

Auditor's Annual Report Wyre Forest District Council

For the year ended 31 March 2024



Ref: --
Date: 14 November 2024

Members of the Audit Committee
Wyre Forest District Council
Finepoint Way, Wyre Forest House,
Kidderminster
DY11 7WF

Dear Sirs and Madams

Wyre Forest District Council – Auditor's Annual Report

We are pleased to attach our final Auditor's Annual Report. This report summarises our audit conclusions and highlights the key findings arising from our value for money work.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of Council officers and those charged with governance of the Council and should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the Council's officers for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

BISHOP FLEMING LLP

Contents

1. Introduction	2
2. Executive summary	3
3. Audit of the financial statements	4
4. Value for Money	5
5. Financial sustainability	6
6. Governance	9
7. Improving efficiency, economy and effectiveness	13
8. Recommendations	16

1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for Wyre Forest District Council for the year ended 31 March 2024.

The Council is responsible for keeping proper accounts and proper records in relation to the accounts and for maintaining an appropriate system of internal control. The Council is responsible for the preparation of annual accounts for each financial year. Such accounts must present a true and fair view and comply with the requirements of enactments that apply to them.

The Council is also responsible for putting in place appropriate arrangements to secure the economy, efficiency and effectiveness in its use of resources and to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are responsible for and are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We are also required to report to the Council by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

In addition we are also responsible for reviewing the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We carried out our work in accordance with our External Audit Plan that we issued to the Council in March 2024.

2. Executive summary

Results from the audit of the financial statements

We completed our audit of the financial statements and issued our unmodified audit opinion on 14 November 2024. See section 3 for more details.

We also completed limited component auditor procedures, in line with the National Audit Office group auditor instructions. We had no matters to report from this work.




Results on our work on other matters

We completed our review of other matters in line with our issuing of the audit opinion on 14 November 2024. There were a small number of areas that required updating and amending in the financial statements, which have been completed by management. See section 3 for more details.

Results from our work on VFM arrangements




Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

Our conclusions are summarised below. See sections 4-8 for more details.

Financial sustainability		No significant weaknesses in arrangements identified but recommendations for improvement made
Governance		No significant weaknesses in arrangements identified but recommendations made
Improving economy, efficiency and effectiveness		Significant weaknesses in arrangements identified and recommendations made

Please note a number of the recommendations referred to above were made by the predecessor auditor in their 2022/23 AAR. As this report was not issued until March 2024, the Council has not had chance to address them fully by the end of the 2023/24 financial year and therefore the recommendations are still relevant to this report.

Key:

	No significant weaknesses in arrangements identified and no recommendations made
	No significant weaknesses in arrangements identified but recommendations made
	Significant weaknesses in arrangements identified and recommendations made

3. Audit of the financial statements

Audit opinion on the financial statements

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We gave an unqualified opinion on the Council's financial statements on 14 November 2024.

Key issues arising from the accounts audit

Our testing and review of the financial statements have not identified any significant issues that need to be brought to the attention of the members. The draft accounts and working papers provided were of a good quality, supporting the appropriate progression of the review process and only a few amendments were required.

Other matters

We are required to report to the Council by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We concluded that there were no matters to bring to the Council's attention in respect of these matters.

More detailed findings can be found in our Audit Completion Report which was reported to the Audit Committee on 26 September 2024.

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged. We cannot formally conclude the audit and issue an audit certificate for Wyre Forest District Council for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

4. Value for Money

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

The Code requires us to report our commentary on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The NAO has issued guidance for auditors to report against each of the three specified reporting criterion. The guidance also includes a number of further areas for review within each criterion for the auditor to assess those arrangements.

At the planning stage of the audit, we carried out a risk assessment in relation to the Council's arrangements across each reporting criterion. During this phase, we did not identify any risks suggesting significant weaknesses in these arrangements. This is what we reported to the Council in our Audit Plan.

We continuously review and update our assessment throughout the audit to reflect any emerging issues that may point to potential significant weaknesses. After we had issued our Audit Plan, the predecessor auditor released their 2022/23 Auditor's Annual Report to the Council which identified a significant weakness in the Council's arrangements for 'Improving economy, efficiency, and effectiveness' namely around having effective performance and programme management arrangements.

We asked management to complete an evidenced self-assessment of the Council's arrangements. We then reviewed the evidence provided and carried out follow up work as appropriate to consider whether there were any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. In particular we followed up any issues arising from the prior year including the significant weakness referred to in the previous paragraph.

Our commentary on the Council's arrangements in each of these three areas is set out in sections 5, 6 and 7 of the report. Our recommendations are included in section 8.

5. Financial sustainability

We considered how the Council plans and manages its resources to ensure it can continue to deliver its services, including how it:

- ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Overview and 2023/24 outturn

Over the past year, the Council's balance sheet has experienced significant shifts. The Council's net assets have increased from £45.22m to £55.86m as of 31 March 2024. The primary drivers behind this growth include the Council's pension fund, where the deficit position in 2022/23 amounting to £11.82m reduced to £8.45m in 2023/24, and there was a £3.9m rise in the value of the Council's property, plant, and equipment compared to the prior year. Movements in pension fund valuations of this nature are commonplace and mirror trends across other local authorities in 2023/24. Similarly, the adjustments in property values reflect the Council's capital initiatives and routine asset revaluations.

The Council's usable reserves have increased from £24.16m at 31 March 2023 to £27.63m at 31 March 2024. A large portion of this increase is attributed to the surplus on the provision of services achieved by the Council during the year due to savings achieved because of the transformation programme.

Excluding the Collection Fund Reserve, the Council's general fund earmarked reserves increased by £2.4m during the year. The two largest additions were Levelling up fund (£550k) and contribution to pension reserve (£350k). These reserves continue to offer a degree of protection against potential future financial pressures. The movement of earmarked reserves aligns with the Council's reserves policy, which specifies the purpose of each reserve, whether linked to strategic objectives or budgetary stability. The policy also sets out the governance process for drawing down reserves - requiring involvement from senior officers depending on the type of reserve. In our view, this level of oversight seems appropriate ensuring responsible management and accountability.

The Council's General Fund budget for net expenditure on services in 2023/24 was initially established at £13.687 million, with a planned reserve utilisation of £159,010 (the net budget requirement of £13.528m). The final outturn for 2023/24 amounted to £12.970 million, resulting in a £448,000 transfer to reserves and an increase of £110,000 in the working balance. This reflects an overall positive variance of £343,000 compared to the budget approved by the Council in February 2023.

Financial planning and monitoring

The Council launched a new Corporate Plan in 2023, which sets a framework for delivering the Council's desired outcomes and informs decision making in terms of the Council's transformation programme and resulting efficiencies. As well as delivering outcomes, the transformation programme is linked to the delivery of the Council's Medium Term Financial Plan and the delivery of services within the resources available.

The Council prepares a balanced three-year rolling budget via Medium Term Financial Strategy (MTFS). The budget strategy for 2023/24 was approved by the Council on 22 February 2023 having been developed in consultation with key stakeholders, including businesses and the local community. It aims to prioritise projects that deliver maximum impact and is revised accordingly as the year progresses. The budget set by the Council included a Council Tax increase of 3%, balancing the financial pressures faced by the Council with the impact on local taxpayers.

Wyre Forest District Council's financial planning for 2023/24 has been appropriately developed, with the Council facing tighter budgets and rising service demands.

The Council's Medium-Term Financial Strategy (MTFS) is actively monitored through the Transformation and Commercial Programme Board, with progress on savings, efficiency improvements, and income growth reviewed regularly. Sensitivity analysis forms part of the budget process and is included in the scene setting presentation to the Strategic Review Panel and the Budget/MTFS papers considered by Cabinet and Council. The MTFS includes contributions to risk reserves and is subject to robust challenge at least annually with the Cabinet Member for Finance, the Leader and wider Cabinet.

In addition to the Transformation and Commercial Programme Board oversight, performance reports are presented quarterly to both the Overview & Scrutiny Committee and the Cabinet. This approach ensures that financial targets, including cost-saving initiatives, are closely tracked against key performance metrics. This proactive governance framework supports the Council in responding to emerging financial challenges while maintaining fiscal sustainability. The MTFS incorporates the aforementioned considerations into business cases, factoring in both operating and financing costs. Recommendations provided to decision-makers clearly outline the implications on both capital and revenue budgets, as well as how any identified cost pressures will be mitigated.

Securing Financial Sustainability is one of the Council's priorities with the risk of not achieving this priority being included within the Council's Risk Register. The mitigating controls and actions are reviewed by management, decision makers and the Audit Committee in line with the Risk Management Strategy.

In line with good practice, the Council utilises the CIPFA Financial Resilience Index, which is a free service and is made publicly available to support and improve discussions on local authority financial resilience allowing it to assess and benchmark its financial position. The index is made up of a set of indicators which take publicly available data and compares similar authorities across a range of factors. This index provides a comparative analysis of the Council's resilience against various financial risks, offering a transparent view of how it fares relative to other local authorities.

The Council maintains a General Risk Reserve to mitigate financial risks and ensure ongoing fiscal sustainability. This reserve serves as a contingency against unforeseen financial pressures, particularly in the context of growing service demands and inflationary cost increases.

The Council implemented daily treasury catch-up sessions. These daily meetings provide continuous updates on the Council's cash flow and financial positions, enabling treasury officers to respond promptly to any fluctuations in market conditions or internal funding needs. In addition to daily catch-ups, bi-monthly formal treasury review meetings are held to conduct a more in-depth assessment of the Council's overall treasury strategy and performance. These meetings involve senior management and finance officers, reviewing longer-term trends, evaluating investment performance, and ensuring alignment with the Council's broader financial objectives.

For the upcoming financial year 2024/25, the Council does not anticipate the need for short-term borrowing. This is a positive indicator of the Council's financial health, suggesting that its existing cash reserves and income streams are sufficient to meet its operational and capital needs without requiring external financing. By avoiding short-term borrowing, the Council reduces its exposure to interest rate risks and keeps financing costs low, which is essential in an environment of rising interest rates and inflationary pressures.

Achieving efficiency savings

Like many councils, the Council continues to face significant challenges in achieving financial sustainability. The recently concluded transformation programme under the 2021-24 MTFS achieved over £750,000 in savings by reassessing service delivery. The 2024-27 MTFS now focuses on making the Council more efficient and commercially aware, with a commitment to investing in capacity to boost net income and strengthen its financial position.

The Wyre Forest Forward savings programme has been pivotal in reviewing the Council's operations to ensure a balanced budget and valuable service delivery. While progress has been made towards the 2024-27 MTFS targets, much of the 2023/24 savings has come from one-off gains via treasury management operations, with future recurring savings dependent on operational collaborations and service redesigns. A new transformation and financial sustainability plan is being developed to continue efforts in reducing service delivery costs.

2024/25 financial planning

The Council's forward-looking financial strategy for 2024/25 is based on securing sustainable income streams, managing risks, and continuing its focus on carbon reduction. This was highlighted in their budget consultations and long-term planning for maintaining service levels while addressing budget shortfalls. The Cabinet considered the 2024/25 budget on 20th December 2023. Later on 13th February 2024, Cabinet considered the final draft budget before recommending approval by the Council on 21st February 2024. The budgeted net expenditure totalled £14.293m, with a contribution from reserves amounting to £0.342m, resulting in a net budget requirement of £13.951m for 2024/25.

The 2024-25 financial year anticipates several key funding assumptions, including the deferral of the negative Revenue Support Grant, a continuation of the New Homes Bonus with a £285k allocation, and expected business rates growth above the baseline at £753k for 2023/24, rising to £1 million in the following years until a reset in 2026-27. The MTFS includes a 3% annual Council Tax increase, a minimum 3% funding uplift, and a general 3.5% inflation rate, alongside a 4% pay increase for 2024-25. Fees and charges are set to rise by 5%, with car parking rates increasing by 10 to 20 pence per ticket.

To close the funding gap and avoid using reserves, the Council needs to achieve annual savings of £1.518 million over the next two years. The current projection for 2026-27 is £2.172m but is heavily influenced by the potential impact of the anticipated local government funding reform. The MTFS has accounted for essential and strategic priorities, focusing on managing inflationary pressures realistically. However, without new income sources, additional savings, or Government funding, the Council risks depleting its general balances by 2027/28. The Finance Team, in collaboration with service managers, continues to refine and review these estimates through continuous evaluation.

Prior year external audit recommendations

As we have mentioned on Page 3 of this report, there were recommendations for improvement in the Council's financial sustainability arrangements made by the predecessor auditor in their 2022/23 AAR. As this report was not issued until March 2024, the Council has not had chance to address them fully by the end of the 2023/24 financial year and therefore one of these recommendations is still relevant:

- improve the Workforce Strategy to enable the implications to be fully costed and understood over the medium to long-term; and

Progress on addressing the recommendations and management's comments is set out in Section 8.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's financial sustainability arrangements.

6. Governance

We considered how the Council ensures that it makes informed decisions and properly manages its risks, including how it:

- monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Risk management

The previous auditors, Grant Thornton, made improvement recommendations in their combined AAR covering 2021/22 and 2022/23 around the Council's risk management processes which included greater clarity on scoring risks, mitigations and target scores. The report was issued to the Council in March 2024 and as a result limited progress has been made in addressing recommendations made by the 2023/24 year-end. There remain inconsistencies in approach to assessing and scoring of risks across service areas and although risk management training has been provided to elected members in July 2023, the Council has not provided targeted training to the relevant officers for risk management. During the course of our work, we have seen actions taken to begin to address the recommendations in the 2022/23 AAR and strengthen the risk management framework, although, as this progress was in 2024, we have classified progress as ongoing.

An updated Risk Management Strategy has been implemented as approved by the Cabinet in April 2024 and includes more robust documentation, assessment and understanding of risk as well as escalation processes. The Council is working with external providers to develop its risk maturity and risk appetite although this has not yet been concluded. This will be further considered in our 2024/25 work to determine its effectiveness.

The Corporate Risk Register does not currently document the movement in risk scores since the previous assessment. Whilst the movement in risk scores is not flagged within the risk register, there is a section and table included in the covering report to Audit Committee that flags and explains any movements. However, in the absence of movement in risk scores in the risk register, it can be difficult for Members to gain quick oversight of escalating and de-escalating risks which may require more/less attention and revised mitigation strategies. In addition the Corporate Risk Register is reviewed half yearly by the Audit Committee, annually by Cabinet and quarterly by the Corporate Leadership Team (CLT). It is recommended that the quarterly reviews conducted by CLT feed into the quarterly Audit Committee meetings since the Audit Committee maintains overall responsibility of risk management. Details of this recommendation can be found in section 8 below.

Risk management arrangements have been reviewed by the Council's internal auditors (BDO) as part of the 2023/24 Audit Plan. The internal audit report was considered at the May 2024 Audit Committee with recommendations noted. A significant recommendation was the need to provide effective training to the officers responsible for risk management to ensure a consistent approach, and this is planned to be actioned by September 2024. The output from these activities will be considered as part of our work for 2024/25.

To further improve risk management, the Council is completing work to identify assurance measures and KPIs, work on risk tolerance / risk appetite statement, identify risk score and identify further mitigations to bring risk in-line with targets score. We have classified this work as ongoing, and we will consider this further within our 2024/25 work.

Internal control

During the year the Council commissioned internal audit services from BDO who delivered a risk based annual plan on appointment for 2023/24 as approved by the Audit Committee in November 2023. Prior to this external appointment, the internal audit function was undertaken by the Council's appointed Audit Manager. BDO provides a plan that follows the

expected format, providing the Audit Committee with assurance to enable it to assess whether internal controls have operated as expected.

Internal audit progress reports are delivered to and considered by the Audit Committee to ensure sufficient monitoring and response to recommendations. 100% of the 2023/24 Annual Plan had been completed by the May 2024 Audit Committee meeting compared to a 46% delivery in 2022/23, indicating that the external appointment has led to an improvement in the overall governance of internal control. The 2024/25 Annual Plan produced by BDO was approved in the March 2024 Audit Committee. As a result of this positive practice implemented in the 23/24 financial year, the prior year recommendation to improve internal audit capacity has been deemed resolved.

No pervasive or significant weaknesses in internal controls have been identified by internal audit with a 'Moderate Assurance' opinion given overall by the Head of Internal Audit and just one 'high' graded recommendation in respect of the 2023/24 Annual Plan. This recommendation covers the governance of risk management, highlighting training needs, which has been discussed above. Risk management recommendations have been appropriately identified as a priority to be addressed in the Draft Annual Governance Statement 2024/25 as presented in the May 2024 Audit Committee Meeting.

The Council has employee and elected member codes of conduct in place, a whistleblowing policy as well as a new Fraud Response Plan introduced in July 2024 to assist with the prevention and detection of fraud. The Fraud Response Plan includes the Council's Anti-Fraud and Corruption Policy and Strategy, reflecting the CIPFA 2014 Code of Practice. While the Fraud Response Plan has been updated as at July 2024, the prior year AAR recommendation has been classified as ongoing while fraud prevention practice is embedded post year end. This will be reviewed as part of our 2024/25 VFM work.

Declarations of interest are recorded before each decision-making meeting within the minutes and are made publicly available and separate declarations of interest are required to be made by tender evaluation panel members. It is noted that further improvements could be made in the published register of interests to ensure the dates and reasoning is clearly reflected to ensure transparency and sufficient disclosure. A recommendation to address this is set out in Section 8 of this report.

Budget setting and budgetary control

The budget-setting process for Wyre Forest starts with the preparation of a revised in-year budget, which is submitted for approval. This ensures that the most current projections of the year-end financial position serve as the foundation for the upcoming budget. The process is closely aligned with the development of the MTFS, reflecting their interdependent nature. Furthermore, a budget assumptions and scene-setting paper is produced, incorporating sensitivity analysis to provide a clearer basis for the assumptions made and to enhance the decision-making process.

The budget preparation process at Wyre Forest involves collaboration between budget holders and the finance team to ensure that financial plans are comprehensive and aligned with operational needs. Once the budgets are drafted, they are reviewed and formally signed off by both the budget holders and the relevant Cabinet members, ensuring accountability at each stage.

Following this, the consolidated budget is presented to the Cabinet Corporate Leadership Team (CabCLT) in a special meeting for further consideration and refinement. Cabinet then develops formal budget proposals, which are submitted for review and discussion by the Strategic Review Panel. This process ensures that all key stakeholders are involved in the financial planning process and that the budget is thoroughly scrutinized before approval.

The budgetary control mechanisms are covered in depth above in section 5 (financial sustainability). We are satisfied that regular oversight and monitoring is undertaken regularly.

Decision making

Appropriate decision-making processes are in place at the Council.

Standard templates and report proformas are in place to ensure that all relevant information is provided when decisions are being made and that reports go through the appropriate process from draft through to finalisation. Reports are reviewed by statutory officers and initially presented to the CLT to be discussed. They are then presented to Cabinet members after which they are finalised for consideration by the Overview and Scrutiny Committee. The Overview and Scrutiny Committee, or relevant scrutiny panel, challenge reports prior to major decisions being made. Through this process, appropriate arrangements are deemed to be in place to ensure sufficient oversight, provision of information and challenge of key decisions.

The Head of Resources and Section 151 officer is a permanent member of the CLT and reports directly to the Chief Executive. It is deemed that the officers therefore have appropriate access to engage with the senior leadership of the body.

The Audit Committee is able to provide effective challenge of officers and holds officers and the Programme Boards accountable. The Committee undertakes an annual self-assessment exercise and the output from this has shown no significant gaps. There is training programme offered and training delivered – again no significant gaps were identified.

An appropriate culture is set by senior officers in respect of decision making, with evidence of transparency, openness and engagement having been observed. The Council ensure stakeholders are involved in respect of key decisions where appropriate.

Where complex or unusual activities arise, the Council obtains appropriate expert advice or knowledge. For example, in the 'Simpler Recycling – Food Waste Collection' project, the Council formally engaged specialist waste management consultants Ciculogic to model the costs of alternative approaches.

In addition, solar farm consultancy has also been commissioned. The Council gave authority to Bloom Procurement Services to obtain a specialist provider, with Meld Energy Ltd subsequently being appointed.

When developing partnership working (such as the Worcestershire Strategic Housing partnership), the Council has appropriate governance arrangements in place to ensure that there is a clear plan, highlighting the structure and roles within the partnership. Reports are made available to decision-makers to monitor partnership effectiveness.

In the year, we have observed a key decision being the break-up of the shared North Worcestershire Economic Development and Regeneration service being appropriately reported on in the December 2023 Cabinet meeting and the exit agreement being recommended leading to the winding up of the shared service on 1 July 2024.

Ensuring appropriate standards

From our audit work, we have not seen any evidence of breaches in legislation nor legal or regulatory investigations. Compliance with legislation and regulatory standards is embedded through the clear code of conducts in place for members and employees outlining expectation and ensuring that all elected members and staff are aware of what is expected.

Reminders are sent to all staff to make sure they complete new training tasks and keep their declared conflicts of interest forms up to date via email and Wyred Weekly (the Council's online corporate briefing).

No serious data security breaches occurred during the year and all of the breaches that did occur were reported to the ICT Strategy board and scrutinised against the Information Commissioners Office's (ICO) breach criteria. Records of Data Protection breaches in the year show actions taken, including a single incident that was reported to the ICO. Appropriate remedial steps had been taken and no further action was required. We are satisfied that Data Protection is appropriately addressed, within the course of our work undertaken.

A gifts and hospitality policy is included in the relevant codes of conduct, and the register of interests on the Council website was most recently updated in March 2024. Declaration of interest forms are made available for members and officers and declarations are invited at the beginning of each meeting.

BDO conducted a review in February 2024 over governance and ethics as part of their internal audit annual plan which highlighted a risk under gifts and hospitality, which resulted in recommendations made to improve practice. This is included within actions in progress within the internal audit actions. Officers were found to have insufficient understanding of the rules around gifts and hospitality, with an instance noted of a gift being received and not being declared in the correct way. Recommendations included updating the guidance around the declaration process and the register held on the Council website being updated on a bi-annual basis.

Prior year external audit recommendations

As we have mentioned on Page 3 of this report, recommendations for improvement in the Council's governance arrangements were made by the predecessor auditor in their 2022/23 AAR. As this report was not issued until March 2024, the Council has not had chance to address them fully by the end of the 2023/24 financial year and therefore these recommendations are still relevant. These are:

- the Council should improve capital programme governance especially in relation to the two most significant programmes (Levelling Up Fund and Future High Street Fund). Without this the Council is at risk of losing grant funding or alternatively exposing the Council to financial risks where the project costs exceeded budget. Programme management should be strengthened, and the Council must ensure that risk management

arrangements are in place with risks, mitigations and assurances reported regularly to programme boards. Regular monthly updates on these significant capital projects should be provided to Cabinet.

- the Council needs to improve its identification and risk of fraud by:
 - Extending its work to cover procurement and financial processes
 - Adopting the CIPFA 2014 code of practice on managing the risk of fraud and corruption
 - Introduce monitoring for officer and member declarations of interest and gifts and hospitality.
- the Council needs to make more effective use of its risk register as a tool for both management and senior members.

Progress on addressing the recommendations and management's comments is set out in Section 8.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's governance arrangements. We have made recommendations for areas of improvement at section 8.

7. Improving efficiency, economy and effectiveness

We considered how the Council uses information about its costs and performance to improve the way it manages and delivers its services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Assessing performance and evaluating service delivery

Budget and Performance reports are reviewed quarterly by the Overview and Scrutiny Committee and reported to Cabinet, with financial and service performance information monitored against the Council's priorities as set out in the corporate plan. Actions are derived from performance measurement and risk assessments with progress against actions and measures reviewed in these quarterly reports. LG and Inform data for Wyre Forest District Council are now included in these quarterly reports and compared against similar councils.

The Council has adopted a 2024-27 Medium Term Financial Strategy in which it has agreed that the Council will report performance against the revised budget after approval of the budget revision in the quarterly budget and performance reporting.

The Council commissioned a corporate peer review in March 2024 from the LGA (Local Government Association) to learn from other comparable organisations and develop its action plan to improve its performance. The review highlighted the need for a golden thread underpinning the Council's activities and operations. Service planning arrangements have been refreshed to clearly establish such a golden thread to help individuals and teams understand how they contribute to corporate delivery of council priorities. We note this refresh affects arrangements in place in 2024/25 (that is outside of the year we are considering as part of this report).

The Cabinet approved the Corporate Peer Challenge 2024 Action plan in the June 2024 meeting with actions on the plan to be implemented in advance of the Corporate Peer Challenge progress review visit scheduled around December 2024.

A nearest neighbour benchmarking review was also performed over homelessness (a key challenge for many district councils), covering the period of October- December 2023.

The Council uses reports from regulatory bodies such as Worcestershire Regulatory Services (WRS) to identify which areas need to be improved and implement actions to address these areas. The Council has heeded advice from the WRS to increase their commitments to food law enforcement from a report issued in February 2024. Officers have suggested utilising the increase in funding to focus on the recruitment of both Senior Technical Officers and Regulatory Support Officers which will be reviewed next year to establish whether these recommendations have been actioned.

The Council had a 2021-24 transformation plan in place as part of its Medium-Term Financial Strategy, aiming to reshape the delivery of internal and external services by utilising new technologies, delivery models and ways of working in order to ultimately close the financial gap and deliver corporate priorities. The success of the transformation was analysed in March 2024, with £750k per annum of savings deemed to have been generated.

The new transformation plan for 2024-27 discusses the intention to close the financial gap by March 2027 with a focus on efficiency of service delivery.

This is evidence of the Council taking action on recommendations from internal and external auditors as well as from regulators, with action plans prepared and implemented by the Corporate Leadership Team and reported to Cabinet and Audit Committee as appropriate.

Partnership working

Arrangements are in place to monitor partnership working.

Various governance arrangements are in place for the shared services which the Council has, and Members receive regular performance monitoring reports establishing whether significant partnerships are reaching their stated objectives to ensure that the Council maintains overall decision-making responsibility for matters affecting the body.

In December 2023 on the back of a formal decision from all three councils involved, there was a mutual termination of the agreement that established North Worcestershire Economic Development and Regeneration where objectives were not being met. The movement to stand alone arrangements forms part of the 2023-27 Corporate Plan.

The Council engages and consults with key stakeholders through the annual budget consultation which was last carried out in January 2024. The survey shared to all members generated 976 responses, helping to determine local priorities for resources or opportunities for savings. For example, one of the proposals which the stakeholders were asked to share their opinion on was the introduction of 'free one-hour parking in one car park in each of the towns'.

The Council has a planned consultation in 2024 with key stakeholders covering the new transformation plan. The Council also engaged with their stakeholders as part of their corporate plan consultation. Discussions were held around the review of public space protection orders, environmental enforcement policy and localism strategy and attendees were given a survey to complete within each discussion.

Commissioning and procuring services

The body has a procurement strategy last updated in March 2023 split into categories of 'governance & compliance', 'collaboration, knowledge & innovation' and 'performance culture' and includes a delivery plan to the end of 2024 including the requirement for regular reporting to the council on commercial activity, financial benefits and non-financial benefits.

Included in the procurement strategy is a table which gives the status of where the Council is against the actions which it has deemed necessary in order to achieve an overall positive performance culture.

The Council monitors the performance of key service providers and sub-contractors through monthly reports and quarterly client meetings. Contracts with providers and contractors detail how performance will be monitored and how any performance failures will be actioned against per the Invitation to Tender (ITT) template and specification guide that commission managers must follow. This is currently in place for larger contracts such as the subcontracted management of the Wyre Forest Leisure Centre and details KPIs and implications of any performance failures. The performance management approach to this contract was reviewed as part of our work and was considered adequate for monitoring purposes, with appropriate assessment being conducted as to whether expected benefits are being realised.

As mentioned earlier, the Council has taken on BDO as an external provider of the internal audit function which has proven to be a success in terms of delivery.

Further training for both members and officers was identified to be required over procurement and contract management in the 2021/22 and 2022/23 combined AAR. We have observed that this has been added to the training programmes for the Audit Committee and members but as training has not yet been carried out as at the year end this recommendation has been considered as ongoing. See further detail in Section 8 to this report. The uptake of the Audit Committee Procurement and Contract Procedure Rules training scheduled in September 2024 will be reviewed as part of our work in the 2024/25 VFM review.

Prior year external audit recommendations

As we have mentioned on Page 3 of this report, a key recommendation and an improvement recommendation to address a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness were made by the predecessor auditor in their 2022/23 AAR. As this report was not issued until March 2024, the Council has not had chance to address them fully by the end of the 2023/24 financial year and therefore these recommendations are still relevant. These are:

Key recommendation:

- The Council needs to invest in its performance management arrangements as a means to focus on priorities and to drive improvements. Clearer Key Performance indicators that relate to priorities and service standards, integrating performance, risk and finance reporting and using performance information to contract its key contracts such as leisure and waste services are all key elements of an effective performance management system and should be improved at the Council.

Improvement recommendation:

- The Council needs to improve its procurement and contract management arrangements by:
 - Updating its procurement strategy;
 - Ensuring that the contract register is monitored, kept up to date and is used by all services;
 - Ensuring that it fully meets Local Government Transparency regulations;
 - Having a suitably trained client lead for procurement and contract management; and
 - Providing training for officers and members on procurement and contract management to enable them to fully understand their responsibilities for social value and VFM.

Progress on addressing the recommendations and management's comments is set out in Section 8.

Based on the work carried out which included follow-up of prior year issues, we have concluded that the significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness noted in the 2022/23 Auditor's Annual Report remains a significant weakness.

8. Recommendations

KEY:



Recommendations that refer to issues that have resulted in a significant weakness in the Council's arrangements.




Recommendations that should improve the arrangements in place at the Council but are not as a result of identifying a significant weakness.

Current Year Issues


Risk Management	
<p><u>Governance</u></p> <p>The Corporate Risk Register does not currently document the movement in risk scores since the previous assessment. Whilst the movement in risk scores is not flagged within the risk register, there is a section and table included in the covering report to Audit Committee that flags and explains any movements. However, in the absence of movement in risk scores in the risk register, it can be difficult for Members to gain quick oversight of escalating and de-escalating risks which may require more/ less attention and revised mitigation strategies.</p> <p>In addition currently the Audit Committee reviews the risk register every 6 months while it is reviewed by CLT quarterly.</p>	<p><u>Recommendation</u></p> <p>Movement in the risk score should be documented to make Members aware of escalating and de-escalating risks from last review. This can be recorded using arrows next to risk scores on the Corporate Risk Register which easily provide direction of travel.</p> <p>Quarterly CLT discussions of the risk register should feed into the quarterly Audit Committee meetings in order to monitor and review risk status.</p> <p><u>Management comment</u></p> <ul style="list-style-type: none"> Amending the presentation of the risk register will be explored with the aim of introducing the recommended presentation. The narrative section providing justification for a revision to scores in the covering report to members will be maintained. The governance arrangements outlined in the current risk management strategy; approved April 2024 includes a bi-annual update to Audit Committee on risk management. Consideration to increasing the frequency of progress reports to Audit Committee will for part of the 2025 review of the strategy
Register of Interests	
<p><u>Governance</u></p> <p>The Register of Interests, as made publicly available on the Council's website, requires improvements to provide increased transparency, namely:</p> <ul style="list-style-type: none"> The employee register of interests does not include a column for disclosure of date that gifts/ hospitality are received, only a date or disclosure 	<p><u>Recommendation</u></p> <p>It is recommended that the register of interests is reviewed and amended to include:</p> <ul style="list-style-type: none"> A date of receipt of gift/ hospitality Reason for receipt of gift/ hospitality A value of the gift/ hospitality received for Councillors


<ul style="list-style-type: none"> • The reason for gift/ hospitality column is not always filled out, or in some instances mixed up with value in employee register • No reason for the gift/ hospitality is included other than description of the gift/ hospitality for Councillors • No value for gifts and hospitality has been included for Councillors. 	<p>It is also recommended that there is a refresh of the gifts and hospitality policy to ensure sufficient understanding from officers and that the register is reviewed at least bi-annually.</p> <p><u>Management comment</u></p> <p>The Governance and Ethics (Feb 2024) made a number of recommendations including concerning the design of the reporting template to meet the LGA guidance. These recommendations have been accepted</p>
---	--

Prior Year Issues reported by the predecessor auditor – Ongoing

Performance and Programme Management	
	
<p><u>Improving economy, efficiency and effectiveness</u></p> <p>The Council's arrangements for performance and programme management are not adequate.</p>	<p><u>Recommendation</u></p> <p>The Council needs to invest in its performance management arrangements as a means to focus on priorities and to drive improvements.</p> <p>Clearer Key Performance indicators that relate to priorities and service standards, integrating performance, risk and finance reporting and using performance information to contract its key contracts such as leisure and waste services are all key elements of an effective performance management system and should be improved at the Council.</p> <p><u>Management comment</u></p> <p>Management welcomes the constructive appraisal of our arrangements that were scaled back as we responded to austerity some years ago. Significant progress has been made in 2023-24 in developing a performance and programme management culture within the Council with recruitment under way for a new Policy and Performance role in 2024-25. Following adoption of the 2023-2027 Council Plan, the performance management reporting framework has been redesigned with the introduction of clearer financial and service performance information and LG Inform data for WFDC compared against similar councils now being presented in quarterly performance management reporting. Individual Service Business Review Plans are being prepared and will be reviewed in April 2024, ensuring they provide clear links to delivery of the Corporate Plan. Further work is underway to clearly establish a golden thread to help officers understand how they contribute to corporate delivery of council priorities.</p> <p><u>2024 Update</u></p> <p>The Council has recruited a new Policy and Performance Officer on the 10 April 2024 to increase capacity.</p> <p>The performance management reporting framework has been redesigned with the introduction of clearer financial and service performance information and LG Inform data for WFDC compared against similar councils.</p>


	<p>The reporting will continue to evolve to reflect the performance measures in the 2024-25 Service Plans. Reporting was reviewed and commended during the March 2024 Corporate Peer Review.</p> <p>Individual Service Business Review Plans were reviewed in April 2024, although still required clear links to delivery of the Corporate Plan.</p> <p>The performance summary in the narrative report that accompanies the Annual Statement of Accounts has been revised to better present details of the Council's annual performance to the public.</p> <p>The standard terms/ phrasing covering performance management has been reviewed and refreshed within tender documentation.</p> <p>The process for recording, monitoring and reporting complaints has been refreshed for 2024-25 and rolled out to all managers. Information relating to complaints will form part of the quarterly budget and performance monitoring report in 2024-25. A summary of complaints received in 2023/24 will be incorporated into the Q4 budget and performance report.</p> <p>Note that the above actions were largely implemented post year end or were in the process of being implemented at the year-end following the receipt of the prior year AAR in March 2024. Therefore, this recommendation has been maintained as ongoing while practice becomes embedded and will be reviewed in the 24/25 AAR.</p>
--	---

Improving Workforce Strategy	
	
<p>Financial Sustainability</p> <p>Developing a costed workforce strategy will enable the Council to plan its future workforce requirements and build in medium to long-term assumptions for budget planning.</p>	<p><u>Recommendation</u></p> <p>Improve the Workforce Strategy to enable the implications to be fully costed and understood over the medium to long-term.</p> <p><u>Management comment</u></p> <p>Workforce requirements are fully costed in the medium-term financial strategy, including where there are known changes arising as a result of changes to regulations that impacts on council strategies or services. Further, there are inflation assumptions included across all years of the MTFS ensuring proper provision is made for future pay costs. The full financial implications of implementing the workforce strategy are not known until the actions linked to the plan have been completed. The work undertaken by the s151 in preparing the annual statement on the robustness of the estimates and the adequacy of reserves takes a risk-based approach and encompasses Corporate Risk 06: Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce to ensure that the budget is aligned to future workforce requirements. Unfortunately, the Auditors were not able to expand on this recommendation or provide examples of best practice. We agree to examine the approach taken to organisational development elsewhere in the sector to see where we can develop our approach further</p> <p><u>2024 Update</u></p> <p>Still in progress. Not due until 30 September 2024 as per the action plan.</p>

Capital Programme Governance	
	
<p><u>Governance</u></p> <p>Capital Programme governance requires improvement</p>	<p><u>Recommendation</u></p> <p>The Council should improve capital programme governance especially in relation to the two most significant programmes (Levelling Up Fund (LUF) and Future High Street Fund (FHSF)). Without this the Council is at risk of losing grant funding or alternatively exposing the Council to financial risks where the project costs exceeded budget.</p> <p>Programme management should be strengthened, and the Council must ensure that risk management arrangements are in place with risks, mitigations and assurances reported regularly to programme boards.</p> <p>Regular monthly updates on these significant capital projects should be provided to Cabinet.</p> <p><u>Management comment</u></p> <p>Management welcome the review and appraisal of arrangements and appreciate that the additional evidence of member involvement and political oversight and the changes that have taken effect in 2023-24 have been acknowledged in the report. The Council does not accept this is an area of significant weakness, however further steps to improve capital programme governance and risk management of our significant schemes are being examined.</p> <p><u>2024 Update</u></p> <p>The standing item on the LUF and FHSF board agendas covering the Communication Plan has been changed from a verbal update to a highlight report.</p> <p>There is renewed reporting from the Programme Boards to O&S and Cabinet via quarterly budget and Performance reporting.</p> <p>Reporting has been reviewed to ensure that it presents both the approvals and the latest spend profile.</p> <p>Risk reporting was reviewed and concluded that no change was required as Board members have full sight of project risks.</p>

Detection and Prevention of Fraud	
	
<p><u>Governance</u></p> <p>The Council's fraud arrangements are not sufficient and the lack of effective controls relating to member and officers risk corruption occurring in decision making</p>	<p><u>Recommendation</u></p> <p>The Council needs to improve its identification and risk of fraud by:</p> <ul style="list-style-type: none"> • Extending its work to cover procurement and financial processes • Adopting the CIPFA 2014 code of practice on managing the risk of fraud and corruption

	<ul style="list-style-type: none"> Introduce monitoring for officer and member declarations of interest and gifts and hospitality. <p><u>Management comment</u></p> <p>Fraud risk and anti-corruption risk is covered in all reviews of financial systems undertaken. Procurement risk is recognised, and controls are in place to address the risk when evaluating tenders for contracts prior to selection/award. Both officers and members have clear codes of conduct that explicitly cover the risk of fraud. Officer and member declarations are monitored, and Members are asked to declare interests as standard at the start of each decision-making meeting. Unfortunately, the Auditors were not able to expand on this recommendation or explain where additional controls could improve arrangements. The Internal Audit plan 2023-24 on Governance and ethics has made some improvement recommendations and these will be implemented in full. The CIPFA 2014 Code of Practice on managing the risk of fraud will be recommended to Audit Committee for adoption. Fraud risk is considered annually for inclusion in the Corporate risk register and the concerns raised in this report will help inform the decision of whether to include in the register for 2024-25 as part of the April 2024 review</p> <p><u>2024 Update</u></p> <p>The Council has refreshed the Anti-Fraud, Theft, Bribery and Corruption Strategy as presented to Audit Committee in July 2024. The CIPFA 2014 Code of Practice on managing the risk of fraud has been recommended to the Audit Committee for adoption and reflected in the July 2024 Fraud Response Plan.</p> <p>The Anti-fraud plan has been updated to capture the controls in place that cover procurement and financial processes. The Council is in the process of implementing these and therefore this issue is considered unresolved to be followed up next year.</p>
--	--

Risk Management	
	
<p><u>Governance</u></p> <p>Risk Management requires improvement.</p>	<p><u>Recommendation</u></p> <p>The Council needs to make more effective use of its risk register as a tool for both management and senior members. The strategic risk register should be focused on key risks to the organisation and its delivery of priorities. For each risk, the register should clearly set out the risk score, mitigations, a target risk score - reflecting the significance of the risk to the organisation. There should be clear narrative on what will be done to reduce the risk actions that are time bound.</p> <p><u>Management comment</u></p> <p>Fraud risk and anticorruption risk is covered in all reviews of financial systems undertaken. Procurement risk is recognised, and controls are in place to address the risk when evaluating tenders for contracts prior to selection/award. Both officers and members have clear codes of conduct that explicitly cover the risk of fraud. Officer and member</p>

declarations are monitored, and Members are asked to declare interests as standard at the start of each decision-making meeting. Unfortunately, the Auditors were not able to expand on this recommendation or explain where additional controls could improve arrangements.

The Internal Audit plan 2023-24 on Governance and ethics has made some improvement recommendations and these will be implemented in full. The CIPFA 2014 Code of Practice on managing the risk of fraud will be recommended to Audit Committee for adoption.

Fraud risk is considered annually for inclusion in the corporate risk register and the concerns raised in this report will help inform the decision of whether to include in the register for 2024-25 as part of the April 2024 review

2024 Update

A refreshed Risk Management Strategy has been approved by the Cabinet in April 2024 which has made substantial improvements in the Council's Risk Management process. The revised strategy now includes:

- A risk appetite and tolerance statement
- Risk types / categories
- Risk escalation process
- Use of assurance measures and KPIs
- Risk scores included before and after mitigation
- Updated roles and responsibilities


The risk register for 2024/25 has been appropriately updated in line with the revised strategy, although assurance measures and KPIs against mitigation are still progressing.

There still some improvements and recommendations to be made around the risk management process and presentation of the risk register as detailed below:

- Risk tolerance should be assigned to each category of risk
- A target risk score should be documented for each risk
- KPIs against the mitigation of risk and assurance measures require implementation
- The Risk Register should distinguish between existing controls and mitigating actions to be implemented to bring risk in line with target score with actions that are time bound
- Training for officers responsible for risk management is required and positive uptake from members and executives will need to be observed. It has been noted that training has been scheduled for the 24/25 financial year.

This issue has therefore been classified as unresolved, although it can be noted that progress has been made since receipt of the prior year AAR in March 2024.

The Council aim to deliver all Risk Management improvements per the 2024/25 AGS by September 2024 which will followed up in next year's AAR.

Procurement and Contract Management	
<div data-bbox="132 190 225 246">  </div> <p data-bbox="132 264 703 297">Improving economy, efficiency and effectiveness</p> <p data-bbox="132 327 662 387">The Council's arrangements for procurement and contract management are not adequate</p>	<p data-bbox="738 264 949 297"><u>Recommendation</u></p> <p data-bbox="738 327 1385 387">The Council needs to improve its procurement and contract management arrangements by:</p> <ul data-bbox="788 394 1485 707" style="list-style-type: none"> • Updating its procurement strategy; • Ensuring that the contract register is monitored, kept up to date and is used by all services; • Ensuring that it fully meets Local Government Transparency regulations; • Having a suitably trained client lead for procurement and contract management; and • Providing training for officers and members on procurement and contract management to enable them to fully understand their responsibilities for social value and VFM. <p data-bbox="738 741 1013 775"><u>Management comment</u></p> <p data-bbox="738 826 1492 1050">The procurement strategy was last updated in July 2023, the contracts register is monitored, kept up to date and includes all services. Our in-house procurement officer holds a level 5 procurement qualification and we have commissioned additional support provided by West Mercia Police through a practitioner holding a level 7 qualification since 2021 when our previous longstanding (experienced) procurement officer left.</p> <p data-bbox="738 1077 1492 1234">We accept that further training for both members and officers would develop a greater understanding of individual responsibilities and that some further work is required to make sure the multiple orders for goods or services from the same supplier are brought under a single contract wherever possible to ensure best value is being achieved</p> <p data-bbox="738 1261 890 1294"><u>2024 Update</u></p> <p data-bbox="738 1317 1449 1377">The procurement strategy was last updated in July 2023 and has a delivery plan in place which spans to the end of 2024.</p> <p data-bbox="738 1404 1485 1561">Training for both officers and members on procurement and contract management has been added to the training programme. Procurement fraud awareness training was delivered to Manager Forum in July 2024 and procurement training is scheduled for Audit Committee to be delivered in September 2024.</p> <p data-bbox="738 1588 1492 1715">The procurement officer holds a level 5 procurement qualification and additional support has been commissioned since 2021 as provided by West Mercia Police through a practitioner holding a level 7 qualification.</p> <p data-bbox="738 1742 1501 1870">Monitoring of instances of multiple orders for goods and services from the same supplier to identify areas where best value could be achieved continues to be embedded with new performance measures being explored for performance monitoring.</p> <p data-bbox="738 1897 1501 2024">Appropriate action has been seen to have been taken post year end but due to the timing of the prior year AAR there are still actions to be embedded as of the 23/24 year end. This issue will therefore be classed as ongoing to be considered in the following year.</p>

Prior Year Issues reported by the predecessor auditor – Resolved

Keeping CFR under review	
<p>Financial Sustainability</p> <p>The Council needs to ensure it has adequate CFR to meet the prudential indicator relating to debt and that its planned borrowing is sustainable.</p>	<p><u>Recommendation</u></p> <p>The Council should ensure it keeps its CFR under review to ensure it is able to meet the prudential indicator relating to debt and satisfy itself that its current planned level of borrowing is sustainable.</p> <p><u>Management comment</u></p> <p>The Council's officers regularly review the CFR; it is updated bi-monthly and shared with the Cabinet Member for Finance and Capital Portfolio and formally refreshed and approved by the Treasury Management Review panel bi-annually, as required by regulations. The treasury management team follow best practice and adopt laddered approach to borrowing that aligns annual maturities of debt to annual minimum revenue provision. This ensures that debt does not, except in the short-term, exceed CFR and ensure that the Council pay back its borrowing. The Council has maintained a consistent approach for both historic and current arrangements in managing this key indicator</p> <p><u>2024 Updated management comment</u></p> <p>The CFR is reviewed at bi-monthly treasury management review meetings. The council have adopted a best practice laddered approach to borrowing, to make sure as far as is reasonably practicable, that loan maturities are aligned to annual MRP charges. This reduces the risk of the prudential indicator relating to debt not being met.</p>
Governance arrangement of capital programmes	
<p>Financial Sustainability</p> <p>Capital reporting needs improving to include expected and actual programme benefits, track outcomes of capital spend and understand reasons for delays to programme delivery</p>	<p><u>Recommendation</u></p> <p>Improve the governance arrangements for the Council's capital programme, ensure its benefits are captured and reported to enable members to make informed decisions and ensuring the Council learns lessons from its arrangements. The reporting also needs to include outcome performance and reasons for programme slippages.</p> <p><u>Management comment</u></p> <p>Current Capital programme reporting has been enhanced to include expected programme benefits and key risks, in addition to tracking programme spend and providing a narrative update on programme delivery. Detail on progress for the major capital schemes has been included in the main body of the quarterly budget and performance monitoring report in addition to being presented in an Appendix. Reasons for slippage has been made more visible.</p> <p><u>2024 Update</u></p> <p>Actioned in Quarter 3 2023/24 Budget and Performance monitoring report considered by Overview & Scrutiny Committee in March 2024 and Cabinet in April 2024.</p>

Internal Audit	
<p>Governance</p> <p>The Council did not have a fully resourced Internal Audit team for 2021-22 or 2022-23</p>	<p><u>Recommendation</u></p> <p>The Council must ensure that it has adequate internal audit capacity to effectively deliver a risk based annual audit plan.</p> <p><u>Management comment</u></p> <p>The Council ensured that it had adequate internal audit capacity during both 2021-22 and 2022-23 through interim arrangements. This was achieved by engaging a retired ex-employee and by seconding the CIPFA trainees to the Internal Audit team. In both years the Chief Internal Auditor was able to issue her opinion. The Council has commissioned Internal Audit Services from BDO, with effect from 1 November 2023, via the CCS framework to ensure that it has adequate internal audit capacity to effectively deliver a risk based annual audit plan prior to conclusion of the VFM review.</p> <p><u>2024 Update</u></p> <p>BDO have since been externally appointed in November 2023 to carry out internal audit work. It is considered that adequate internal audit capacity has been achieved with the successful delivery of the 2023/24 risk based annual plan and therefore this issue is considered resolved.</p>



© Bishop Fleming. All rights reserved.

Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282, and Bishop Fleming Bath Limited, a limited company registered in England and Wales No. 07869428. Registered offices: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names for the LLP is available at the above address.



ICAEW
CHARTERED
ACCOUNTANTS

