bought in to meet the required number of days to allow the Service to successfully deliver the plan. As highlighted to members at the meeting in September, the recruitment exercise to fill the additional posts took longer than we originally anticipated which has impacted upon our performance.

11. In addition to the above, two members of the team tendered their resignation and left the Service at the end of December. Whilst we have been able to successfully draw upon the service of a temporary auditor to fulfil one of the roles, there will be a residual impact on the delivery of the plan. To that extent, we are asking the Committee to approve the deferral of the following 4 reviews to 22/23. These have been selected taking into consideration the risks to the system and our knowledge of the working practices:

- Plant inventories / contract management
- Community infrastructure levy
- Safeguarding
- Health and Safety.

12. As the Head of Internal Audit, I have to be confident that sufficient work will have been undertaken encompassing the whole authority to be able to provide an opinion in the Annual Report on governance, risk management and control as required by the Public Sector Internal Audit Standards. Whilst we are requesting the deferral of 4 reviews, I am confident that we will be able to provide assurance to the senior management and members on a total of 24 different audit reviews. This is a significant increase than provided in previous years as demonstrated in the table below:

Year	Number of completed reviews to inform Internal Audit Annual Opinion
2017/18	13
2018/19	11
2019/20	12
2020/21	No opinion due to COVID.
2021/22	24

13. In order to provide the opinion, I will also be able to take into consideration the work that has been completed in providing pre / post assurance for COVID grants, proactive support provided for key project teams, progress with the implementation of agreed management actions and other sources of assurance.

Internal Audit Performance

14. **Appendix B** provides information on Internal Audit performance as at 31st December 2021. Three indicators have either been exceeded or are only slightly below target. The remaining two indicators are below target for the following reasons:

- Percentage of audit plan completed – Due to the resource issues highlighted at paragraph 11, two reviews were not finalised and were excluded from this report.
- Percentage of agreed actions implemented by management. Whilst the percentage figure remains below target, there is a significant amount of work

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being undertaken in order to progress actions. This is clearly evidenced with the Shared Services implementation rate of 86%, which is only slightly below the target rate of 90%.

Internal Audit Developments

15. Members were informed at the meeting in April, that Internal Audit would be seeking the re-accreditation of the ISO 9001 certification for its Quality Assurance System. Following a significant amount of work to review and update our working practices, the Service was awarded the accreditation in December 2021, clearly demonstrating that the Audit Team has developed efficient working practices and is delivering a high-quality service.

Audit Planning 2022/23

16. Internal Audit will shortly commence the process for compiling the Annual Audit Plan for 2022/23. The Plan will be compiled following a risk assessment which considers a range of risk factors, such as items in the Strategic Risk Register, significant changes in staffing, systems and procedures and the length of time since an area was last audited. There will also be consultation within each Directorate and with SMT.
17. If there are any topics which members would like to be included in the next Audit Plan, please inform Dawn Highton on either dawn.highton@southribble.gov.uk by **Friday 11th February** and these will be taken into account as part of the overall risk assessment.

Comments of the Statutory Finance Officer

16. Not applicable.

Comments of the Monitoring Officer

17. Not applicable.

There are no background documents to this report

Appendices

Appendix A – Internal Audit Plan 2021/22

Appendix B – Performance Indicators as at 31 December 2021

Dawn Highton Service Lead (Audit and Risk)

Report Author:	Email:	Telephone:	Date:
Dawn Highton, Shared Service Lead (Audit and Risk)	dawn.highton@southribble.gov.uk	01772 625625	17/01/22

Appendix B				
Internal Audit Plan 2021/22	QTR	Plan (Days)	Actual (Days)	Comments
CORPORATE AREAS				
Annual Governance Statement	1	20	19	Complete
Anti-Fraud & Corruption	ALL	5	3.8	on-going
NFI	ALL	5	10.2	on-going
COVID support work	ALL	52	44	on-going
Programme Board	ALL	5	0.3	on-going
Health and Wellbeing Campus	1	5	15.6	Complete / Limited
CUSTOMER & DIGITAL				
Customer Services				
Council Tax	2	15	15.2	In progress
Business Rates	2	15	12	In progress
Sundry Debtors	2	15	17.1	Complete / Substantial
Project support	2	5	0.4	On-going
ICT				
Audit Needs Assessment	2	15	15	Complete
Review 2 - TBD	4	10	0	To commence Q4
Streetscene / Neighbourhoods				
Neighbourhoods record management	1	15	16.2	Complete / Limited
Plant inventories / contract management	3	15	0	To be deferred
PLANNING & DEVELOPMENT				
Planning / Development Control				
Section 106 agreements	4	15	0.2	To commence Q4
Community Infrastructure Levy	4	15	0	To be deferred
COMMERCIAL & PROPERTY				
Commercial & Assets				
Commercial and Assets	4	10	0.2	To commence Q4
Leisure Centres	2	15	16.5	Report to directors of SRBC Leisure Ltd
Facilities and Building Management	1	15	24.7	Complete - Limited
Project support	ALL	10	0.5	on-going
COMMUNITIES (Jennifer Mullin)				
Safeguarding (incl Prevent arrangements)	4	10	0.2	To be deferred
Integrated Home Improvement Service / Disabled Facilities Grants	2	15	19	Complete - Adequate
TRANSFORMATION & PARTNERSHIPS				
Performance Management / Data quality	1/3	15	22.2	Complete - Adequate
Recruitment and Selection	4	10	0	To commence Q4
Payroll	3	10	0	To commence Q4
GOVERNANCE				
General Data Protection Regulations	4	15	0.4	To commence Q4
Health and Safety	3	15	0	To be deferred
Risk Management	3	10	1.7	Complete / Adequate
Compliance with contract procedure rules	1	10	13.9	Complete / Adequate
FINANCE				
Budget Monitoring and reporting	3	15	5.1	in progress
Journals / Bank reconciliations	3	10	0.5	To commence Q4
Creditors	2/3	15	1.1	To commence Q4
Treasury Management	1/2	10	14	Complete / Substantial
Income collection	1	15	18	Complete / Adequate
GENERAL AREAS				
Post Audit Reviews	ALL	5	6.9	on-going
Contingency / Irregularities	ALL	5	3.6	on-going
PSIAS - PEER REVIEW	ALL	5	4.7	Complete
Residual Work from 20.21	1	5	8.5	Complete
Internal Audit Effectiveness review	4	2	0	To commence Q4
GRACE (Administrator role)	ALL	5	5.3	on-going
Committee Reporting / Effectiveness Review	All	20	9	on-going
TOTALS		499	345	

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INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 31st December 2021

	Indicator	Audit Plan	Target 2021/22	Target to Date	Actual to Date	Comments
1	% of planned time used	SRBC	90%	67%	69%	Target exceeded
2	% audit plan completed	SRBC	90%	57%	46%	Below Target
3	% satisfaction rating (assignment level)	SRBC	90%	90%	97%	Target exceeded
4	% of agreed actions implemented by management	SRBC	90%	90%	60%	Below Target
		SS	90%	90%	86%	Slightly below target

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Report of	Meeting	Date
Deputy Chief Executive	Governance Committee	Tuesday, 25 January 2022

Strategic Risk Review

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

1. The Strategic Risk Register is used by the council to identify and address any potential risks to the organisation and the delivery of its functions which therefore need to be managed strategically.
2. This report provides members with an updated Strategic Risk Register, which includes 16 strategic risks to the council, including actions in progress as well as new actions planned to further mitigate identified risks.

Recommendations to Governance Committee

3. That Members note the strategic risks, controls in place and actions planned to further mitigate the strategic risks as set out in the report.

Reasons for recommendations

4. To enable the risk register to be updated on GRACE, the council's risk management system, to ensure close monitoring of key strategic risks.

Other options considered and rejected

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5. No other options have been considered as the report only provides an update on the risk register.

Executive summary

6. The council operates in a changing political, economic and financial environment. The Strategic Risk Register therefore needs to be updated regularly to reflect any new or emerging strategic risks facing the council.
7. This report contains the latest version of the risk register and proposed changes for member's information and comment. The updated version of the risk register will then be updated on GRACE, the council's risk management system, following consideration by the Governance Committee.

Corporate priorities

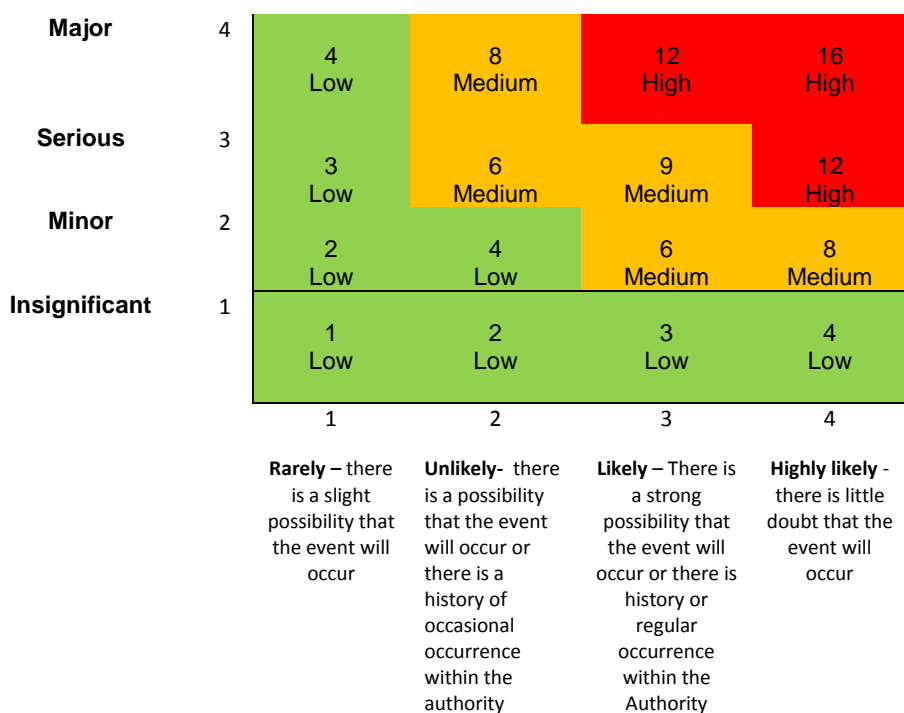
8. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

9. The Strategic Risk Register is a key part of the council's risk management system, alongside service level and individual project level risk registers, and considers the key risks that are applicable to Corporate Strategy and service delivery across the council as a whole.
10. The Council operates in a continually changing political, economic and financial environment. The Strategic Risk Register is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
11. The Strategic Risk Register is owned by the Senior Management Team and is stored and managed through GRACE, the council's risk management system. The senior management team are responsible for identifying, owning, monitoring and delivering actions to mitigate strategic risk, including ensuring that any actions against each risk are completed.
12. All risks are scored on a 4x4 risk matrix as outlined below:

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Summary of risks

13. A summary of the updated inherent risks for 2021/22 can be found below ranked from highest matrix score to lowest. The table includes all risks on the register, including a summary of the existing control measures and actions in place to mitigate risk and any changes to the risk level.
14. Risks have remained similar to last year, with the close management and delivery of actions to mitigate and control risks helping the majority of risk scores to remain stable. Three risks have been identified as increasing in risk level, and two have decreased since the last review. Additionally, one new risk has been identified for 2021/22, alongside one risk being removed from the register.
15. New risk titles have also been identified to ensure that they are all clear and indicative of the risk to the council.
16. The full register including all of the existing control measures and new actions is available in appendix A.

Risk	Description	Inherent	Residual	Target	Direction	Comment
R01- Incidents Impacting Service Delivery	The ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents such as cyber-attacks, pandemics.	16	9	6	→	Current risk score maintained based on continuation of work to maintain and review business continuity and disaster recovery plans.
R02- Failure to Deliver Outcomes through Strategic Partnerships	Failure to achieve desired outcomes through strategic relationships including City Deal Partnerships	16	9	4	↓	Decrease in residual risk score from 12 (high risk) to 9 (medium risk) to reflect the existing control measures including new Key Strategic Partnership Framework updated in 2021 to provide regular monitoring of key contracts, shared governance arrangements, agreed structures ,and partnership boards. Planned actions to mitigate risk further, include a review of governance arrangements for partnerships and review of the City Deal.
R03- Poor Financial Sustainability	Reduction in current funding streams including government grant and key public sector and third party partners	12	9	6	→	Current risk score maintained with the inherent risk level to remain high based on continued uncertainty around long-term funding. Planned actions include a review of budget management arrangements and identification and implementation of efficiency savings and income generation proposals.
R04-Poor Management of Capital Programme and Capital Funding	Poor management and monitoring of capital funding and expenditure to deliver large scale improvements to the corporate plan - ensuring that is on track and up to date and projects delivered within agreed timescales and budget	12	9	4	→	Current risk score maintained. Current measures are in place to mitigate risk, include quarterly monitoring of the Capital programme (in terms of both funding and expenditure), contract management arrangements and staffing support available through informal shared services arrangements with Chorley Council. Planned actions to be delivered include

						regular updates on capital scheme funding arrangements and for service areas to meet regularly with the Finance team to discuss and identify alternative funding streams available.
R05- Not Responding to External Legislation and Policy Change	Failure to account for and/or respond to external legislation and policy change for example those brought about by BREXIT, Universal Credit, GDPR , local government transformation, Green agenda	12	8	4	→	Current risk score maintained. Existing control measures in place include regular policy reviews, policy and legislation briefings, response to government consultations, officer and member training and interaction with partner agencies. A planned action is the review of the Transformation programme to ensure that opportunities to respond to local government transformation are fully considered.
R06- Lack of Staff Capacity and Skills	Lack of staff capacity and/ or skills (including as a result of issues in relation to recruitment,) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy	12	4	2	↑	Inherent risk score increased from 9 (medium) to 12 (high) based on risk of vacancies in key areas for service delivery with the risk that these vacancies might be difficult to fill due to national recruitment patterns. Current control measures include the OD strategy, HR policies, reviewed employee benefits and the performance review process. Planned actions include a People Strategy, continuation of shared services arrangements, and Workplace Strategy to attract and retain skilled staff.
R07- Failure of ICT Security and Data Protection	Failure to comply with GDPR regulations and data legislation leading to action taken against the council, including reputation and legal action resulting in fines.	12	8	4	→	Current risk score maintained. Current measures in place include security arrangements and policies including Information Security, security testing, implementation of the SOCITIM review and Government briefings and guidance. Planned actions to further mitigate risk include a data backup review, continued

						staff training, audit review, and Digital Strategy and ICT work programme.
NEW R08- Failure to Recover Effectively from Covid-19	Failure to adjust practices and processes to reflect the impact of the Covid-19 pandemic.	12	8	6	NEW	A new risk has been identified for Covid-19 recovery to reflect the risk of failing to adjust council practices and processes to the long-term impact of the pandemic.
R09- Not Adapting to New Ways of Working	Failure to adapt business models and services to reflect changes in the way people interact and do business with the council (including consideration of communities post Covid-19, impact of local economy, and council services)	12	6	4	↓	<p>The title of this risk has been changed to 'New Ways of Working' to better reflect the risk description which includes failure to adapt business models and services to changes in the way that people do business.</p> <p>The residual risk score has decreased from 8 (medium) to 6 (medium) based on work that has been carried out during the pandemic to support agile working. This has included the approval of the Workplace Strategy to set out a vision and action plan for future ways of working. Covid-19 has helped to develop a change in culture across the organisation to support agile and flexible working.</p>
R10- Low Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	12	6	4	↑	The inherent risk score has increased from 9 (medium) to 12 (high) based on the level of organisational change that has occurred over the last year, including the introduction of shared Directors, expanding shared services to ICT and front-facing services and the ongoing impact of the Covid-19 pandemic. Measures in place include HR processes, staff communications, and the OD strategy, with internal communications and Organisational

		9	8	4		Development to be refreshed as part of planned actions.
R11- Detrimental Impact of Brexit	Potential detrimental impact of Brexit upon service delivery or costs	9	8	4	➔	Current risk score maintained for Brexit with the existing control measure of impact awareness from SMT and a planned action to review current policies and procedures in service areas depending on impacts.
R12- Corporate Governance Failure	Failure to implement and maintain the corporate governance framework action plan leading to continued fundamental weaknesses in internal controls.	9	6	4	➔	Current risk score maintained. Existing control measures in place include the AGS action plan, Council Constitution, Code of Corporate Governance, Member and Officer protocols and Internal Audit. Planned actions include reviews of many of these policies and processes to ensure that they are up to date and maintained.
R13- Breakdown in Political Relationships	Failure to maintain political stability and Officer- Member relationships	9	6	4	➔	Current risk score maintained. Regular portfolio reviews and member briefings are in place as existing measures, with planned actions to include a review of the constitution to review formality, ongoing member training and an update to the member code of conduct.
R14- Damage to the Council's Reputation	Damage to the Council's reputation and potential reduction in resident satisfaction	9	4	4	➔	Current risk score maintained. Current measures in place to minimise risk include governance arrangements, conduct and capability, communication and engagement channels, complaints policy, resident satisfaction survey, performance monitoring, the corporate strategy and budget setting process, and the key partnership framework. Actions planned to further mitigate risk include a reviewed customer strategy in line with the shared Customer Services review, reviewed

						consultation and engagement framework and reviewed communications strategy.
R15- Failure of Shared Services Arrangements	Failure of existing shared service arrangements/ failure to expand shared services arrangements	9	4	1	↑	The residual risk score has increased from 2 (low) to 4 (low) to reflect the challenges of expanding shared services arrangements to front-facing services/ future plans for shared services are currently undecided. Current measures in place to mitigate risk include governance arrangements, the shared SMT, the Shared Change Policy and Trade Union engagement. Actions to continue the regular reporting and monitoring of shared services, alongside decisions around future shared services will help to further minimise risk.
R16- Council underperformance	Failure to sustain performance of Corporate Strategy projects and general organisational performance	9	4	2	→	Current risk score maintained based on stable Council performance despite the Covid-19 pandemic. Measures in place include quarterly monitoring and reporting through the refreshed performance management framework, business planning process and local indicators. Performance management training on the new Performance Management System, in addition to the Performance Leads Network, will help to further embed the performance management frameworks.
REMOVE Data Breach or Action Leading to Complaints or ICO Investigation	Shared system arrangements to facilitate South Ribble Together Hub (Covid) with Citizens Advice leading to poor service or data breach leading to financial penalty and reputational harm.	12	4	2		This risk has been removed as the South Ribble Together Hub is now managed in-house by the Council instead of with Citizens Advice. This means that the risk of data breach now falls under R07 'Failure of ICT Security and Data Protection'

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Highest Scoring Risks

17. The highest scoring risks are highlighted at the top of the above table. Many of these risks focus on delivering Council priorities, including service delivery, large scale capital projects, new ways of working, and working with strategic partners to deliver outcomes. There are challenges facing the organisation in relation to budgetary pressures and changes to funding that we will have to continue to meet in order to meet the demand for services and needs of residents.
18. The two highest scoring risks, with an inherent risk score of 16, are R01 (Incidents Impacting Service Delivery) and R02 (Failure to Deliver Outcomes through Strategic Partnerships.) The risk for service delivery 'the ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents such as cyber-attacks/ pandemics' is rated high due to the likelihood of continued disruption during the Covid-19 pandemic including changing government guidance. There is a high risk that this will continue to lead to changing demands and expectations over the next year, and that this could have an impact on business continuity and the delivery of services. Control measures in place to help mitigate this risk include business continuity plans and disaster recovery plans, including the ability of the organisation to deliver services through remote working where required. These plans will continue to be reviewed to ensure that they are up to date.
19. R02 'failure to achieve desired outcomes through strategic relationships including City Deal' is also rated high risk due to the reliance on external partners to achieve key strategic objectives. Despite the high risk, the council has several control measures in place including a new Key Strategic Partnership Framework updated in 2021 to provide regular monitoring of key contracts, shared governance arrangements, agreed structures and partnership boards. Planned actions to mitigate this risk further include a review of governance arrangements for partnerships and review of the council's continued involvement in the City Deal.

Changes to risk scores

20. The majority of strategic risk levels have remained similar to 2020/21 as mitigating actions and controls have ensured that the risks have been effectively managed and have therefore not escalated across the year. However, all actions and controls have been reviewed and updated against these risks and will be recorded within the GRACE system following Governance Committee.
21. The review has resulted in an increase in risk for R06 (Lack of Staff Capacity and Skills) 'lack of staff capacity and/ or skills (including as a result of issues in relation to recruitment) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy' due to the risk of vacancies in key areas . This reflects a wider pattern in recruitment for specific skills sets seen as a consequence of the Covid-19 pandemic across local government and nationwide. It is proposed that the risk score is increased from 9 (medium) to 12 (high.) Control measures currently in place include refreshed staff benefits, HR policies and the OD strategy to help retain

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and develop skilled staff, with the recruitment process and system for the organisation currently being reviewed to ensure that the council attracts high quality applicants for new vacancies. The development of a People Strategy will also help to support strategic workforce planning to ensure that succession planning is in place across service areas.

22. The residual risk for R15 'failure of existing shared service arrangements/ failure to expand shared services arrangements' has increased from 2 (low) to 4 (low) based on the risk of expanding shared services arrangements to phase 2 including ICT, and Customer Services and Revenues & Benefits services. Expanding shared services to additional services within a short period of time of the implementation of phase 1 services, has an increased risk due to the pace of change and less time to embed the initial phases across the organisations. As Customer Services and Revenues & Benefits is a front-facing service, the successful implementation of the shared service carries a greater risk than previous services and could impact on the delivery of further shared services development in the future. Strong governance and monitoring arrangements are in place to help control this risk.
23. R10 'reduction in staff satisfaction and morale with the Council including increase in sickness absence' has increased from 9 (medium) to 12 (high) based on the impact of the Covid-19 pandemic and organisational change. Whilst work has been carried out to help support high staff satisfaction and positive morale, including the delivery of the organisational development programme and employee engagement initiatives, further work is needed to embed the interventions to ensure that any detrimental impact on staff satisfaction is minimised.
24. The following risks have decreased:
 - The residual risk score for R2 (Failure to Deliver Outcomes through Strategic Partnerships) has been reduced from 12 (high) to 9 (medium) to reflect the new Key Contracts and Strategic Partnerships Framework introduced in 2021 to ensure more robust and regular monitoring of key partnerships and their objectives.
 - The residual risk score for R9 (Not Adapting to New Ways of Working) has been reduced from 8 (medium) to 6 (medium) due to the work that has been carried out to progress new ways of working including the Workplace Strategy and progression of the Joint Digital Strategy.
25. A new risk has been identified for Covid-19 Recovery to reflect the risk of failing to successfully adjust council practices and policies to take into account the impact of the Covid-19 pandemic, both as an organisation and in the Council's role in supporting the borough.
26. The risk for 'shared system arrangements to facilitate South Ribble Together Hub (Covid) with Citizens Advice leading to poor service or data breach leading to financial penalty and reputational harm' has been removed from the register as this service is now delivered in-house without shared system arrangements with Citizens Advice. The risk for this data is now contained within the existing risk R7 (Failure of ICT Security and Data Protection.)

Climate change and air quality

Agenda Item 6

27. The work noted in this report does not impact the climate change and sustainability targets of the Council's Green Agenda and all environmental considerations are in place.

Risk

28. Strategic risk for the council is outlined within the report.

Comments of the Statutory Finance Officer

29. The strategic risk register plays an important role in the council's internal control environment and so it is important it is regularly reviewed. The implementation of the controls and actions identified do not have any new financial implications.

Comments of the Monitoring Officer

30. The strategic risk register is reviewed on a regular basis and kept up to date. It is of course important that this should happen. It is vital that we are fully sighted on the major risks confronting the council. The register helps to demonstrate that we have sound governance arrangements in place.

Appendices

Appendix A- Strategic Risk Register

Report Author:	Email:	Telephone:	Date:
Caroline Winstanley (Transformation Coordinator)	caroline.winstanley@southribble.gov.uk	N/A	14.01.22

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Appendix A - South Ribble Strategic Risk Register (January 2022)

The table below outline the risks contained within the current SSR. This includes the risk descriptions, owners, and scores as well as suggested amendments for the 2021 register:

Risk	Risk Description	Risk Owner	Inherent Risk Score	Existing Control Measure	Existing Control Measure Description	Residual Risk Score	Risk Category	Target Risk Level	Action Plan Title	Action Plan Description
R01 Incidents Impacting Service Delivery	The ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents such as cyber-attacks, pandemics.	Gary Hall (CEO)	16	Business Continuity Planning & Management / BCP arrangements.	Business Continuity Planning & Management / BCP arrangements are in place and maintained.	9	Risks associated with financial planning & control Risks associated with technology Risks relating to information held	6	Business Continuity Plans	Ensure BCP are reviewed and maintained up to date, including criticality service and role identification and identification of Council's vulnerable Officers. This review should take place annually.
				Emergency Planning and Management / EP arrangements	Emergency Planning and Management / EP arrangements are in place and are maintained.					
				Emergency and Business Continuity Planning arrangements e.g COMAH, flu, flood (external plans)	Emergency and Business Continuity Planning arrangements e.g COMAH, flu, flood (external plans) are in place and are maintained.				Disaster Recovery / Business Continuity plan for IT	Review Disaster Recovery / Business Continuity plan for IT, ensure homeworking model is maintained, and address any learning points.
				IT Business Continuity / Disaster Recover planning	IT Business Continuity / Disaster Recover planning including home working solution in place as appropriate.					
				National, regional and local security plans including Command & control structure	National, regional and local security plans including Command & control structure are in place.					
				In year budgets and MTFS reviewed	Process are in place to review in-year budgets and MTFS to identify and release necessary resources, including staffing, to implement mitigating actions.					
				Provision of support from Council services as appropriate.	Council services are available to provide support as appropriate.					

				Regular updates with government regarding additional funding, reviewing areas of non-essential spend and loss of income as part of budget monitoring processes, mitigating risk through review of reserves as part of MTFS	Regular updates with government regarding additional funding, reviewing areas of non-essential spend and loss of income as part of budget monitoring processes, mitigating risk through review of reserves as part of MTFS						
				Creation of services / partnership working / work with faith, community and voluntary sector to provide support for businesses and households.	Creation of services / partnership working / work with faith, community and voluntary sector to provide support for businesses and households.						
R02 Failure to Deliver Outcomes through Strategic Partnerships	Failure to achieve desired outcomes through strategic relationships including City Deal	Chris Sinnott (Deputy Chief Executive (Chorley and South Ribble))	16	Agreed Structures	Agreed Structures and appropriately allocated responsibilities and accountabilities are in place for all strategic partnerships	9	Risks impacting on the achievement of corporate objectives and priorities Risks relating to the failure of partners/contractors or the contract itself	4	Governance Arrangements	Review Governance arrangements of strategic partnerships to ensure operating effectively	
				Key Strategic Partnership Frameworks and Agreements	Key Strategic Partnership Frameworks and Agreements in place including regular reviews and performance monitoring				City Deal	Review of councils continued involvement - City Deal	
				Shared Governance Arrangements	Shared Governance arrangements in place and agreed to including agreed aims and objectives; Joint working protocols						
				Partnership Boards	Partnership Boards including representatives from the Council						
R03 Poor Financial Sustainability	Reduction in current funding streams including government grant and key public sector and third party partners	Louise Mattinson (Director of Finance)	12	3 Year Budget forecasting within MTFS	3 Year Budget forecasting within MTFS	9	Risks associated with financial planning & control	6	Strategic asset review actions	Implement Strategic asset review actions	
				Monitoring / reporting of delivery of Corporate Plan and MTFS	Monitoring / reporting of delivery of Corporate Plan and MTFS to corporate management and members.						
				Financial training of officers and members	Financial training of officers and members included as part of service business plan					Budget management	Review budget monitoring / management arrangements, ensure compliance with financial procedure rules
				Maintenance of high Council Tax / Business Rates collection rates	Maintenance and monitoring of high Council Tax / Business Rates collection rates- use of system automation to increase staff capacity to focus on recovery					Efficiency and	Identify, implement and review proposed efficiency

				Existing relationships with public sector partners	Existing relationships with public sector partners including Shared Strategic Partnership to support strategic priorities and enable efficiencies across the public sector			income generation-transformation savings	savings and income generation proposals that support the MTFS and Corporate Priorities	
				Budget monitoring arrangements in place	Budget monitoring arrangements in place to ensure regular reviews including of contingencies and reserves					
				Transformation Strategy	Strategy in place to identify opportunities for efficiency and income generation					
R04 Poor Management of Capital Programme and Capital Funding	Poor management and monitoring of capital funding and expenditure to deliver large scale improvements to the corporate plan - ensuring that is on track and up to date and projects delivered within agreed timescales and budget	Mark Lester (Director (Commercial and Property))	12	Capital Funding reflects priorities in Corporate Strategy	Capital Funding reflects priorities in Corporate Strategy	9	Risks associated with financial planning & control Risks relating to the failure of partners/contractors or the contract itself	4	Update funding arrangements as part of quarterly budget monitoring to members and standing item on Leader Briefing	Finance team to meet regularly with services to update funding arrangements of capital programme including identifying alternative sources such as CIL, S106 and grant funding bid
				Quarterly monitoring of capital programme, funding, budget and performance to Programme Board	Quarterly monitoring of capital programme, funding, budget and performance to Programme Board. Early identification and reporting of changes to projects budgets, project delivery timescales and funding arrangement					
				Contract Management	Project team leads assigned to lead on and oversee contract management responsibilities with external funding programmes.				Membership of professional bodies and other associations	Services to review and maintain necessary membership of professional bodies and other associations such as RTPI, RICS and CIOH
				Shared Services Staffing	Access to temporary staffing resource through an informal arrangement related to shared services with Chorley Council. This provides additional capacity to help manage capital projects					
R05 Not Responding to External Legislation and Policy Change	Failure to account for and/or respond to external legislation and policy change for example those brought about by BREXIT, Universal Credit, GDPR, local government transformation, Green agenda	Chris Moister (Director of Governance)	12	Regular policy reviews by relevant officers within individual services.	Regular policy reviews by relevant officers within individual services.	8	Risks relating to the reputational risks to the Council Risks relating to information held Risks relating to Legal/Regulatory requirements	4	Transformation Strategy	Review transformation strategy and programme to ensure opportunities in local government transformation are considered
				Circulation of regular policy and legislation briefings	Circulation of regular policy and legislation briefings in service areas, weekly briefings from LGA.					

				Proactive arrangements to respond to consultations from central government departments and agencies	Proactive arrangements in local service areas to respond to consultations from central government departments and agencies					
				Officer and Member induction and training, CPD and attendance on relevant training courses specific to service areas.	Learning and development protocols and budget in place to ensure officer and member induction and training, CPD and attendance on relevant training courses specific to service areas.					
				Maintenance of interaction with partner agencies.	Maintenance of interaction with partner agencies in local service areas and Strategic Partnerships.					
R06 Lack of Staff Capacity and Skills	Lack of staff capacity and/or skills (including as a result of issues in relation to recruitment) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy	Chris Sinnott (Deputy Chief Executive (Chorley and South Ribble))	12	Management restructure	Senior management restructure carried out as part of shared services has increased senior management capacity and allocated clear responsibilities for different functional areas	4	risks associated with recruiting, retaining and motivating staff & developing skills;	2	People Strategy	Develop a People strategy focussed on developing skills and expertise within the organisation and ensuring that succession planning arrangements are in place
				Organisational Development	Organisational Development strategy and budget to identify training needs, deliver training, and support staff to deliver capital and corporate strategy projects				New Recruitment System	New recruitment system to deliver an improved candidate experience and encourage applications for roles
				Reviewed HR policies including Pay / Recruitment Policies	Approved policies such as Pay / Recruitment Policies to help retain and attract skilled staff. This includes the use of market supplements where required.				Shared Services arrangements	Continued Development of Shared Services arrangements in line with discussion with Members to support additional resilience and shared capacity for the organisation
				Employee benefits kept under review	Employee benefits kept under review to help retain skilled staff				Workplace strategy	Workplace strategy to support agile and flexible working to attract and retain skilled staff
				Staff and member development / PDR's	Staff and member development / PDR's to identify training and skills needs					
				Resilience from shared service arrangements.	Resilience from shared service arrangements to support capacity in shared teams and across the organisation.					
R07 Failure of ICT Security and Data Protection	Failure to comply with GDPR regulations and data legislation leading to action taken against	Asim Khan (Director (Customer & Digital))	12	Security Arrangements and Policy	ICT security / Cyber Security arrangements; GDPR / Data Protection policies and arrangements in place	8	Risks associated with technology Risks relating to information held	4	Data Backup	Review DR / BC arrangements for compliance. Review Data backup and recovery arrangements for compliance and effectiveness.

	to action taken against the council, including reputation and legal action resulting in fines.			Information Security Policies and Procedures	Information Security Policies and Procedures in place to ensure employee compliance with security practices				
				Security Testing	PSN accreditation / ICT security testing / ICT security firewall testing.			Training	Continue regular introductory and refresher training as required to ensure staff and member awareness including for cyber attacks
				Business Continuity Arrangements	Disaster Recovery / Business Continuity Plan and arrangements. Data backup and recovery arrangements and agreements			GDPR Audit Review	Actions arising from GDPR audit review to be implemented; Management actions to be monitored and reported back to Leadership Team and Governance Committee as appropriate.
				SOCITIM Review	SOCITIM review implementation				
				Government guidance and briefings	Government guidance and briefings including membership of security forums				
				Cyber security capacity	Resource for specialised cyber security in place through the shared ICT restructure			Digital Strategy, ICT Strategy and Annual ICT work programme in place	Continual improvements to ICT security including ICT infrastructure, and more secure end user devices
				Audit and Governance	Regular audits of compliance / governance arrangements undertaken				
R08 Failure to Recover Effectively from Covid-19	Failure to adjust our practices and services to reflect the impact of the Covid-19 pandemic.	Gary Hall (CEO)	12	Government Guidance in respect of provision of Grants / operation of services during any periods of lockdown actioned and implemented.	Government Guidance in respect of provision of Grants / operation of services during any periods of lockdown actioned and implemented.	8		6	
				COVID -19 working practices and procedures in place	COVID -19 working practices and procedures in place in line with Government guidance e.g handwashing, agile working etc to ensure Council recovers effectively from Covid-19 and service delivery is not impacted				
R09 Not Apapting to New Ways of Working	Failure to adapt business models and services to reflect changes In the way people interact and do business with the	Chris Sinnott (Deputy Chief Executive (Cherlev	12	Digital and Customer Strategies	Digital and Customer Strategies in place to set out the development of agile services and support their successful delivery through digital inclusion. Supporting stakeholders to adapt to new ways of working	6	Risks associated with technology Risks relating to operational activity	4	Workplace strategy Delivery of workplace strategy to ensure the processes, technology and culture are in place to support agile and flexible working

	Business with the council (including consideration of communities post Covid-19, impact of local economy and council services)	(Chorley and South Ribble))		Business Planning	Business planning process in place with annual review to consider how business models should be adapted to reflect changes in the community			Residents Survey	Undertake residents survey to understand the needs of residents post-covid	
				Transformation Strategy	Transformation Strategy in place to identify opportunities for new ways of working			Digital Strategy	Implementation of Digital Strategy and ICT programme to ensure that the right technology is in place to support agile working and to facilitate and improve customer access to services	
R10 Low Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	Vicky Willett (Shared Service Lead - Transformation and Partnerships)	12	HR Processes	HR processes in place (inc PDPs for development)	6	risks associated with recruiting, retaining and motivating staff & developing skills;	4	Staff Sickness Statistics	Gather staff sickness statistics to inform processes
				Staff Communications	Staff communications and employee engagement including intranets, core briefs, listening days and working groups				Staff survey	Utilise staff survey to identify areas for action
				Organisation Development Strategy	Organisation Development Strategy to provide support and resilience to organisational change and support employee personal development and wellbeing				Refresh of OD strategy	Refresh of OD strategy to take into account staff morale and findings of staff survey to ensure effective interventions for staff satisfaction are in place
									Internal Communications Strategy	Refresh internal communications strategy (including work through Listening Day working groups)
R11 Detrimental Impact of Brexit	Potential detrimental impact of Brexit upon service delivery or costs	Chris Sinnott (Deputy Chief Executive (Chorley and South Ribble))	9	Impact Awareness	SMT aware of potential impact on their services including through supply chains, partners and consultancy through regular monitoring/ briefings/ training/ government legislation	8	Risks relating to Legal/Regulatory requirements	4	Policy and Procedure Review	SMT to ensure review of current policies and procedures in relevant service areas once full impact of Brexit is known (H+S, planning, procurement etc)
R12 Corporate Governance Failure	Failure to implement and maintain the corporate governance framework action plan leading to continued fundamental weaknesses in internal controls	Chris Moister (Director of Governance)	9	AGS Action plan.	AGS Action plan has been delivered to put in place strong governance procedures and frameworks in addition to HR policies, performance, partnerships, communications and OD.	6	Risks relating to the reputational risks to the Council Risks relating to Legal/Regulatory requirements	4	AGS	Develop more inclusive approach to development & production of AGS to enable service areas to take ownership of actions- review and refresh the annual governance statement action plan and produce service assurance statements.
				Council Constitution, Local Code of Corporate Governance & Codes of Conduct	Council Constitution, Local Code of Corporate Governance & Codes of Conduct are in place to set out governance arrangements for the council.				Follow up Audit reviews	Implement process to ensure follow up of management actions from Audit reviews in 2018/19 and 2019/20. Monitor Management Actions through GRACE system to ensure that they are implemented.
				Member and Officer Protocols	Member and Officer Protocols are in place to create clear protocols as to how				Governance training	Provision of Governance training for all staff through mandatory training and build awareness of strong governance culture through the passport the management course
									Constitution	Review and align areas of Constitution and codes of conduct to ensure that they are maintained and

				members and officers work in relation to each other.				updated.	
				Financial Procedure Rules and Contract Procedures Rules	Financial Procedure Rules and Contract Procedures Rules are in place to ensure financial regulation and adherence to statutory frameworks.			Member & Officer protocols Ensure Member & Officer protocols maintained up to date and aligned for Shared Services as required.	
				Internal Audit Plan	Internal Audit Plan			Financial Procedure Rules Review Financial Procedure Rules to ensure that they are maintained and up to date.	
				Individual Audit Reviews	Individual Audit Reviews			Local Code of Corporate Governance Revise Local Code of Corporate Governance, update and align to CIPFA / SOLACE requirements.	
R13 Breakdown in Political Relationships	Failure to maintain political stability and Officer-Member relationships	Chris Moister (Director of Governance)	9	Reviewed Democratic Service	Reviewed Democratic service providing additional management capacity and shared resource to ensure resilience in service delivery	6	Risks relating to operational activity	4	Review Constitution Review constitution to review formality and enable democratic debate
				Portfolio Reviews	Regular portfolio reviews are in place.				Member Training Ongoing member training programme in place
				Member Briefings	Regular Member briefings including Leader briefings, opposition briefings and briefings for cabinet members.				Member Code of Conduct Updating Member code of conduct and investigation procedure to ensure good governance and political stability
				Corporate Strategy Priorities	Clear Corporate Strategy priorities refreshed annually				
R14 Damage to the Council's Reputation	Damage to the Council's reputation and potential reduction in resident satisfaction	Chris Moister (Director of Governance)	9	Governance Arrangements	Effective Governance and decision making arrangements in place	4	Risks relating to the reputational risks to the Council	4	Customer Strategy Review Customer Access Strategy, Customer Charter and Customer Care Standards in line with Shared Customer Services Review
				Communication and Engagement	Regular communication and engagement with local stakeholders, businesses and residents through consultations, use of social media channels, and other medias.				Reviewed consultation and engagement framework Reviewed consultation Framework ensures that there are clear and consistent processes in place for engaging with residents and other stakeholders
				Compliments and Complaints Policy	Compliments and complaints policy and procedure in place				Communications Strategy Refresh and implementation of the new Communications Strategy
				Social Media Response	Monitoring of social media and response through Communications team				
				Resident Satisfaction Survey	Resident satisfaction survey to engage with resident's and include feedback in the development of corporstate strategies and plans				
				Planning Policies	Planning policies to ensure consistent procedures and arrangements in place for planning				

				<p>Performance Monitoring Performance monitoring framewrk in place to identfiy areas of concern and action plans to address</p> <p>Corporate Strategy Tangible improvement projects in the corporate strategy</p> <p>Budget setting process Additional investment in priority areas ongoing through budget process.</p> <p>Conduct and capability Staff and Member Conduct and capability policies in place to minimise behaviour that could negatively impact on the Council's reputation.</p> <p>Strategic Partnership Framework Strategic Partnership Framework in place to ensure successful partnerships with the aim of achieving corporate priorities</p>					
R15 Failure Shared Service Arrangements	Failure of existing shared service arrangements/failure to expand shared service arrangements	Gary Hall (CEO)	9	<p>Governance Arrangements Effective Governance arrangements in place including Shared Services Joint Committee to Shared Services Agreement outlining protocols and arrangements in the event of shared service failure</p> <p>Shared Chief Executive Shared Chief Executive and Senior Management Team, ensuring consistent corporate approach across the organisations</p> <p>Trade Union Engagement Regular engagement with trade unions as part of the shared services development including regular SJCC meetings</p> <p>Development of Phased Approach Plan Phased approach Plan developed and agreed to manage the implementation and transition to shared services within current resource and capacity</p> <p>Shared Change Policy Shared change policy in place to develop a clear and consistent approach to organisational change, enabling the successful implementation of restructures and minimising impact on staff</p>	4	Risks relating to the failure of partners/contractors or the contract itself Risks relating to operational activity	1	<p>Benefits realisation and performance monitoring Regular reporting framework be put in place to ensure benefits realisation and performnace is monitored at Shared Services Joint Committee quarterly</p> <p>Shared Services Development Future of shared services to be outlined and agreed with Members to ensure a clear path for future development</p>	

R16 Council underperformance	Failure to sustain performance of Corporate Strategy projects and general organisational performance	Vicky Willett (Shared Service Lead - Transformation and Partnerships)	9	Quarterly Performance Monitoring and Reporting	Quarterly performance report to Executive Cabinet	4	Risks relating to operational activity	2	Performance Management Training	Performance management training for management/ staff
				Business Planning	Business planning process to identify key service projects, resource required and interdependencies				Performance Leads Network	Embed performance and project management frameworks through network sessions
				Local Indicators	Local indicators in place to measure performance across services					
				Programme Board	Programme Board in place to ensure regular monitoring of key projects					
				Performance Management Framework	Refreshed performance management framework to ensure consistent reporting					

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Report of	Meeting	Date
Monitoring Officer	Governance Committee	Tuesday, 25 January 2022

Annual Governance Statement 2020/21 - Action Plan Update

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. To update members on the progress of the agreed actions within the Annual Governance Statement action plan.

Recommendations

2. That the report be noted.

Reasons for recommendations

3. It is correct to report to members and update them on improvements delivered to address issues raised in the AGS. This provides assurance to the Committee that the governance framework is being maintained, and an opportunity to ask questions and test the works undertaken.

Other options considered and rejected

4. Not to report the works would remove the opportunity to provide assurance and for members to test the governance environment.

Corporate priorities

5. The report relates to the following corporate priorities: (please bold all those applicable):

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

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Background to the report

6. In May 2021 Governance Committee approved in draft the Annual Governance Statement, which highlighted a number of areas, which whilst not significant failings required improvement. Members approved an action plan which provided details of the improvements required.
7. It is no approximately 6 months since approval and it is appropriate to update members on the works done to date and progress against the plan. The table below provides the theme and required improvement and an update.

Themes	Improvement Required	Update
Recruitment/Induction	<p>To ensure all new employees receive a comprehensive induction covering all core areas, the corporate induction will be updated to include welcome videos from the senior management, introduction to the borough and mandatory training covering core policies and health and safety.</p> <p>Continued focus on HR System transformation is required to ensure a robust administrative process is operational and suitable controls are in place for all aspects of Human Resources and Organisational Development</p>	<p>A new online induction has been developed, tested and launched, providing a vastly improved experience for new starters. Managers have been briefed on the changes and their role in the induction process. The system will be regularly reviewed and updated to reflect any policy or process changes. The job application process has also been transferred to a new third party platform to ensure consistent collection of candidate data.</p> <p>All HR policies have now been reviewed and consulted on with staff. The shared HR policy framework is now complete. All managers will receive training on new policies processes and management best practice as part of the newly developed 'Passport to People Management' programme which has now been launched. A full schedule of mandatory training has been launched for all staff to cover key policies such as Safeguarding, Prevent and Equality and Diversity. The HR System project is progressing well with initial transfer of data into the new</p>

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		system which will enable a shared payroll from April 2022. Further development will focus on staff self service functionality
Governance & Management	<p>Management Development Programme has been designed to establish a baseline level of management competency as well as providing ongoing support to maintain performance. The aim is to commence delivery with cohorts of managers from September 2021 through a range of methods including e-learning, which will also form part of the induction process for future managers.</p> <p>Introduce a standardised DMT agenda with agreed standing items to ensure a consistent approach is adopted across the Council. This will incorporate items of Corporate significance identified by the Communications team within their forward plan.</p>	<p>The new elearning platform has been launched.</p> <p>The Passport to People Management programme is being launched in January 2022.</p> <p>A standard Directorate Management Team agenda has been developed, shared and adopted by all directorates. The recorded use of the agenda can be evidence to support responses in the service assurance process.</p>
Fraud and Corruption	<p>Fraud awareness training to be delivered to all relevant officers using e-learning modules</p> <p>Fraud reports to be presented to Governance Committee</p> <p>Fraud risk register to be compiled and monitored on a regular basis</p>	<p>Mandatory training on Fraud and Corruption has been launched through the elearning hub and is required to be completed by end March 2022.</p> <p>The Fighting Fraud and Corruption checklist is being completed which will inform the compilation of the risk register.</p>
Corporate Information Source for Officers (Connect)	To improve the user experience for employees and ensure essential information is easy to access. The following	<p>Policies and Strategies are available on Connect.</p> <p>The proposed improvements (to establish</p>

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	<p>improvements to Connect should be considered:</p> <ul style="list-style-type: none"> • Defined area on Connect for all core policies. • Service areas to review information they have published on Connect and to remove outdated material. • Create a manager zone within Connect to ensure all essential guidance and resources for managerial responsibilities are easily sourced. 	<p>a manager zone) will be implemented when Connect is relaunched later this year.</p>
Risk Management	<p>Ensure risk management is embedded throughout the organisation and within all Council activities.</p>	<p>Fighting Fraud and Corruption Locally checklist being completed to compare the council's arrangements with best practice. – this will provide assurance over the council's approach to risk.</p> <p>Fraud reports being developed from the risks already contained within GRACE using fraud as the category. – such reports will confirm whether GRACE (the Council's risk management system) is being used which will demonstrate risk management being embedded within the organisation.</p>
Budget Monitoring	<p>To re-establish budget monitoring reports to aid budget holders after a further analysis of the report content is undertaken. Reports will be tailored to ensure that they meet the needs of the service area.</p>	<p>This work has been completed with reports being provided by Finance to budget holders and meetings to discuss taking place as necessary.</p>
GDPR	<p>The GDPR Leadership Group should undertake a full review to ensure that the register is up to date with</p>	<p>This review has been completed with relevant actions undertaken. The register has been updated</p>

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	data responsibilities correctly defined and continue to monitor and expedite the outstanding data disposal actions to ensure they are implemented imminently.	and monitoring of data disposal is taking place.
Equality	The equality scheme should be revised and refreshed including revised equality objectives to ensure that it is up to date and fit for purpose	This review has been completed and the equality scheme updated and approved.
Key Corporate Policies	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation.	This will be introduced as part of the development and implementation of a new intranet
Value for Money	Adopt an organisation wide Transformation Strategy & Programme incorporating a value for money elements to deliver efficient services through service reviews and shared services.	This has been completed with the Transformation Strategy developed, approved and in use aligned to the Medium Term Financial Strategy.
Inventories	Directors to ensure that inventories are compiled and maintained in accordance with the Councils guidance notes for service unit fixed assets registers.	Asset inventories have been prepared for 3 of the 5 directorates. The remaining inventories are expected to be completed by the end of March 2022.
Transparency Act	Publish up to date information and include all mandatory criteria.	The follows actions have been completed:- <ul style="list-style-type: none"> - Publication of spend above £500 - Publication of Contract Transparency register - Publication of up to date Structure Chart, Pay Policy and Senior Officer Salaries

Agenda Item 7

		The remaining actions will be completed before the end of the year.
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Climate change and air quality

8. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

9. There are no equality and diversity implications relating to this report.

Risk

10. The AGS action plan fulfils a risk management/ mitigation function, having identified areas which would improve the governance environment. Completing the actions serve to manage and mitigate risk.

Comments of the Statutory Finance Officer

11. There are no financial implications in this report.

Comments of the Monitoring Officer

12. It is not a legal requirement to deliver the action plan, however, to do so provides assurance to members that the governance environment is being improved and strengthened.

There are no background papers to this report

Report Author:	Email:	Telephone:	Date:
Chris Moister (Director of Governance)	chris.moister@southribble.gov.uk	01257 515160	

Report of	Meeting	Date
Director of Governance and Monitoring Officer	Governance Committee	Tuesday, 25 January 2022

RIPA update - 2021 - 2022

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. To provide a brief update to members on the council's use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA)

Recommendations to Governance Committee

2. That Members should note the report.

Reasons for recommendations

3. The reason for the report is to provide an update to members.

Other options considered and rejected

4. An annual update report is considered to constitute good practice. We brought such a report last year.

Corporate priorities

5. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Agenda Item 8

Background to the report

6. RIPA – amongst other things – provides the legislative framework within which covert surveillance operations must be conducted in order to ensure that investigatory powers are used in accordance with human rights.

Detailed Considerations

7. There are two main ways a council may carry out surveillance activity under the authority of RIPA. Firstly it may carry out directed covert surveillance – this is surveillance carried out in a manner calculated to ensure that the person the subject of the surveillance is unaware it is or may be taking place. Secondly it may make use of a Covert Human Intelligence Source – in the main this is something that the Police make use of, very rarely councils.
8. For a number of years after RIPA came into force (in the year 2000) the council – like most other councils – did make some use of its RIPA powers. This was primarily directed covert surveillance. Such powers were used sparingly. An example where we used such powers was when we were investigating noise complaints about residential properties.
9. However, we have not used our RIPA powers for many years now. This is typical of many district councils. The last recorded use was in 2008.
10. The principal reason why we have not used our RIPA powers since 2008 is that there was a change in legislation. The threshold to authorise the use of such powers was raised. Essentially the council can only use directed covert surveillance for the purpose of preventing or detecting crime. Further the offence in question must attract a potential custodial sentence of at least 6 months or involve the sale of alcohol or tobacco to minors. In addition judicial authority is now required prior to the use of such powers. The vast majority of offences that a district council may investigate do not attract a custodial sentence of more than six months.
11. The change of legislation forced councils to change their practices. For example in the case of monitoring a noise complaint we would typically now write to the household concerned telling them that we are aware of a potential issue and we will be monitoring – in other words we make the surveillance overt.
12. So for the sake of clarity members should be aware that we have not used our RIPA powers on any occasions during the last 12 months. Members should also be aware though that if we are investigating a potential offence of sufficient seriousness then consideration could still be given to the use of RIPA powers if considered appropriate, proportionate and necessary.
13. Members may recall that in the year 2020 we were subject to an inspection of our RIPA regime by the Investigatory Powers Commissioner's office. The Commissioner raised no issues of concern.
14. In 2021 our RIPA policy was amended and updated. The primary reason for this was to reflect changes in the management structure of the council.

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15. In January 2022 RIPA training has been arranged for key officers by an external trainer. This will be in conjunction with Chorley Borough Council.

Climate change and air quality

16. The work noted in this report does not impact the climate change and sustainability targets of the council's Green Agenda and all environmental considerations are in place.

Equality and diversity

17. Not relevant to this report

Risk

18. There are no adverse risk considerations arising from this.

Comments of the Statutory Finance Officer

19. There are no financial implications arising from the report.

Comments of the Monitoring Officer

20. There are no concerns from a Monitoring Officer perspective. The report is for noting and is in the interests of openness and transparency.

There are no background papers to this report

There are no Appendices

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