AGENDA FOR

AUDIT COMMITTEE

Bury Council

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To: All Members of Audit Committee

Councillors : A Arif, D Berry, D Duncalfe, E FitzGerald, I Gartside, M Hayes, N Jones, E Moss and M Whitby (Chair)

Dear Member/Colleague

Audit Committee

You are invited to attend a meeting of the Audit Committee which will be held as follows:-

Date:	Wednesday, 12 October 2022
Place:	Town Hall
Time:	7.00 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

AGENDA

1 **APOLOGIES FOR ABSENCE**

2 **DECLARATIONS OF INTEREST**

Members of the Audit Committee are asked to consider whether they have an interest in any of the matters on the agenda and, if so, to formally declare that interest.

3 **MINUTES OF THE LAST MEETING** *(Pages 5 - 12)*

The Minutes of the last meeting of the Audit Committee held on 25 July 2022 are attached.

4 **MATTERS ARISING**

5 **EXTERNAL AUDIT PROGRESS REPORT** *(Pages 13 - 28)*

The External Audit Progress report from Bury's External Auditors Mazars is attached.

6 **PUBLIC SECTOR AUDIT APPOINTMENTS** *(Pages 29 - 34)*

A report from the Section 151 Officer is attached

7 **RISK REGISTER** *(Pages 35 - 66)*

Report attached.

8 **PROCUREMENT STRATEGY** *(Pages 67 - 78)*

A report from the Section 151 Officer is attached
The Procurement Strategy is attached.

9 **CONTRACT PROCEDURE RULES**

Item to be deferred.

10 **COMPLIANCE WITH THE CIPFA FINANCIAL MANAGEMENT CODE** *(Pages 79 - 140)*

A report from the Section 151 Officer is attached.

Appendix A attached.
Appendix B attached.

11 **URGENT BUSINESS**

12 **EXCLUSION OF PRESS AND PUBLIC**

To consider passing the appropriate resolution under Section 100(A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following items of business since they involve the likely disclosure of the exempt information stated.

13 INTERNAL AUDIT PROGRESS REPORT UPDATE *(Pages 141 - 170)*

A report from the Section 151 Officer is attached.

Appendix A attached
Appendix B attached

14 INTERNAL AUDIT REPORTS ISSUED SINCE THE LAST COMMITTEE *(Pages 171 - 226)*

A report from the S.151 Officer is attached

Appendix 1 Attached
Appendix 2 Attached
Appendix 3 Attached

15 INTERNAL AUDIT SPECIAL INVESTIGATIONS *(Pages 227 - 348)*

A report from the Section 151 Officer is attached.

Appendix 1 attached
Appendix 2 attached
Appendix 3 attached
Appendix 4 attached
Appendix 5 attached

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Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 25 July 2022

Present: Councillor M Whitby (in the Chair)
Councillors A Arif, D Berry, D Duncalfe, E FitzGerald, I Gartside, M Hayes, N Jones and E Moss

Also in attendance: Marcus Connor Information Governance Manger & Data Protection Officer
Adrian Crook, Director, Adult Social Services and Community Commissioning.
Sam Evans, Executive Director of Finance, S151 Officer
Jacqui Dennis, Director of Law and Democratic Services
Roger Frith, Strategic Asset Manager
James Hopwood, Chief Accountant
Crispian Logue, Head of Service (Strategic Planning and Economic Development)
Karen Murray, Partner, Mazars
Nicky Parker, Director of Transformation
Janet Spelzini, Acting Head of Audit
Jackie Veal, Head of Wellness
Dawn Watson, Audit Manager, Mazars

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence: L RidsdaleThere were no apologies for absence

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AU.1 DECLARATIONS OF INTEREST

Councillor Jones declared a personal interest in any item relating to Six Town Housing as he is a Council Member of the Six Town Housing Board and also sits on the Six Town Housing Audit Committee.

AU.2 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting held on 15 March 2022 be approved as a correct record and signed by the Chair.

AU.3 MATTERS ARISING

There were no matters arising.

AU.4 INFORMATION GOVERNANCE

Marcus Connor, Information Governance Manager & Data Protection Officer presented a report giving an update on the work that had been carried out in relation to GDPR since the last meeting of the Audit Committee.

Marcus explained that the focus of the update was the Council's progress against the 79 recommendations from the Information Commissioner's Office (ICO) visit in 2021. The report highlighted that the majority of actions will be delivered by the end of Quarter 4, 2021/22. Shortly after the last Audit Committee, the Information Commissioner's Office confirmed the date of their desk-top revisit to Bury Council, which took place 11-14 April 2022.

The ICO were positive about the progress made, with 57 recommendations completed and 22 in progress and have not stated any further plans to return to Bury.

To complement the Information Commission's revisit, Internal Audit reviewed progress against the issues it identified prior to the ICO audit in 2021. The initial recommendations from Internal Audit where very similar to those made by the ICO, therefore, their follow-up audit has similarly found the majority of actions are either complete or in progress.

This now enables the Council to focus Information Governance activity on a 'business as usual' approach, including embedding Information Governance in all Council services, ensuring training compliance levels are maintained, and learning from and reducing the number of data breaches.

A copy of the Information Commissioner's Office report is attached for information.

Members of the Audit Committee were given the opportunity to ask questions and the following points were raised:-

- Councillor Gartside referred to the use of pen drives across the Council and what work was being done around this.

Marcus reported that the use of pen drives was not common practice but the training did include this issue within it.

- Councillor Gartside asked whether there had been any data breaches that had gone outside he Council.

Marcus explained that there had been breaches that had gone outside the Council but there were processes in place to respond.

All figures relating to breaches were reported to the Executive Team for monitoring.

- Councillor Jones referred spam emails and testing around this. He asked whether any testing had been carried out to see whether colleagues knew what to do if they received a spam email.

Marcus explained that this type of exercise hadn't been undertaken but it was something that could be carried out in the future.

- It was asked whether 20 minutes of inactivity before a laptop auto-locked was too long and whether this should be reduced to a lesser time period.

The 20 minute time period was deemed to be suitable and it was explained that it was hoped that locking the computer when not using it or away would become normal practice.

- Councillor Arif asked whether the Council had a policy in relation to data breaches.

It was explained that all of the policies relating to GDRP including data breaches were available on the Council Intranet. The policies had been reviewed in March 2022 and would be reviewed within the next 2 years.

Delegated decision:

1. That the excellent progress made to date be noted

2. That all involved be thanked for their hard work and effort in relation to the progress made and going forward.

AU.5 DRAFT STATEMENT OF ACCOUNTS

Sam Evans presented a report introducing the unaudited Statement of Accounts for the 2021/22 financial year.

The report highlights the overall financial position for the year. It was explained that whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.

The unaudited 2021/22 Statement of Accounts will be completed by 31 July 2022, in accordance with the specified timetable set out in the Accounts and Audit (Amendment) Regulations 2021. However, there will be an update between the statement of accounts presented in this report showing progress as at 15 July 2022 and the unaudited 21/22 Statement of Accounts which will be published on 31 July 2022.

A list of areas still being worked was set out in paragraph 7.1.4

It was explained that there is a requirement to obtain certification of the draft accounts by the responsible financial officer, for the Council this is the Executive Director of Finance. Certification of the audited Statement of Accounts will be required from the Executive Director of Finance and the Chair of the Audit Committee.

The accounts will be available for public scrutiny from 2 August to 13 September 2022. This will be advertised on the Council's website. The unaudited accounts will be placed on the Council's website on 29 July 2022 in line with the Government's policy of increased transparency in the public sector.

Members of the Audit Committee were given the opportunity to ask questions and make comments and the following points were raised:

- Councillor Gartside referred to the grant monies being set out within the reserves column of the document and asked why it was set out there and not within each departmental revenue budgets.

It was explained that as these were ringfenced they had to be in a specific location within the statement.

- Councillor FitzGerald referred to the £10m financial buffer in the Housing Revenue Account and the fact that the year end view could change from when produced.

Sam Evans explained that there is a reserve buffer of 5 – 10%.

- Councillor Hayes made reference to the issue around the major valuation of assets and asked if there may be a danger that the external auditors don't approve the accounts.

Karen Murray from Mazars explained that this referred to the roads infrastructure valuations and was a national issue. CIPFA were carrying out a piece of work to address the issues. They had undertaken a consultation that had ended in July. Karen reported that she would keep members updated.

Delegated decision:

That the Draft Statement of Accounts be noted.

AU.6 ANNUAL GOVERNANCE STATEMENT AND HEAD OF AUDIT OPINION

Sam Evans presented a report introducing the draft 2021/22 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS were outlined in the report.

It was explained that the report had been sent to all Executive Directors for their input, the report would be reviewed, and further information would be added post audit. The report would be brought back to the Audit Committee following this.

Jacqui Dennis explained that the governance changes in relation to the new Integrated Commissioning Board were key pieces of work that were in the process of being worked on, The Cabinet received quarterly updates which were linked to the corporate plan.

Delegated decision:

That the contents of the Draft Annual Governance Statement (AGS) 2021/22 be noted.

AU.7 COMPLIANCE WITH THE CIFPA FINANCIAL MANAGEMENT CODE

It was reported that the report would be deferred to the next meeting of the Audit Committee being held on 12 October 2022.

AU.8 RISK REGISTER

Sam Evans, Executive Director of Finance presented a report providing an update position with regards to the risks identified and assessed on the Council's Corporate Risk Register which was appended to the report.

A total of 22 risks have been identified as those of a genuine corporate nature and are summarised as follows:
- 22 risks are currently present on the Corporate Risk Register
- 16 risks are currently rated as Significant (risk score 15-25)
- 4 risks are currently rated as High (risk score 8-12)
- 2 risks are currently rated as Moderate (risk score 4-6).

Of these 22 risks: 3 have increased in score, 6 have decreased in score, 9 have remained static, 4 have been newly introduced.

Members of the Audit Committee were asked to consider the risks within the report and choose two to carry out a 'deep-dive' on.

Delegated decisions:

1. That the Audit Committee notes the update provided.

2. That the following Risks be considered in more detail at the next meeting of the Audit Committee in October:

   CR5 – Increasing Demand Pressures
   CR11 – Asset Management (Operational Health and Safety)

AU.9 EXTERNAL AUDIT PROGRESS REPORT

Karen Murray, Partner at Mazars presented a report providing the Audit Committee with an update on progress in delivering their responsibilities as Bury's external auditors. It also included, at Section 2, a summary of recent national reports and publications for the Committee's information.

Karen explained that the 2020/21 audit of the financial statements had been completed and the unqualified audit opinion signed on 14 January 2022.

Mazars final audit completion letter which was issued at the conclusion of the audit updated the Audit Committee on the items listed as outstanding in the Audit Completion Report and had been presented to the Committee at the previous Audit Committee meeting. There were no new matters arising to bring to the Committee's attention.

Mazars had completed their work on the Council's value for money arrangements in March 2022. The work identified significant weaknesses in the Council's arrangements within Governance and Economy, Efficiency and Effectiveness arrangements. These related to the Ofsted inspection of children's services and internal control deficiencies identified by Internal Audit and the ICO.

Mazars included their commentary on the Council's arrangements in their Auditor's Annual Report, which was presented to the March 2022 meeting of the Audit Committee.

Initial planning work and early substantive testing in relation to the 2021/22 audit had been completed during March 22. The Audit Strategy Memorandum had been presented to the Audit Committee at its meeting in March.

It was explained that the Council draft Accounts and Annual Governance Statement would be received by Mazars at the end of July in line with the timetable agrees with officers. Fieldwork will commence on 22 August and is due to continue until mid-October 22.

Subject to the resolution of a national technical issue in respect of accounting for infrastructure assets, findings will be reported to the Audit Committee at its meeting in October 22.

Delegated decision:

That the contents of the report be accepted.

AU.10 INTERNAL AUDIT ANNUAL YEAR END UPDATE 2021/2022

Janet Spelzini presented a report summarising the results of internal audit work during 2021/22 and giving an overall opinion of the Authority's control environment as required by the Accounts and Audit Regulations 2015.

It was reported that based upon the results of audit work undertaken during the year the opinion is that the Authority's control environment provides moderate assurance that the significant risks facing the Authority are addressed.

Delegated decision:

That the contents of the report be noted.

AU.11 INTERNAL AUDIT PLAN 2022/2023

The Acting Head of Internal Audit presented a report setting out the context of the Internal Audit Service explaining the approach to the compilation of the 2022/23 internal audit annual plan. The annual plan was incorporated at Annex 1 to the report.

Delegated decision:

1. That the contents of the report be noted

2. That the annual audit plan for 2022/23 be approved.

AU.12 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.13 INTERNAL AUDIT REPORTS ISSUED SINCE LAST AUDIT COMMITTEE

A report of the S.151 Officer was presented setting out the Internal Audit reports that had been produced since the last meeting of the Audit Committee.

Nicky Parker, Director of Transformation and Jacqui Veal attended the meeting to update and provide assurance to Members following the internal audit review of the Leisure Centre Income.

Adrian Crook, Director of Community Commissioning attended the meeting to update and provide assurance to Members following the internal audit review of Choices for Living Well (Killelea) Petty Cash.

Crispian Logue, Head of Service (Strategic Planning and Economic Development) and Roger Frith, strategic Asset Manager attended the meeting to update and provide assurance to Members following the internal audit review of Estates Property Management.

Delegated decision:

That the contents of the report be noted.

AU.14 INTERNAL AUDIT INVESTIGATIONS TO BRING TO THE COMMITTEE'S ATTENTION

Janet Spelzini, Acting Head of Internal Audit presented a report updating members in relation to Internal Audit Special Investigations reports which have been undertaken to examine significant issues / whistleblowing allegations, raised with the S151 officer.

Delegated decision:

That the contents of the report be noted.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00 pm and ended at 10.00 pm)

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Audit Progress Report

Bury Metropolitan Borough Council

Audit Committee

October 2022

mazars

Appendix 5

1. Audit Progress
2. National publications

Section 01:

Audit Progress

Audit progress

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors. It also includes, at Section 2, a summary of recent national reports and publications for your information..

2020/21 audit

Our one remaining responsibility in respect of the 2020/21 financial year is a review of the Council's whole of government accounts (WGA) return. The National Audit Office (NAO) has now issued its group instructions, which determines the testing we are required to undertake on the Council's WGA return. We are currently waiting on confirmation of sample audits to be tested. Once the NAO has confirmed this, we will liaise with officers to complete any work we are required to do. Following this, we will issue our Audit Certificate to formally close the 2020/21 audit.

2021/22 audit

During March 2022, we completed our initial planning work and early substantive testing for the 2021/22 audit. Following this, we presented our Audit Strategy Memorandum to the March Audit Committee meeting, setting out the audit risks we had identified in respect of the 2021/22 financial statements. There has been no change to our risk assessment since issuing our Audit Strategy Memorandum.

We received the Authority's draft accounts and annual governance statement in July 2022, in line with the timetable agreed with Officers and the national timetable. Our fieldwork commenced on 22 August 2022, and is due to continue until early November. We expect to report our findings from our audit a future Audit Committee meeting. However, this is subject to the resolution of a national technical issue in respect of accounting for infrastructure assets. Further information on this issue is included on page 8 of this report.

We plan to complete and report our Value for Money arrangements work within three months of the date of our audit opinion on the financial statements (in line with National Audit Office (NAO) guidance).

02

Section 02:

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1	CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets	The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets.
2	Updated statement on the deferral of IFRS 16 leases	Following its emergency consultation on proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement.
3	Local Authority Controlled Companies: a good practice guide	A good practice guide due to be published in May 2022; highlighted for potential interest to Committee Members, noting the full guide needs to be purchased.
4	CIPFA/LASAAC Code Of Practice On Local Authority Accounting In The United Kingdom 2022/23	Code of Practice for 2022/23 financial statements
Department for Levelling Up, Housing and Communities		
5	Creation of the Audit Reporting and Governance Authority	A new regulator, the Audit Reporting and Governance Authority (ARGA), to be established as the system leader for local audit within a new, simplified local audit framework.
6	Guidance on flexible use of capital receipts	Updated guidance on the type of projects that qualify for the capital receipts flexibility programme 2022-2025

National publications

	Publication/update	Key points
National Audit Office (NAO)		
7	Audit and Assurance Committee effectiveness tool	NAO's effectiveness tool provides a way for ARACs to assess their effectiveness
8	Improving government data: A guide for senior leaders	A good practice insight guide for senior leadership
Public Sector Audit Appointments Ltd		
9	Annual Quality Monitoring Report	This covers the work of local auditors appointed by PSAA for the 2019/20 financial year. The report provides information from PSAA's quality monitoring arrangements throughout the year, survey results and findings from professional regulation and contractual compliance. The report details how the Financial Reporting Council reviewed four Mazars financial statements audits and all were assessed as meeting the required standard.
10	Consultation on 2022/23 scale of audit fees	Consultation document

NATIONAL PUBLICATIONS
CIPFA

1. CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets – May 2022

The issue of accounting for infrastructure assets is a technical accounting one, and arises principally because of information availability relating to these assets.

Accounting for infrastructure in local government has not historically been considered to be an area of significant audit risk, due to the inalienable nature of the assets and the use of a historical cost basis of accounting. However, concerns have been raised that some authorities are not applying component accounting requirements appropriately. The issue raised is in relation to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken. There are also related issues for the reporting of gross historical cost and accumulated depreciation. Infrastructure assets are one of the few categories of property, plant and equipment assets measured at historical cost rather than at 'current value'. The valuation process for these assets was deemed to be too costly and, therefore, infrastructure assets are held in local authority balance sheets at depreciated historical cost.

Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. An urgent consultation on these proposals closed on 14 June 2022.

The temporary proposals address the above issue regarding the derecognition of parts of local authority infrastructure assets as they are replaced. CIPFA LASAAC and CIPFA established a Task and Finish Group to find a solution to this issue and consider the outcome of any proposed changes to the code. Following advice from the Task and Finish Group, CIPFA LASAAC has now issued temporary proposals for changes to the code relating to how these issues are reported. They include:

- confirming the accounting consequences of derecognition, e.g. that the effect on the carrying amount is nil (on a presumption that the replaced parts are fully depreciated);
- temporarily adapting the code to remove the reporting requirements for gross historical cost and accumulated depreciation
- providing extra guidance on how depreciation may be applied for infrastructure assets
- CIPFA LASAAC will consult on a longer-term solution later in the year.

https://www.cipfa.org/policy-and-guidance/urgent-task-and-finish-group-local-authority-infrastructure-assets

NATIONAL PUBLICATIONS
CIPFA

2. Updated statement on the deferral of IFRS 16 leases – April 2022

Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023. CIPFA LASAAC would note that the 2022/23 Code has not yet completed its due process so local authorities should follow the CIPFA LASAAC pages of the website for further updates. Formal due process for the Code by LASAAC and by CIPFA's Public Financial Management Board is anticipated to be complete by the third week in April.

https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/updated-statement-on-the-deferral-of-ifrs-16-leases

3. CIPFA Local Authority Controlled Companies: a good practice guide, May 2022

In recent years, the potential risk associated with local authority trading companies and joint ventures has increased. Nothing is risk free, but it is important to learn lessons from others and access support.

This guide aims to assist local authorities by setting out and highlighting existing best practice. It focuses on identifying organisational goals, the process to find the right option to achieve that goal and how to structure the organisation for success.

https://www.cipfa.org/policy-and-guidance/publications/l/local-authority-owned-companies-a-good-practice-guide

NATIONAL PUBLICATIONS
CIPFA

4. CIPFA/LASAAC Code Of Practice On Local Authority Accounting In The United Kingdom 2022/23, July 2022

Local authorities in the UK are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2022/23 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2022.

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

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

- clarifying and expanding the applicability of the Code to Welsh authorities and bodies including corporate joint committees
- amendments to clarify the treatment of social benefits
- provisions which allow local authorities to account for leases in accordance with IAS 17, while also offering the option for local authorities to choose to adopt IFRS 16 on a voluntary basis. Where the latter option is taken, service concession arrangement liabilities must also be measured in accordance with the measurement requirements of IFRS 16.

The Code sets out the relevant requirements on local authority accounting including material developed as a result of an exceptional consultation which explored options which might help alleviate pressures on the timetable for publication and audit of local authority financial statements. However, preparers should be aware that further consultation has been undertaken in relation to accounting for infrastructure assets, and this may result in amendments and updates being made to this edition of the Code and potentially other earlier editions of the Code.

https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202223-online

Department for Levelling Up, Housing and Communities

5. Creation of the Audit Reporting and Governance Authority – May 2022

Plans to ensure councils and local bodies are delivering value for money for taxpayers, strengthening council finances and reducing risk to public funds have been published by the government.

The government consultation response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022. This will be led by Neil Harris, who joins as the FRC's first Director of Local Audit to start up a dedicated local audit unit.

The Department for Levelling Up, Housing and Communities has been acting as interim system leader since July 2021, when it established and took the chair of the Liaison Committee of senior local audit stakeholders.

Work has already begun to address the challenges facing local audit with the government announcing a series of measures to improve local audit delays in December 2021.

The consultation response also announces plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.

The announcement comes as government today set out its wider plans to revamp the UK's corporate reporting and audit regime through a new regulator, greater accountability for big business and by addressing the dominance of the Big Four audit firms.

The government continues to work closely with stakeholders, including local bodies and audit firms, to refine proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review.

https://www.gov.uk/government/news/greater-transparency-and-value-for-money-for-council-finance-system

Department for Levelling Up, Housing and Communities

6. Guidance on flexible use of capital receipts, August 2022

This is an updated direction and statutory guidance to extend the freedom for local authorities to use eligible capital receipts to fund the revenue costs of projects that deliver ongoing savings or improved efficiency. This direction revokes and replaces the direction of the same name issued on 4 April 2022.

Capital receipts are the money councils receive from asset sales, the use of which is normally restricted to funding other capital expenditure or paying off debt. The receipts cannot usually be used to fund revenue costs. The direction introduces a new restriction that authorities may not use the flexibility to fund discretionary redundancy payments, i.e. those not necessarily incurred under statute. This does not affect other types of severance payments and, to be clear, does not restrict, including pension strain costs, which may still be qualifying expenditure.

The direction allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services. This is an extension of the flexibility that has been in place since 2016, and will allow this freedom to continue to 2024/25 to help authorities plan for the long-term.

This direction clarifies that the capital receipts obtained must be disposals by the local authority outside the “group” structure.

As introduced in the direction issued on 4 April 2022, this direction includes the requirement to submit the planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority’s own strategy documents provided they contain the detail asked for in the direction. This is not an approval process, the information must be sent to ensure transparency and allow proper monitoring by central government.

https://www.gov.uk/government/publications/final-guidance-on-flexible-use-of-capital-receipts

NATIONAL PUBLICATIONS

National Audit Office

7. Audit and Risk Assurance Committee effectiveness tool – May 2022

Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The effectiveness tool is a comprehensive way for ARACs in central government to assess their effectiveness on a regular basis.

https://www.nao.org.uk/report/audit-and-risk-assurance-committee-effectiveness-tool/

8. Improving government data: A guide for senior leaders, July 2022

This guide is for senior leaders responsible for delivering government services. The NAO’s aim is to encourage decision-makers to realise the benefits of better use of data by helping them understand in more detail the core issues to be addressed which have held back progress in the past.

The guide focuses on data to support the operational delivery of public services, but the NAO intends that much of their guide will also be relevant to data for decision-making and to improve performance.

The guide discusses overcoming barriers in data sharing, data quality, data standards, resourcing, access to raw data and APIs (application programming interfaces), creating cross-government data sets for multiple users, data analytics.

Improving government data: A guide for senior leaders - National Audit Office (NAO) insight

Public Sector Audit Appointments Ltd

9. Annual Quality Monitoring Report – April 2022

This covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time for all concerned. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function.

The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

The problems that Sir Tony Redmond reported on continue to impact significantly on the timely completion of local government audits. Only 45% of audit opinions were completed by the publishing date of 30 November 2020, compared with 58% in the previous year. This has now fallen even further with only 9% for 2020/21 audits of financial statement opinions completed (noting the reversion to a 30 September publishing date). Delayed audit opinions have a real public-facing impact, undermining the ability of local bodies to account effectively for their stewardship of public money to taxpayers. It is imperative that the whole system works together to restore timely completion of audits in order to rebuild public confidence and trust, especially as the lack of a statutory deadline for the audit opinion means that co-operation is essential to make the system work as the public has the right to expect it to.

https://www.psaa.co.uk/managing-audit-quality/annual-audit-quality-reports-from-2018-19/annual-reports/audit-quality-monitoring-report-2019-20/

Public Sector Audit Appointments Ltd

10. Consultation on 2022/23 scale of audit fees, August 2022

PSAA is consulting on the fee scale for 2022/23 audits. This is the final fee scale under PSAA’s current audit contracts, which cover audits of the financial statements of opted-in bodies for the five-year period 2018/19 to 2022/23. Audit work under the proposed 2022/23 fee scale will largely be undertaken from autumn 2023 onwards.

This fee scale consultation is separate from the procurement exercise PSAA is currently undertaking for audit contracts that will apply for the next five years, for audits from 2023/24. Audit work under the new contracts will take place from 2024 onwards. Any audit fee implications arising from the results of the procurement will be covered by our consultation on the 2023/24 fee scale in twelve months’ time.

Consultees will be aware that auditors and auditing have been subject to very high levels of scrutiny in recent times following a number of widely reported financial failures in the private sector. These changes have resulted in significant tensions and pressures in the wider audit market and profession and have led to a series of government-commissioned reviews of audit and audit regulation. The Department for Levelling Up Housing and Communities (DLUHC) has announced a range of measures to be implemented to address the issues identified in the local audit framework specifically. These include a new system leader role to be discharged by a new regulator, the Audit Reporting and Governance Authority (ARGA) when it is established under future legislation.

This consultation on the 2022/23 fee scale is taking place in the context of these pressures and changes. The consultation explains how PSAA proposes to calculate the audit fees which will make up the 2022/23 fee scale, managing the impact of three key elements:

- fee variations approved in relation to 2019/20 and 2020/21 audit work which relate to recurrent audit work that is needed in subsequent audit years;
- changes in local audit requirements; and
- the impact of changes in inflation.

The consultation will close on Friday 30 September 2022.

https://www.psaa.co.uk/appointing-auditors-and-fees/list-of-auditor-appointments-and-scale-fees/2022-23-auditor-appointments-and-audit-fee-scale/

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Classification: Open	Decision Type: Non-Key

Report to:	Audit committee	Date: 12 October 2022
Subject:	External Audit procurement	
Report of	Section 151 Officer	

Summary

1. The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council, as with the vast majority of other Council's, opted into the 'appointing person' national auditor appointment arrangements which were established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

2. PSAA has undertaken a procurement exercise for the next period, covering audits for the 2023/24 to 2027/28 financial years. They announced in a press release on the 3rd of October 2022 that they have retained the services of three existing suppliers, Grant Thornton, Mazars and Ernst & Young, welcomed former supplier KPMG back to the market, and will be entering into contracts with two new suppliers, Bishop Fleming and Azets Audit Services. Audit Committee and full Council approved in January 2022 to be part of the national procurement exercise.

3. We have been advised from the PSAA that the level of fees have considerably increased from the previous procurement and that an increase of fees is to be expected in the region of 150% compared to 2022/23. Actual fees are dependent on the amount of work required. We will keep the Committee informed as to the proposed fees and the appointed auditors.

Recommendation(s)

4. That the Council note the firms awarded contracts under the national procurement process and await the announcement of the appointed audit firm who will undertake the audits for Bury Metropolitan Council for the period 2023/24 to 2027/28

Reasons for recommendation(s)

5. PSAA will consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

Alternative options considered and rejected

6. There are no alternative options available.

Report Author and Contact Details:

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Position: Interim Innovation Lead
Department: Core - Finance
E-mail: j.knight@bury.gov.uk

Background

7. Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Council is required to appoint an auditor to audit its accounts for each financial year. The Council has three options:

   a. To appoint its own auditor, which requires it to follow the procedure set out in the Act

   b. To act jointly with other authorities to procure an auditor following the procedures in the Act

   c. To opt-in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

8. Audit Committee and Full Council approved in January 2022 to be part of the national procurement.

9. The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the Council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

10. The auditor must act independently of the Council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

11. The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC). They must also employ authorised Key Audit Partners to oversee the work. As this report sets out, there is a currently a shortage of registered firms and Key Audit Partners available to undertake this work.

12. Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract period.

13. As a result of these oversight arrangements, Councils therefore have limited influence over the scope of the audit services they are procuring, with the availability of firms available limited to nine.

The Invitation from the PSAA

14. PSAA is specified as the ‘appointing person’ for principal Local Government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. PSAA has now completed the procurement for audit services from the 2023/24 audit onwards. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

15. In summary the national opt-in scheme provides the following:

    a. the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;

    b. appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;

    c. managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;

    d. ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;

    e. minimising the scheme management costs and returning any surpluses to scheme members;

    f. consulting with authorities on auditor appointments, giving the Council/Authority the opportunity to influence which auditor is appointed;

    g. consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and

    h. ongoing contract and performance management of the contracts once these have been let.

16. PSAA will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council’s/Authority’s auditor.

17. The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

    a. seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;

    b. continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);

    c. continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.

18. The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office)[1], the format of the financial statements (specified by the Chartered Institute of Public Finance and Accountancy (CIPFA)/ The Local Authority (Scotland) Accounts Advisory Committee (LASAAC)), and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

19. A strong financially sustainable Council is essential to the delivery of the Let's do it Strategy.

Equality Impact and Considerations:

Please provide an explanation of the outcome(s) of an initial or full EIA.

20. This proposal does not adversely affect equality.

21. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to –

    a. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
    b. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
    c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it. 16.

22. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision.

23. The decision by cabinet from this report would have no carbon impact

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[1] The Governments Spring statement proposes that overarching responsibility for Code will in due course transfer to the system leader, namely ARGA, the new regulator being established to replace the FRC.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation	These risks are considered best mitigated by opting into the sector-led approach through PSAA.
does not achieve value for money in the appointment process.	These risks are considered best mitigated by opting into the sector-led approach through PSAA.

Legal Implications:

24. Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

Financial Implications:

To be completed by the Council's Section 151 Officer.

25. The depth of the external audit work to be undertaken has increased, requiring more resources this is reflected in the proposed increase of fees. This increase will need to be included in the current MTFS.

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning

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Agenda Item 7

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	12th October 2022
Title of report:	Risk Register
Report by:	Sam Evans Executive Director of Finance
Decision Type:	Non Key
Ward(s) to which report relates	**All**

Executive Summary:

Risk Management is a key part of Bury Metropolitan Borough Council's Code of Corporate Governance and underpins its system of internal control.

The Audit Committee are tasked with the responsibility of reviewing and scrutinizing risks where the impact has the potential to disrupt achievement of the Council's priorities. This is achieved by regular review and their seeking assurance that appropriate controls are implemented to manage these risks.

This report provides an updated position with regards to the risks identified and assessed on the Council's Corporate Risk Register. These risks have been considered by the Executive Team as those with the potential to disrupt the Council's strategic objectives and service delivery.

Following review by the Executive Team, the following is requested of the Audit Committee:

- To incorporate risk reference **CR10 EU Exit Impacts** within the potential impacts of risk reference **CR1 Financial Sustainability**; and,
- To incorporate risk reference **CR22 Special School Roof** within risk reference **CR16 Special Educational Needs and Disabilities**.

A total of **20** risks have been identified as those of a genuine corporate nature and are summarised as follows:

- **20** risks are currently present on the Corporate Risk Register
- **14** risks are currently rated as Significant (risk score 15-25)
- **5** risks are currently rated as High (risk score 8-12)
- **0** risks are currently rated as Moderate (risk score 4-6)
- **1** risk is currently rated as Low (risk score 1-3)

Of these **20** risks:

- **3** have increased in score
- **4** have decreased in score
- **11** have remained static
- **2** have been newly introduced.

A total of **2** risks are proposed for closure.

Recommendation(s)

That:

The Audit Committee:

- Note the update provided;
- Approve the incorporation of risk CR10 EU Exit Impacts into risk CR1 Financial Sustainability;
- Approve the incorporation of risk CR22 Special School Roof within risk reference CR16 Special Educational Needs and Disabilities;
- Receive the Corporate Risk Register at Appendix A;
- Review the Risk Matrix presented at Appendix B;
- Review, analyse and discuss the Deep Dive Reports at Appendix C;
- Determine whether the level of assurance provided against the risks is sufficient; and,
- Select two further risks to receive a "Deep Dive" review to be presented at the next meeting of the Audit Committee.

Key Considerations

1. Background

The Corporate Risk Register was first presented to Audit Committee at the November 2021 meeting, following agreement that the Executive Team would produce a mechanism to manage the Council's exposure to strategic risks. This report provides an update on the work progressed to date and demonstrates that efforts are ongoing to embed a culture of good risk management across the Council.

2. Key Considerations

The work progressed in the last quarter reflects progress toward providing the Audit Committee with adequate assurance of dynamic corporate risk management. The Corporate Risk Register represents a collation of risks identified and assessed as significant risks to Bury Council.

The following heat maps reflects the current and target risk profile in respect to those risks on the appended register:

Current

Impact					
5			1	8	4
4			3	1	1
3			1		
2					
1		1			
	1	2	3	4	5
	Likelihood				

Target

Impact					
5	1	6	1	1	
4		5	4	2	1
3			2	1	
2					
1				1	
	1	2	3	4	5
	Likelihood				

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

(a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

(b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

(c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good*

relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	**Mitigation**
• Failure to identify and own major risks that may prevent the Council from achieving one or more of its objectives. • Failure to ensure that the major risks are being managed.	• Review of risk management arrangements at Corporate level. • Review of the Council's risk management strategy and arrangements for the maintenance of risk registers. • Review the associated information management system and reporting arrangements. • Regular review of a Corporate Risk Register in alignment with the revised risk management strategy.

Consultation:

__N/a____

_

Legal Implications:

The Council constitution sets out that the Audit Committee is responsible for providing assurance on the council's audit, governance (including risk management and information governance) and financial processes in accordance with the functions scheme. Under the Account and Audit Regulations 2015, Authorities must undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes. Consideration must be given to the Public Internal Audit Standards (PIAS) and sector specific guidance.

Financial Implications:

Mitigating some of the risks may require financial resources and a number of risks are around organisational and services financial resilience and loss of income following the pandemic.

Report Author and Contact Details:
Sam Evans, Executive Director of Finance
sam.evans5@nhs.net

Background papers:

- Corporate Risk Register at Appendix A;
- Risk Matrix at Appendix B
- Deep Dive Reports at Appendix C.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
BGI	Business Growth and Infrastructure department
CC	Corporate Core department
CYP	Children and Young People’s department
DSPT	Data Security and Protection Toolkit
DLUHC	Department for Levelling Up, Housing and Communities
FIN	Finance department
HPG	Homelessness Prevention Grant
ICS	Integrated Care System
IGSG	Information Governance Steering Group
OCO	One Commissioning Organisation
PRS	Private Rental Sector
RSAP	Rough Sleeper Accommodation Programme
RSMP	Regional Strategic Migration Partnership
STH	Six Town Housing

Risk Register Update

1. Introduction

1.1. This report provides an updated position in respect to those risks that have been identified and assessed as significant risks to Bury Metropolitan Bury Council, collectively referred to as the Corporate Risk Register.

1.2. The report presents the risk position and status as at **Quarter 2 2022**.

2. Background

2.1. Following revision to the Council's approach to Risk Management, the Executive Team were tasked with developing a risk register that would capture events and circumstances which had the potential to disrupt the Council's ability to meet its strategic and operational objectives.

2.2. These objectives have been identified as the four strategic outcomes of the Bury 2030 Community Strategy, and each risk included has been assigned to one of these outcomes:

- Economic Growth and Inclusion
- Delivering Together
- Strength-based Approach
- Local Neighborhoods.

2.3. The Corporate Risk Register (Appendix A) was first presented to Audit Committee at the November 2021 meeting. This repository captures the Council's key strategic risks agreed by the Executive Team and categorized as warranting regular scrutiny to help the Council minimise future financial risks and adverse implications. Additionally, it details the existing controls that provide some level of assurance and identifies planned actions being undertaken to mitigate these risks.

2.4. Assessment of each risk has been performed in accordance with the Risk Matrix, introduced within the Council's Risk Management Strategy, attached at Appendix B for ease.

3. Corporate Risk Register

3.1 The Corporate Risk Register (Appendix A) captures risks identified as significant to delivery of the Council's key objectives, irrespective of their current scoring.

3.2 There are currently 20 risks on the Corporate Risk Register. All risks have been reviewed by the Risk Owner and assessed to: update the progression of mitigating actions; consider the level of assurance provided by existing controls; and reevaluate both the likelihood and impact, in order to determine whether the risk score should be increased, decreased or remain static.

3.3 There are currently a total of 20 risks on the corporate risk register, of which 14 risks (70.0%) are rated as significant:

No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)
20	1	0	5	14

3.4 The table below identifies the number of risks by strategic objective and by risk score.

Strategic Objective	No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)
Delivering Together	4	0	0	2	2
Economic Growth and Inclusion	10	0	0	1	9
Local Neighborhoods	3	0	0	0	3
Strength based approach	3	1	0	2	0
TOTAL	**20**	**1**	**0**	**5**	**14**

3.5 The following table presents the risks as split across Council directorates:

Department	No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)	Risks Not Scored
BGI	**2**	0	0	1	1	0
CC	**7**	0	0	3	4	0
CYP	**3**	0	0	0	3	0
Finance	**2**	0	0	0	2	0
OCO	**3**	1	0	1	1	0
OPS	**3**	0	0	0	3	0
TOTAL	**20**	**1**	**0**	**4**	**15**	**0**

3.6 In exercising their duty to scrutinize risks those risks presented, the Audit Committee are requested to consider the points below in relation to the information detailed for each risk:

- Does the Key Potential Impact accurately describe the real risk to the Council?
- Are the risk scores (Current and Target) reflective of the current position?
- Are the Current Controls still operating effectively?
- Do the Current Controls articulate how they contribute to managing the risk?
- Have or will the Planned Actions achieve or go towards mitigating the risk further?
- Horizon scanning – Is the Committee aware of any significant changes that could affect the risk in the future?

4 Trend Analysis

4.1 This section of the report reflects the current position of each risk following review by the Risk Owner:

Risks that have increased in score

4.2 During this reporting period **3** risks have increased in score:

- **CR1 Financial Sustainability**
- **CR15 Regeneration and Development** *(some slippage to progress noted)*
- **CR19 Financial Capacity**

Risks that have decreased in score

4.3 During this reporting period **4** risks have decreased in score:

- **CR2 COVID-19 Impact**
- **CR7 ICS Implementation**
- **CR14 Staff Safety and Wellbeing**
- **CR17 Pharmaceutical Needs Assessment**

Risks that have remained static

4.4 During this reporting period **11** risks have remained static:

- **CR3 Security and Resilience**
- **CR4 Digital Transformation**
- **CR5 Increasing demand pressures**
- **CR6 Climate Change**
- **CR9 Workforce Skills and Capability**
- **CR11 Building Management (Operational Health and Safety)** *formerly Asset Management*
- **CR12 Children's Social Care Services**
- **CR13 Regulatory Compliance**
- **CR16 Special Educational Needs and Disabilities**
- **CR20 Increasing Energy Prices**
- **CR21 Project Safety Valve**

Risks that have not been reviewed

4.5 During this reporting period **0** risks have not been reviewed by their assigned Risk Owners

Risks that have reached their target level

4.6 During this reporting period **2** risks have reached their target level.

- **CR2 COVID-19 Impact**
  - In consideration of the onset of winter and continuing booster vaccination programmes, this risk will remain on the Register for oversight.
- **CR17 Pharmaceutical Needs Assessment**
  - Although assessed by the Risk Owner as currently below target score, this risk will not be proposed for closure until after publication of the pharmaceutical needs assessment on 31st October 2022.

4.7 The Audit Committee are requested to note that risk **CR13 Regulatory Compliance**, although having reached its target risk score of 12 (Likelihood 3; Impact 4) during July 2022, the Risk Owner proposed and Executive Team agreed, that the risk should remain on the Corporate Risk Register for ongoing oversight.

New risks

4.8 During this reporting period **2** new risks have been added to the Corporate Risk Register:

- **CR23 Adult Social Care Reforms**
- **CR24 Elections Act 2022**

Risks proposed to be redefined and closed

4.9 Following review by the Executive Team, the following risks are proposed to be redefined:

- **CR10 EU Exit Impacts** is proposed to be included within the potential impacts of risk reference **CR1 Financial Sustainability**; and**,**
- **CR22 Special School Roof** is proposed to be included within risk reference **CR16 Special Educational Needs and Disabilities**.

4.10 The Audit Committee are requested to approve the redefinition of these risks.

<u>Planned actions to address the risks</u>

Mitigating actions have been identified and are on track to deliver against all but one of the risks not currently at target level.

CR15 Regeneration and Development, recorded some slippage to progress during review by the Risk Owner. This will continue to be monitored.

4.11 Heat Maps

The following heat maps reflects the current and target risk profile in respect to those risks on the corporate risk register:

Current

Impact \ Likelihood	1	2	3	4	5
5			1	8	4
4			3	1	1
3			1		
2					
1		1			

Target

Impact \ Likelihood	1	2	3	4	5
5	1	6	1	1	
4		5	4	2	1
3			2	1	
2					
1				1	

5 Deep Dives

5.1 The purpose of the Deep Dive Report is to promote discussion and closer scrutiny of specific risks selected by the Audit Committee, to ensure appropriate controls are implemented and rationale adequately explained.

5.2 At the July meeting, the Audit Committee requested detailed reports in respect of the following 2 risks:

- **CR5 Increasing demand pressures**; and,
- **CR11 Building Management (Operational Health and Safety)**

5.3 These reports are included within Appendix C for review, analysis and discussion.

5.4 In this regard, the Audit Committee are requested to select a further 2 risks from the 20 currently present on the Corporate Risk Register, for Deep Dive analysis at their subsequent meeting.

6 Recommendations

6.1 The Audit Committee is asked to:

- Note the update provided;
- Approve the incorporation of risk CR10 EU Exit Impacts into risk CR1 Financial Sustainability;
- Approve the incorporation of risk CR22 Special School Roof within risk reference CR16 Special Educational Needs and Disabilities;

- Receive the Corporate Risk Register at Appendix A;
- Review the Risk Matrix presented at Appendix B;
- Review, analyse and discuss the Deep Dive Reports at Appendix C;
- Determine whether the level of assurance provided against the risks is sufficient; and,
- Select two further risks to receive a "Deep Dive" review to be presented at the next meeting of the Audit Committee.

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Bury

Corporate Risk Register 2022/23

Risk Ref.	Risk Title	Strategic Outcome	Current Score: Likelihood	Current Score: Impact	Current Score: Total Score (L x I)	Target Score: Likelihood	Target Score: Impact	Target Score: Total Score (L x I)	Risk Owner	Key Potential Impacts	Current Controls	Planned Actions	Responsible Officer	Risk Action Status	Trend	Next Risk Review Date
CR1	Financial Sustainability	Economic Growth and Inclusion	5	5	25	3	3	9	S. Evans	• Significant deficit increase in Dedicated Schools Grant (DSG) potentially resulting in Department of Education warning and intervention and budget restrictions. • Public sector spending cuts/ 'rising inflations' recovery from the pandemic impacting ability to continue to deliver effective services. • Winter demands increasing pressure on ASC budgets. • Brexit related pressures such as loss of EU funding, disruption to supply chains and increased inflation. • National immigrations policies restricting free movement of people could lead to further skills gaps in the workforce. • Pressures on pay and pressures within both childrens and adults social care which may in part be due to Brexit but are all part of the wider economic pressures facing the UK at the current time. • Financial impact of National Pay Award. • Real living wage increase has widened financial gap for Council commissioned services by a further £3m over and above what was already budgeted. • Recent National Mini Budget has indicated potential reductions in Government department budgets which could have an impact on local government settlement in December 2022. • Risk of economic recession may result in increased demand for public services. • Rising inflation and interest rates has an impact on the affordability of the Council's capital programme and therefore the major regeneration projects which have already commenced.	• Medium Term Financial Strategy updated, monthly monitoring and DfE 'Safety Valve' deficit recovery agreement in place, escalation to Executive Team and Members. • Reserve Strategy and Financial Management and reporting refresh. • Budget Strategy Principles, complete review of all budgets with a view to a zero based budgeting approach and regular monitoring of budget risk register. • DfE Recovery Plan agreed; DfE engagement; Transformation plan priorities agreed with key stakeholders, review of expenditure and rebasing underway, additional capital funding secured for in-borough provision. • Continuous refinement of MTFS and budget setting including early work with Exec team and members to identify potential savings to close the financial gap; rationalisation of admin buildings as part of transformation programme to reduce utilities expenditure. • Early work with Exec team and members to identify potential savings to close the financial gap; rationalisation of admin buildings as part of transformation programme to reduce utilities expenditure.	• Rebaselining of capital programme and closer working with directorates to identify potential pressures earlier in order to put mitigating actions into place - Work has commenced on the capital programme but increasing costs due to inflation is putting extra pressure on budgets. • Early implementation of future years savings programmes where possible. • Reviewing all potential 'invest to save' schemes which may involve capital spend to reduce ongoing revenue costs. • Lobbying of GMCA and Government for additional funding and support to LAs including the current extension to the dispensation re DSG deficits. • Use of Kickstart, apprentices and training of existing workforce to ensure a workforce which meets both current and future needs. • Revised modelling of MTFS. • Early engagement with Members and residents to understand financial consequences, financial gaps and savings proposals. • Wider pay review as part of 'Let's Do It Well' Transformation Programme.	S. Evans	On target	Increased	Dec-22
CR21	Project Safety Valve	Economic Growth and Inclusion	4	5	20	2	5	10	J. Richards	• Risk of BMBC being withdrawn from Project Safety Valve (PSV) due to increased activity and therefore not reducing the deficit on the DSG (Dedicated Schools Grant) resulting in a loss of in excess of £10M of funding. • Bury Council does not meet the 5 conditions as set out in the PSV agreement which would result in additional payments being withheld or withdrawn and Reserves would be needed to be used to pay DSG deficit • Increase in levels of need post Covid and 45% in EHCP assessments mean that finance targets in the eradication of the deficit are not met due to the continued lack of SEND sufficiency in Bury and the continued need for OOB places. • The latest PSV forecast is that expenditure on the dedicated schools grant high needs block (DSG HNB) is going to be higher in the 2022/23 financial year than what was previously predicted in the forecast submitted in June, as a result of increasing demand which has significantly increased reliance on independent schools.	• PSV Delivery Board Governance has been strengthened with monthly monitoring in place. • External programme support transformation and delivery plan with two weekly workstream accountability; Detailed risk register and detailed workstream tracker in place -this has resulted in improved 20 week compliance. • Recruitment plan including induction and workforce training. • Co-production with strategic partner Bury2gether. • Increased capacity in EHCP team. Quarterly reporting on all aspects include finance (finance actions for 22/23 on track).	• EHCP Team Manager starting August 2022. Vacant caseworker advertised and in the process of being recruited to. • Work ongoing with Liquid Logic to link finance information with the EHCP team to allow real time finance reporting. • Brokered external independent Headteacher to support further moderation of bandings in special school allocation. • To review capital programme and SEN sufficiency in light of increased demand. • PSV delivery board to receive reports on capacity analysis needed to mainstream programme. • Staff in CYP and Finance are working on a revised programme governance structure that will aim to strengthen monitoring and delivery of the necessary cost reduction initiatives.	I Booler	On target	Static	Dec-22
CR16	Special Educational Needs and Disabilities	Economic Growth and Inclusion	4	5	20	2	5	10	J. Richards	• Current reduction in SEND tribunals is reversed. • Further increase in LGO ombudsman complaints and general complaints. • Further loss of parental trust. • reduction in compliance in regard to 20 week which has improved. • Poor Ofsted CCQ inspection once framework has been revised. impacting further on reputation. • Poor SEND reputation means recruitment is challenging leading to high turnover in casework team and reliance on agency leading to a poor parental experience. • 45% increase in EHCP referrals putting increased pressure on system and Council has difficulties meeting provision within EHCPs and increased pressure on SEND special school place sufficiency. • School roof - Millwood Primary Special School unable to increase places putting further strain on the high needs block due to increased demand in the primary sector. Council and School are unable to provide the legal obligations under the EHCP e.g. hydrotherapy.	• SEND Assurance Board and plan- with revised Governance. • External programme support transformation and delivery plan with two weekly Governance and workstream accountability; Detailed risk register and detailed workstream tracker in place -this has resulted in improved 20week compliance. • Recruitment plan including induction and workforce training has led to strategic lead for SEND starting in May 2022 with EHCP team manager due to start in August 2022. • Co-production with strategic partner Bury2Gether. • Increased capacity in EHCP team. Increased investment in data case surgeries and inclusion surgeries now in place. • Graduated response has been co-produced. • Local Offer Newsletter was launched in January. • School Roof: - Fortnightly steering group meeting within Bury Council with legal, education and operations - Regular meetings between building companies' regional director, AD operations and Director of Education - Weekly meetings within school holding builders in account for progress plan - Engaged independent company to assure all plans and structural solutions - Monthly roof checks - May 22 saw a full extensive safety check on props as they had been in situ for 18 months.	• EHCP team leader starting in August 2022; Continue recruitment in co-production with parents. • Continue to develop training offer for Statutory assessment team to focus on case resolution. Case surgeries and inclusion service surgeries to continue. • Co-produce and pilot work around EHCP processes bringing parents earlier in the process including the advice with EP service advising. • Develop comprehensive outreach offer to support the school system in earlier identification and meeting of needs. • Launch event for graduated response across Bury in October 2022 Local Area SEND events to be in diary. • School roof: - Independent assurance to check all plans and building as the programme of work progresses through the summer. - To continue steering group meetings, independent engagement of assurance of works and to continue engaging with regional director and school.	M. Kemp/ I. Booler	On target	Static	Dec-22
CR12	Children's Social Care Services	Economic Growth and Inclusion	4	5	20	2	5	10	J. Richards	• Children left in harmful situations and risk. • Following the inadequate ILACs judgement in October 2021 the improvement plan fails to deliver the pace of change needed which is reflected in poor monitoring visits from Ofsted and leaves the service and Council at risk to a greater level of intervention from the DFE. • High caseloads continue to lead to social worker high turnover which then impacts on children, families and partners. • Following the inadequate judgement recruitment has become more challenging leading to high staff turnover from senior leaders through to frontline staff, making it difficult to do what is most important - turning around services for children, young people and families in need. • Budget pressures associated with the escalating cost of commissioned placments , planned actions - meets fortnightly.	• Post Ofsted Improvement Plan which has been accepted by Ofsted and the DFE. • Independently Chaired Improvement Board with key partners to monitor impact of the improvement Plan. • Regular DFE reviews. • Regular Ofsted Monitoring visits – the first has shown signs of progress in terms of laying the foundations. • Recruitment and Retention plan following full review aimed at attracting committed professionals to Bury. • Permanent appointment of Executive Director. • Permanent appointment of Principal Social Worker during August 2022. • Permanent appointment to Director of Social Care Practice during September 2022. • Revised QA and audit processes in place. • Developed workforce development offer. • 3 Managed Services in place whilst restructure proposals are being considered to impact on reducing social worker caseloads across the service. • Placement Panel established, their role is to gatekeep requests for high cost placements and review those in high cost provision - meets fortnightly.	• Continue with a rolling recruitment programme to maintain the focus on recruitment and retention and ensuring increased stability in the workforce. • Continue to develop and strengthen QA processes to ensure audits lead to improved practice. • Restructure Proposals to be reviewed by Cabinet 13/07/22; this will either result in revised proposals being submitted or the ability to move at pace with consultation and restructure • Develop priority actions in response to the findings from the first Ofsted Monitoring Visit • Work plan to be developed for the Principal Social Worker to lead on improvements to the Quality of Practice	J. Richards	Some slippage	Static	Dec-22
CR5	Increasing demand pressures	Economic Growth and Inclusion	4	5	20	2	4	8	G. Little	• Failure to meet Homelessness Statutory Function & Delivery. • Further impact of Cost of Living Crisis, Afghan and Ukrainian refugee crisis additionally increasing pressure on these services. • Failure to transform services likely result in the Council failing to meet its statutory obligations. Adults and children's care facing a significant increase in demand for services. • There is a risk of unsustainable demand for adult care services as a consequence of the substantial demand pressures and workforce challenges in the NHS, particularly in relation to volume and acuity of patients requiring discharge.	• New Homelessness Strategy, increased statutory dispersed accommodation, development of private rented sector and landlord engagement. • Maximise funding opportunities to increase resources & capacity. • Robust processes and operating procedures in place. • Direct Let priority. • System & IT solutions. • Successful implementation of the team/service re-structure with realignment of services and savings of £250k to focus on statutory and non-statutory provision. • Increase in statutory dispersed accommodation. • New homelessness strategy. • Development of Private Rented Sector & Landlord engagement. • Performance and Improvement meetings with STH established to manage KPIs and monitor their performance and outcomes. • Successful RSI5 bid – circa £500k+ over the next 3 years, current consultation with DLUHC on the Homeless prevention grant with anticipated increases in annual grant. Over the past 18 months managed to secure circa £1.5m extra external ring fenced homeless funding • Commissioned contract with Stepping stones to provide 10 units from the PRS on a lease and repair basis over the next 3 years for our rough sleepers. • Asylum & Immigration - Pathways developed and engaging with GMCA / RSMP to support the Ukrainian refugee crisis. • Regular transformation programme review meetings, scrutiny of the Executive Committee and appropriate reporting to cabinet. • Fee setting exercise and cost of care comparisons carried out annually. Close working and relationship building with all providers of care to ensure early warning are in place. • Real living wage agreed and funded through contracts for all social care packages. • Locality Board review system wide pressures on a monthly basis, in addition to the work of the Urgent Care Board.	• Draft tenancy sustainment strategy to prevent homelessness and reduce cases / demand created - reviewed by Council and GMCA. Awaiting further feedback from stakeholders within the Homelessness partner. • Continuing to work alongside the finance team to consider options to increase capacity within existing budgets and explore all new external homeless and asylum funding streams. • External funding opportunities to be maximised. • Wider work with Improving adult lives and the neighbourhoods team linked to PSR and Lets Do It! Strategy outcomes to produce the wider Council strategy in sustaining all tenancies and accommodation. • Fair Cost of Care Exercise to be completed and Market Management Plan to be developed in line with government requirements Q3 22/23. Submission is due 14th October and we are on target to meet this.	P. Cole A. Crook	On target	Static	Dec-22
CR9	Workforce Skills & Capability	Economic Growth and Inclusion	5	5	25	3	4	12	L. Ridsdale	• Adverse impact on delivery of Council priorities should the workforce capability and capacity prove insufficient, as the result of a lack of investment in employee development and / or an inability to fill key roles • National shortage of Social Workers, recent Children's department restructure sees the creation of a number of posts, however services continue to run with a high level of agency staff.	• Prioritisation through the Corporate Plan resulting in investment in additional capacity in key areas and development of Apprenticeship strategy; policies review; improved utilisation of iTrent programme. • Agreed TU Consultation Framework. • Clear delivery plan in place. • Good existing relationship between the Council and Trade Unions. • Regular employee communications. • Additional Transformation capacity in place.	• Continued focus on prioritisation; training and development to be considered in new People Strategy; further investment through Transformation Programme and development of a Talent Strategy. • Resource planning for key new priorities e.g. LUF and Children's Improvement. • Review existing processes for consultation and agreement. • Refresh and update core policies and procedures. • Values and behaviours work and wider focus on engagement linked to Pulse Survey. • New core management development programme developed and leadership engagement offer. • Developing action plan to streamline recruitment process and strengthen approach to role advertisement. • Strengthened approach to employee engagement. • Work to strengthen our recruitment approach including increased use of social media, targeted recruitment to under represented groups and simplified processes.	S. McVaigh	On target	Static	Dec-22
CR20	Increasing Energy Prices	Economic Growth and Inclusion	5	5	25	5	4	20	D. Ball	* As a result of the global increase in energy prices, Bury Council has seen a significant increase in expected gas and electricity costs for the 2022/23 financial year.	* Working group established to manage the increase in energy prices. * Delivery of the following building decarbonisation measures using funding from the Public Sector Decarbonisation Scheme (PSDS): - 6 x solar PV - 2 x double glazing - 1 x new variable refrigerant flow (VRF) heating system. * Report agreed by Cabinet in September 2022 to utilise the YPO Framework for the purchase of electricity for the next 4 years starting in April 2023.	* Business case to consider options to reduce street lighting costs submitted and awaiting approval. * Building/Estate Rationalisation Programme - reviews currently taking place. * Building Condition surveys commissioned. * To start a communications campaign to educate Bury residents on methods to reduce energy use. * To implement the newly developed Carbon Literacy Mandatory training module for all staff by end of Q2. * Centralising energy budgets across the Council to be managed by the Energy Team going forward. * Further energy saving opportunities being investigated by Energy Saving Working Group. * Impact of Government Energy Price Guarantee announcement on Council energy bills to be explored and confirmed.	L. Swann J. Kelly	On target	Static	Dec-22
CR19	Financial Capacity	Economic Growth and Inclusion	5	4	20	2	4	8	S. Evans	• Lack of finance capacity leads to budget holders not receiving a quality service that supports them across a range of functions such as :- • to control costs, • manage their budgets, • identify and deliver savings, • identify and maximise opportunities to generate additional income or external funding for projects, • to submit government and funding returns, • be supported in financial business case development for project work. • Senior members of the finance department undertaking pieces of work that should be completed by capable qualified staff - resulting in additional pressure on a few key individuals. • The interim market is becoming increasingly fierce with interims demanding inflated costs to do roles that require permanent placement. Due to the number of years the finance restructure had previously been put on hold, currently there are more interims in some senior roles than permanent staff - this is causing significant risk due to the high profile and complexity of some of the work programmes.	• Close monitoring and prioritising of all asks for support including reassigning staff to meet high profile/risk pieces of work. • Two senior posts have been recruited to internally.	• Continuing to progress the outcomes of the consultation for the restructure in order to commence external permanent to posts. • Use of interims, where necessary.	P. Turney	On target	Increased	Dec-22
CR3	Security & Resilience	Delivering Together	4	5	20	2	5	10	K. Waterhouse	• Ongoing national threat from terrorism resulting in potential resurgence of terrorist activity and radicalisation of vulnerable members of community. • Crisis in Ukraine following the Russian invasion is also leading to increased risk of cyber attack and community tensions. • External threat to data and systems potentially impacting system functionality/causing a data breach. • General threat to safety and security of Councillors.	• Emergency response policies, Prevent initiative, GM Resilience Forum and Tension Monitoring Report. • Training and updated Cyber Essentials Toolkit in place; PCN accreditation renewed annually. • Government guidance shared with parties currently exposed to such attacks. Local Government Assessment Toolkit implemented. • PSN accreditation of the Council. • New Target Operating Model commissioned for the Council security function within the IT Team - approved June 2022. • Support from LGA and DLUHC now approved to develop Cyber Treatment Plan and undertake remediation activities. • Managed Security contract in place from July 2022. • Newly appointed Councillors received security awareness training during induction process, following May Elections.	• Continued early intervention work and community engagement through the Community Safety Partnership. • Further training and investment in cyber security to be progressed against IG Action Plan timeframes. • Cyber Essentials accreditation for the Council to be achieved. • Newly commissioned TOM to be fully configured by December 2022, new structure to be in place by April 2023. • No further actions - situation to remain under review.	K. Waterhouse J. Dennis	On target	Static	Dec-22
CR11	Building Management (Operational Health & Safety)	Local Neighbourhoods	4	5	20	3	5	15	D. Ball	• Breach of Health and Safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations. • Council buildings, facilities and premises must provide safe and effective environments for all building occupants that use them.	• Corporate Health and Safety independent audit undertaken with formal report, findings and recommendations. • Establishment of Estates Transformation Board. • Establishment of a "Health and Safety Taskforce" with Union representation, to oversee delivery against internal audit recommendations implemented through an improvement plan. • Development of a Corporate Landlord underway including; establishment of Corporate Landlord budget; recruitment of interim Decant Project Manager and support from external partner to undertake condition surveys. • Work underway to look at the future needs of education and Six Town Housing. • Current working practices (Mangers responsible for own buildings) remain in place until the formal establishment and handover to a Corporate Landlord.	• Third party appointed to Board to oversee and support the external review of the long list of buildings to rationalise the estate via planned workshops. • Accelerated disposals programme to be initiated under the Estates Transformation Project, arising from the external review. •Continued establishment of a Corporate Landlord (scheduled April 2023). • Undertake a desktop audit of buildings that will be retained, to assess compliance status.	D. Ball	On target	Static	Dec-22
CR15	Regeneration & Development	Local Neighbourhoods	4	5	20	2	5	10	P. Lakin	• Northern Gateway - failure to grasp opportunity presented by the largest regeneration project to impact this part of the country. • Challenges faced in driving inclusive growth within the region, impacted by a slow housing market and accessing up to date planning policies. • Rising construction inflation and interest rate shifts increasing cost of delivering town centre regeneration and housing programmes.	• Detailed working with the JV and Rochdale Council around Northern Gateway has allowed parties to work collectively on a major inward investment project, which has brought national attention to the potential of the site. • Progression of Development Plan through to examination. • Hire staff and experts in the field. • Creation of Projects Board and give delegated powers. • Cost plans for the 'Levelling Up' bids show increased construction inflation, options being worked through for value-engineering and review of overall specification.	• Continue to explore funding opportunities - linked to various regeneration schemes: BGI will keep abreast of up-and-coming funding sources through regular contact with GMCA and other public bodies and will work with colleagues to ensure that opportunities are explored, and subsequent applications made for regeneration/development projects. • The Examination process is running from March 2022 until October 2022 - any resulting consultations will be considered and responded to. • As part of the formation of the Atom Valley Mayoral Development Zone (that includes the Northern Gateway site), a report has been produced for Cabinet July 2022 that (amongst other recommendations) will seek approval for the formation of governance arrangements that will firm up the relationship with Rochdale Council (and Oldham Council) to support delivery of this key strategic site. This will be aided by the establishment of a Board (which will include a representative of the JV) and a Strategic Business Plan. • Value engineering activity / scope reduciton in design development for major regeneration projects.	R. Summerfield C. Logue	Some slippage	Increased	Dec-22
CR6	Climate Change	Local Neighbourhoods	4	4	16	3	4	12	D. Ball	• Inability to meet Bury 2038 Carbon Neutral target due to lack of resources and engagement.	• Greenhouse Gas Emissions Report for 2020/21 produced and shows the Council has reduced greenhouse gas emissions by 53% since 2008/09. • Climate Strategy and Action Plan approved and published in October 2021 following public consultation. • Climate Strategic Board established and will form part of the Team Bury Structure. • £100k of community action funding distributed to 12 community groups. • Successful bid from Six Town Housing and the Council to decarbonise 100 properties on the Chesham Estate in Bury. • 42% of council vehicles now replaced with low emission vehicles and the remaining 58% are on order (includes 13 electric vans). Infrastructure for charging electric vans installed at Bradley Fold and Bury Cemetery. • Climate Strategy and Action Plan approved by Cabinet in October 2021. Climate Action Board and forums under establishment. • Public sector Decarbonisation Funding awarded to Bury and used to decarbonise a number of council buildings - completed June 2022. • Business climate event hosted. • Schools climate event took place 7 July 2022.	• Greenhouse gas emissions report for 2021/22 to be produced in Q2 of 2022. • Continued partnership work across GM. • Climate Strategic Board will continue to meet Quarterly and terms of reference to be reconsidered under the Team Bury structure. • Continued delivery of Social Housing Decarbonisation bid. • Climate action communications plan to be finalised and rolled out. • Long term resources need to be secured to deliver Climate Change agenda - officers are temporary to end of March 2023. • Community Environmental Forums to be rolled out in each neighbourhood (2 currently in place). • Asset rationalisation programme underway to look at which Council buildings will be disposed of and which will be kept going forward. Decarbonisation measure can then be explored for the buildings the Council will keep. • Update of the Climate Action Plan to be presented to the Climate Strategic Board in October 2022	L. Swann	On target	Static	Dec-22
CR14	Staff Safety & Wellbeing	Economic Growth and Inclusion	3	4	12	2	4	8	S. McVaigh	• Staff wellbeing, welfare and morale may potentially result in increased cases of stress, depression and general absence, thereby impacting service delivery. • Harm to staff and potential legal and financial implications for the authority of failure to comply with health and safety legislation.	• Corporate Health & Safety Team moved under the leadership of the Director of People. • Health & Safety Policy reviewed and new incident reporting process live. • Health and Safety staff drop-in sessions • Rhobust governance arrangements, action planning and partnership working with the TUs now in place • Employee assistance programme and comprehensive health and wellbeing offer in place which incorporates mental wellbeing support. • Targeted improvement plan for sickness absence levels, including focus on hotspot services	• Delivery of annual Health and Safety plan including service level risk assesasement needs checkers and targeted deep dive audits • Roll out of mental health and health and safety training as part of mandatory training programme for managers. • Delivery of targeted action plan related to staff sickness absence. • Review of health and safety related training. • Review of occupational health function.	S. McVaigh	On target	Decreased	Dec-22
CR7	ICS Implementation	Strength-based Approach	3	4	12	2	4	8	W. Blandamer	• Disruption to the health and care system caused by the Integrated Care System (ICS) and winter pressures leading to demands on the Adult Social Care budget.	• Working with colleagues across the GM system to ensure the GM ICS operating model creates the conditions for our continued placed based transformation, and NCA footprint partners to continue to advocate for the place based approach; building and starting to operate the new Bury Health and Care System Partnership arrangements (including the Locality Board) to provide confidence and assurance of our arrangements. • Locality arrangements worked through Locality Board following satisfactory closedown of CCG. • Issues and risks escalated to Integration Delivery Collaborative Board and to Locality Board.	• Continue to work with GM partners as GM operating model develops. • Transformation plans continue to be monitored monthly through IDC Board. • Transformation Board and Adult Social Care Savings and Transformation Programme also reported to Cabinet. • Bespoke communication approach to address this agenda; continued work with GM partners.	W. Blandamer	On target	Decreased	Dec-22
CR13	Regulatory Compliance	Delivering Together	3	4	12	3	4	12	J. Dennis	• Failure to meet the requirements of data protection legislation and good information governance practice / serious data breach.	• Significant progress to completion of actions on ICO Workplan. • IG policies and procedures reviewed and approved by IGSG. • Comprehensive IG/Cyber Security training programme implemented. • Data Breach monitoring and processes significantly enhanced. • Network of IG Champions refreshed and re-established. • IG risk management strategy implemented, including required completion of Data Protection Impact Assessments for any project involving the processing of personal data. • Staff induction process and system access implemented. • IG KPIs reviewed. • IG strategy (developed for both Council and Bury CCG) reviewed for DSPT submission. • 2021/22 DSPT submitted and Standards Met maintained. • Internal Audit review completed. • ICO Workplan assessed April 2022 - satisfied outcome with no further actions set. • Six monthly reporting to Audit committee to ensure that the work is embedded across the Council.	• Information Security Policy updated - requires finalisation. • Ongoing development of an annual review/refresh process for the Record of Processing Activity.	M. Connor	On target	Static	Dec-22
CR4	Digital Transformation	Delivering Together	3	4	12	2	4	8	K. Waterhouse	• Inability to achieve ambition for new ways of working, improved customer and staff experience through delivery of the Digital Strategy.	• Placement of Digital Strategy in Transformation programme to ensure visibility and deliverability; additional resource approved within the Transformation Strategy. • Sign-off for digital spend on Customer Experience Programme, Data Platform and additional management capacity agreed at Cabinet in December 2021. • Additional budget for IT service agreed for 2022/23 agreed at February Full Council.	• Review of resources across Council and CCG IT/Digital functions had resulted in the imminent engagement of specialist company to undertake a full assessment of current structure and required functions. This will be delivered within Q2/Q3. • Additional monies to strengthen capacity in the team as per the Transformation Report, work on new Target Operating commenced and to be completed by Dec 2022. New structure to be in place by April 2023.	K. Waterhouse	On target	Static	Dec-22

CR2	**COVID-19 Impact**	Strength-based Approach	3	3	9	3	3	9	P. Lakin	• New variants further impacting social mobility, lower earning income households and impeding economic recovery. • Reduced revenue income to the Council due to COVID-19 – impacting on programme of rent reviews and lease renewals, and effects on businesses that lease our commercial portfolio. • Unpaid rental from commercial tennants (unrecovered through government direciton) now more challenging to recover due to current inflationary impacts on business.	• Local Outbreak Plan in place. • Regular liaison with UKHSA re surveillance and monitoring. • Vaccination programme. • Current outsourcing of some rent reviews and lease renewals. • Tenants have received rent free periods/grants where eligible for assistance from the Council but this was a one-off agreement by Cabinet during Covid. • Quarterly Debtors meeting in place to review agreed payment plans and implement new payments plans appropriately.	• Review current mitigating controls in context of Government's "Living with COVID-19" plan. • Follow UKHSA guidance and keep under regular review. • Regular and prompt communication with staff and residents. • Targeted comms and engagement to reduce inequalities in vaccine uptake. • Maintain residual capacity to stand back-up in response to potential new, more dangerous variants. • Continued outsourcing of some rent reviews and lease renewals. • Review of capacity and outsourcing arrangements. • Ongoing monitoring of income budgets with Finance. • Consideration to be given to allowing some business rent free periods in alignment with P26a Insolvency and Coronavirus Act 2000. • Awaiting outcomes of Government review into grants and rates relief previously provided to businesses, to identify potential fraudulent claims.	L. Jones R. Firth	On target	Decreased	Dec-22
CR17	**Pharmaceutical Needs Assessment**	Strength-based Approach	2	1	2	4	1	4	W. Blandamer	• Failure to meet statutory deadline for publication of the Pharmaceutical Needs Assessment (31 October 2022)	• Establishment of PNA Steering Group. • Health and Wellbeing Board approved revised timescales on 3 March 2021. • Reports to Health and Wellbeing Board.	• On track to present final draft to Health and Wellbeing Board for final ratification. (20 October 2022) • Publication of PNA. (31 October 2022)	L. Jones	On target	Decreased	Dec-22

Corporate Risk Register 2022/23 - Closed Risks

Risk Ref.	Risk Title	Strategic Outcome	Current Score: Likelihood	Current Score: Impact	Current Score: Total Score = L*I	Target Score: Likelihood	Target Score: Impact	Target Score: Total Score = L*I	Risk Owner	Key Potential Impacts	Current Controls	Planned Actions	Responsible Officer	Risk Action Status	Trend	Date Closed
CR8	Elections	Delivering Together	1	4	4	1	4	4	J. Dennis	• Potential legal challenge and reputational damage if the Council is unable to effectively deliver the May 2022 Elections. • Personal liabilities to the Returning Officer.	• Election planning on track. • Review of polling stations and regular reports submitted to member Group. • Oversight by the Director of Law and Governance. • Legislative changes reviewed regularly to assess impact on Bury. • Robust planning - better links with other GM authorities. • Early engagement with candidates and agents. • National (Government and Electoral Commission), regional (AGMA and GM Elections Managers) and local guidance. • Elections Project Board in place with agreed delivery plan. • Lessons Learned (from previous election) action plan delivered in collaboration with the Returning Officer, DRO's and Election Manager. • Approved printers as part of AGMA consortium. • 2022 Elections successfully delivered.	• No further actions required.	Jacqui Dennis / Rachel Everitt	Complete	Decreased	Jul-22
CR18	PSN Accreditation	Strength-based Approach	1	4	4	1	4	4	K. Waterhouse	• Council's status as a secure partner is at risk.	• Additional cyber security work is being undertaken to reduce risk whilst remediation work takes place. This includes an external funded cyber treatment plan and further upgrades to Microsoft E5 licenses for high risk individuals. • All 2008 Servers removed. * PSN accreditation accomplished.	• No further actions required.	S. Denton	Complete	Decreased	Jul-22
CR10	EU Exit Impacts	Economic Growth and Inclusion	5	3	15	4	2	8	S. Evans	• Inflation: increased inflationary pressures as a consequence of Brexit and recovery from the pandemic. • Disruption to supply chains. • Loss of EU funding may, if not replaced by Government, pose a risk to economic and social programmes of the Council. • National immigrations policies restricting free movement of people could lead to further skills gaps in the workforce.	• Early work with Exec team and members to identify potential savings to close the financial gap; rationalisation of admin buildings as part of transformation programme to reduce utilities expenditure. • Complete review of all budgets with a view to a zero based budgeting approach. • Continuous refinement of MTFS and budget setting as more information becomes available; engagement with and identification of efficiencies with all departments.	• Piloting the use of grant finder software to ensure all potential grants to the borough are accessed where appropriate. • Use of Kickstart, apprentices and training of existing workforce to ensure a workforce which meets both current and future needs.	S. Evans	On target	Static	Oct-22

Appendix B – Risk Matrix

Quantitative Measure of Risk – Impact / Consequence Score

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
EXAMPLES : NEW POLITICAL ARRANGEMENTS, POLITICAL PERSONALITIES, POLITICAL MAKE-UP					
POLITICAL Associated with the failure to deliver either local or central government policy or meet the local administrations manifest commitment	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : COST OF LIVING, CHANGES IN INTEREST RATES, INFLATION, POVERTY INDICATORS					
ECONOMICAL Affecting the ability to meet financial commitments. These include budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or proposed investment decisions	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : STAFF LEVELS FROM AVAILABLE WORKFORCE, AGEING POPULATION, HEALTH STATISTICS					
SOCIAL Relating to the effects of changes in demographic, residential or social economic trends on council' s ability to meet its objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	**2**	**3**	**4**	**5**
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
TECHNOLOGICAL Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. May also include consequences of internal technological failures on the Council' s ability to deliver its objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : HUMAN RIGHTS, TUPE REGULATIONS, DATA PROTECTION					
LEGISLATIVE/LEGAL Associated with current or potential changes in national or European law	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : LAND USE, RECYCLING, POLLUTION, WASTE MANAGEMENT					
ENVIOROMENTAL Relating to the environmental consequences of progressing the council' s strategic objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	**2**	**3**	**4**	**5**
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
EXAMPLES : STAFF RESTRUCTURE, CAPACITY, TRAINING, WORKFORCE NEEDS					
PROFESSIONAL / MANAGERIAL Associated with the particular nature of each profession, internal protocols and managerial abilities	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : BUDGET OVERSPENDS, LEVEL OF COUNCIL TAX, LEVEL OF RESERVES					
FINANCIAL Associated with financial planning and control	Small Loss>£100 The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	Loss>£1,000 The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	Loss>£10,000 The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	Loss>£100,000 . The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	Loss>£1,000,000 The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : SECURITY, ACCIDENTS, HEALTH & SAFETY, HAZARDS, FIRE					
PHYSICAL Related to fire, security, accident prevention and health and safety	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
EXAMPLES : CONTRACTOR FAILS TO DELIVER, PARTNERSHIP AGENCIS WITH CONFLICTING GOALS					
PARTNERSHIP/CONTACTUAL Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed costs and specification	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : STANDARDS NOT MET, ACCREDITATION,					
COMPETITIVE Affecting the competitiveness of the service (in terms of cost or quality) and /or its ability to deliver best value	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : MANAGING EXPECTATIONS, COMPLAINTS, CONSULTATION, COMMUNICATION EXTERNALLY					
CUSTOMER/CITIZEN Associated with failure to meet the current and changing needs and expectations of customers and citizens	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

Qualitative measure of risk – Likelihood Score

Descriptor	**1**	**2**	**3**	**4**	**5**
	Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Frequency Time framed descriptors	Not expected to occur for years	Expected to occur annually	Expected to occur monthly	Expected to occur weekly	Expected to occur daily
Frequency Broad descriptors	Will only occur in exceptional circumstances	Unlikely to occur	Reasonable chance of occurring	Likely to occur	More likely to occur than not occur
Probability	1-9% chance	10-24% chance	25-50% chance	51-80% chance	81% or higher

Quantification of the Risk – Risk Rating Matrix

			Likelihood				
			1	**2**	**3**	**4**	**5**
			Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Impact / Consequence	**5**	**Severe**	5	10	15	20	25
	4	**High**	4	8	12	16	20
	3	**Moderate**	3	6	9	12	15
	2	**Minor**	2	4	6	8	10
	1	**Very Low**	1	2	3	4	5

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Report to	**Audit Committee**
From	**Housing Options Team**
Risk Reference	**CR5**
Risk Description	**Increasing demand pressures**
Recommendation	**For analysis and discussion**

Key Potential Impacts

• Failure to meet Homelessness Statutory Function & Delivery.

• Further impact of Cost of Living Crisis, Afghan and Ukrainian refugee crisis additionally increasing pressure on these services.

• Failure to transform services likely result in the Council failing to meet its statutory obligations. Adults and children's care facing a significant increase in demand for services.

Current Position

New Homelessness Strategy

- This was discussed with the Homelessness partnership in mid-September and the need to evidence the delivery of the outcomes of the associated action plan was agreed.
- Additionally, we will prioritise and review with consideration to the impact of the cost of living crisis.
- A Steering group is to be established, governed by the partnership and reviewed annually by the Council.

Maximising funding opportunities to increase resources and capacity

- Working with finance to have full oversight of internal and external funding streams to plan and maximise funding, particularly with the expectation of further service savings during 2023/24.

Robust processes and operating procedures in place

- Existing pathways within the service have been aligned to statutory duty and legislation.
- The department is currently developing new pathways and processes to meet the impact of the Ukrainian refugee crisis now and in the future.

Direct Let priority

- The allocations policy is to be reviewed with options for a common housing register to increase greater access to affordable and social housing within the Borough by all Housing Associations and registered social landlords.

System and IT solutions

- Work with Agylisis has concluded for the Housing Options team
- Future work to be undertaken includes implementation of a new Choice Based lettings system to:
  - reduce back office administrative functions;
  - create capacity; and
  - improve the customer experience when accessing and bidding for properties.

Successful implementation of the team/service re-structure with realignment of services and savings of £250k to focus on statutory and non-statutory provision

- The unexpected increase in asylum and refugee crisis over the past 12 months has impacted on the service and ability to now flex, adapt and meet the increasing demands with capacity.
- A new temporary Asylum & Immigration post is being developed to increase capacity and maximise the new and additional external funding.
- The Cost of Living crisis will further increase homelessness with the possible need for increased staffing and resources.
- Close monitoring of this situation is ongoing.

Increase in statutory dispersed accommodation

- Despite the increase in dispersed accommodation due to the increasing demand and numbers coming through who need support and emergency accommodation, this provision is always at capacity.
- We are currently developing in partnership, new provision at Huntley House that will provide an additional 18 individual flats supported 24/7.
- This provision will not cost the service or the Council any additional amount due to the agreed arrangement with a trusted partner - funded via Housing Benefit and intensive housing management, which is subsidised via centralised Housing Benefit funding at no cost to the Council.
- The provision should be up and running for the 17th October 2022.
- This will help meet our rough sleeper demands but also our statutory single homelessness accommodation needs.

Development of Private Rented Sector (PRS) and Landlord engagement

- Appointment of a temporary PRS Development Coordinator aligned to the external ringed fenced match funding to support PRS landlords to prevent homelessness but also increase PRS properties for people on our housing register.
- The candidate is anticipated to be in post by November 2022 and will work closely with the new Empty Homes Officer to focus on the 1000+ long-term voids in the PRS and also deliver and implement the new Empty Homes Strategy.

Performance and Improvement meetings with STH established to manage KPIs and monitor their performance and outcomes

- Monthly performance meetings with STH to monitor and govern performance and KPI's.
- The meetings are Chaired by the new Housing Director.

Successful External bids

- Stepping Stones have been commissioned to provide 10 units from the PRS on a lease and repair basis over the next 3 years for our rough sleepers with support funded via RSAP (Rough sleeper accommodation programme).
- RSi5 (2022-2025) - £500k+ additional funding over the next 3 years. Funds the staffing of the rough sleeper outreach service, match funding of the PRS Development Coordinator role and 6 months additional supported rough sleeper accommodation.
- Consultation with DLUHC (Department for Levelling Up, Housing and Communities) has now ended on the future HPG (Homelessness Prevention Grant) formula – the HPG grant will increase next year and the following years due to the changes in how the grant will be determined.
- Feedback from the consultation suggested local authority's that abuse the out of borough placements for their temporary accommodation are penalised financially to stop this practice (which has increased by 100% in Bury over the past 12 months and impacting on our own options in the PRS to discharge our homelessness duty.)

Asylum and Immigration

- Pathways have been developed and engagement with GMCA / North West RSMP (Regional Strategic Migration Partnership) to support the Ukrainian refugee crisis has resulted in two routes:
  - Homes for Ukraine - sponsorship; and
  - Family visa route - approach to maximise additional funding for all services impacted.
- A new role is to be created but the main risk is the lack of social and affordable accommodation for permanent residence and resettlement.
- Successfully commissioned services have been aligned to funding in order to meet the Council's pledge to support the Afghan refugee crisis with 10 supported properties in the PRS (30/40 refugees - 1o families).
- New asylum dispersal and resettlement schemes being introduced by the Home Office:
  - Bury fully engaged in the process with all other North West local authorities with the North West RSMP and are currently coordinating a response back to the home office on the proposals.
  - It is now compulsory for local authorities to support dispersal and resettlement and should assist North West local authorities that have welcomed and supported asylum seekers within their

Borough's, with a fairer and more transparent system across the whole of the UK.

- RSMP lobbying and recent WLT paper recommends pausing dispersal within Greater Manchester due to the current disproportionate numbers compared to other regions.
- Under the new proposed dispersal system the current projections show an increase of 135 asylum seekers into the Borough between now and Dec 2023 in addition to the 435 existing asylum seekers currently in Home office / Serco accommodation within Bury’s PRS. A high percentage of this cohort will eventually come through Council homelessness statutory services once the Home office have determined their immigration status which will add further pressure on services.

The following actions have been identified to further mitigate the risk:

• STH have now produced a draft Sustainment Strategy. Input from the Council and GMCA has been provided but we await further feedback from stakeholders within the Homelessness partnership. An extension of the original deadline of September 19th 2022 has been requested. This an important strategy for the Council to ensure STH reduce the number of failed tenancies and assist in preventing homelessness.

• To consider options to increase capacity within existing budgets in response to increasing homelessness, asylum seeking and immigration. Ongoing work alongside the finance team continues, in parallel to exploring all new external homeless and asylum funding streams.

• Wider work with Improving adult lives and the neighbourhoods team linked to PSR and Lets Do It! Strategy outcomes to produce the wider Council strategy in sustaining all tenancies and accommodation.

Report to	**Audit Committee**
From	**Operations**
Risk Reference	**CR11**
Risk Description	**Building Management (Operational Health and Safety)**
Recommendation	**For analysis and discussion**

Context

Across Bury Council buildings are managed by individual service managers, who are responsible for the safe operation and maintenance of the buildings. There is no consistency to the management of the estate and no central record of building condition and compliance.

If the council do not correctly manage and maintain our buildings, we are at risk of a breach of Health and Safety legislation, leading to prosecution under the Corporate Manslaughter Act and other Health and Safety regulations.

Council buildings, facilities and premises must provide safe and effective environments for all building occupants that use them. It has been recognised that there are steps the council needs to take to improve the management, maintenance and operation of buildings:

- **Rationalisation of the Estate** - To reduce the number of buildings the council owns and operates and understand the condition of those we will keep
- **Building Compliance** - Understand the statutory and regulatory compliance status of the buildings the council will retain
- **Establishment of a Corporate Landlord model** – To ensure the safe operation of the buildings the council will retain and to ensure one central record of building information

Rationalisation of the Estate

The Council is currently undertaking an estates rationalisation process to assess future building requirements and condition and to recommend buildings for disposal. An Estate Transformation Board has been set up to oversee this process and a list of admin buildings were agreed for disposal by Cabinet in July 2021 and December 2021 as part of the Let's Do It Flexibly transformation programme.

Progress has been made this year in relation to the disposal of the following buildings, that are no longer fit for purpose and are in need of significant repair:

- St Marys Place – This building was sold in February 2022.
- Whittaker Street – Staff consultation is currently taking place regarding the disposal of Whittaker Street, with the proposal that all staff will vacate the building no later than 4 November 2022 and the building will then be sold by April 2023.
- Humphrey House – The building is currently occupied by Pennine Care and GMMHU. Paper due to go to Cabinet in October to agree the relocation of

Pennine Care to 3KP. Expected date of vacation is Dec 2023, there after the building will be sold for re-development.

External consultants have been employed to review a list of 75 council buildings (excludes leisure centres, sports facilities, buildings already identified on the Council's Land Disposal Programme and those buildings within the Let's Do It Flexibly Transformation Programme) and recommend which of these buildings should be disposed of, which the council should keep, and where and community asset transfers or enterprise centre model may be more appropriate.

A workshop took place on 5 September 2022 with lead council officers, to assist in the review and the understanding of building usage. The outcomes of this piece of work are due to be presented back to the council for consideration in October 2022.

A Decant Manager has now been employed to support the process of closing buildings and relocating staff as required.

Building Compliance

Following an independent Corporate Health and Safety audit last year, recommendations were made to improve the understanding and compliance status of council buildings. As a result, a "Health and Safety Taskforce" with Union representation, was established to oversee delivery.

A task was set to undertake a desktop audit of buildings that will be retained by the council to assess the statutory and regulatory compliance status. Ahead of receiving a confirmed and approved council estates list of buildings being retained the following progress has been made:

- A central record of Council buildings is being compiled and classified through the work with external consultants (to be retained, for disposal, asset transfer)

- A health and safety compliance audit specification has been established for adoption by the Council, which consists of a 34 point check list which has been approved for use by the Trade Unions. The specification incorporates the necessary statutory and regulatory compliance items. Please see Appendix 1.

- A compliance audit has been completed for 6 admin buildings and remedial works have been carried out to improve the compliance status and record keeping for these buildings.

- Facilities management are undertaking a "desktop" audit of compliance across the corporate estate, starting with those buildings we know will be retained by the Council. Progress so far:
  - Bradley Fold
  - Bury Adult Education
  - Bury Library & Museum

- Killerlea House

In addition to the above, the Trade Union have carried out an independent H&S audit at 3KP in May 2022 and at Humphrey House in June 2022 and produced a report on their findings. The inspections identified some remedial works that needed to take place, and these are now 100% complete.

A member of agency staff was recruited to support this work earlier this year but was only with the authority for a short time and we have struggled to fill this role on a temporary basis. Alternative recruitment options are being explored, along with an assessment of the need for these skills in a longer-term Corporate Landlord model.

Establishment of a Corporate Landlord Model

Following the estates rationalisation process we will be left with a list of buildings the council will look to retain and a Corporate Landlord model can then be established to manage the estate the council will keep.

A Head of Corporate Landlord is in place and work is underway to develop a Corporate Landlord Model (for implementation in April 2023) and to establish the budget required to successfully operate this model.

Current working practices (Mangers responsible for own buildings) remain in place until the formal establishment and handover to a Corporate Landlord takes place.

Appendix C – Deep Dive Reports: October 2022

Appendix 1 – Health and Safety Audit Compliance Specification

Item	Compliance Item	(S) statutory (R) regulatory (B) business	Audit Spec Yes	Audit Spec No
1	Health & Safety Management System in line with H&S Act 1974	S		
2	Signed Health & Safety Policy Statement by CEO	R *see notes below		
3	Employers & Public Liability Insurance Certificate	R *see notes below		
4	Business Continuity plans	B		
5	Contractor / Customer / Visitor Assurance (Signing In & Out, induction, tool box talks, Contractor Setting to work, permits to work),	B		
6	HSE Law Poster - What you should know: Displayed	R		
7	Joint Employee, Union, Management Health & Safety Consultation / Risk Assessments	B		
ADD	Incident & Accident Emergency Action Plans / Procedures	R		
9	First Aid Provision	B		
10	Manual Handling Risk Assessments	B		
11	Operations & Maintenance Manuals (OEM Hard copies, Electronic copies, High Risk Equip identified)	B		
12	Asbestos survey / Risk Management Plan	S		
13	Gas Integrity / Equipment / Gas Safety Service Records/ Hot water Systems	R		
14	ICT local server room (Risk assessment / Security / Ventilation / Back up Procedure)	B		

Appendix C – Deep Dive Reports: October 2022

15	Passenger Lift Examination & Inspection Statutory LOLER (6 Monthly for Passenger Lifts, Annual for Goods Lifts)	R		
16	Legionella Risk Assessment & Calorifier (water heater descaling) (control measures & appropriate records)	S		
17	Non-Passenger Lifts, Hoists and Working Platforms Examination and Inspection:	S		
add	Building air conditioning / Ventilation (Statutory -5 yearly, Maintenance records as per OEM Good Practice (Annually)	R		
19	Fire Risk Assessment (Site-Specific) Combustible waste safely stored, fire doors marked and shut / notices visible	R		
20	Fire Alarm Test Certificate(s) Checks & Service Records & Fire precautions registar (weekly test, 6 mth maintenance)	R		
21	Electrical Fixed Wiring Installation Inspection Certificate Statutory (5 Year, 3 Year or Annual Check)	R		
22	Structural Lightening Conducters Inspection Certificate	S		
23	Emergency Lighting Test Certificate 1 hr min (Monthly Statutory checks, Maintenance records, competent person)	R		
24	Fire Extinguishers & Fire Hydrant Inspection Records (Annual Statutory checks, Maintenance records, competent person)	R		
add	Testing of Emergency Evacuation Aid Systems (Annual Statutory checks, Maintenance records, competent person)	R		
add	Automatic Doors, Auto Shutters, Powered Gates (Annual Statutory checks)	S		
add	CCTV - Maintenance Statutory (Annually) Data Protection Act 1998	S		
add	Portable Appliance Testing & Inspection Records, (PUWER - Visual insection & User tests)	R		
29	COSHH Assessments & Material Safety Data Sheets (MSDS)	R		
30	Display Screen Equipment Risk Assessments (Touchdown desks, Communal areas)	B		

31	Hazardous Waste Registration	R		
32	Noise Evaluation Records & Risk Assessments	B		
33	Working at Height, Ladder Inspection Records (Register, periodic inspections)	R		
34	commercial catering equipment with CP42 certification	R		
	Compliance score		0	0
			%	

Notes:

1) Mansafe, Fall Protection Equipment, Inspection Records (Regulatory check) none found across 6 admin buildings so removed form Compliance audit.

2) On Checking the Compliance audit specification - duplication found on None passenger lifts.

3) A Signed Corporate Health & Safety Policy Statement by CEO (Regulatory Check) should be in place across the organisation not by individual building so not included in Compliance Audit of each estates building.

4) An Employers & Public Liability Insurance Certificate (Regulatory Check) should be in place across the organisation not by individual building so not included in Compliance Audit of each estates building

5) Those items marked in PURPLE are recommended additions to Compliance audit Specification

6) Those items marked in RED are the big 5 statutory Compliance items everyone refers.

Classification: Open	Decision Type: n/a Non Key

Report to:	Audit Committee Cabinet	**Date:** 12 Oct 2022 19 Oct 2022
Subject:	Bury Procurement Strategy	
Report of	Section.151 Officer Cabinet Member for Finance & Communities	

Summary

This report sets out proposals for a new Procurement Strategy for Bury Council. The current Procurement Strategy 'Buying into Bury' expired in 2015 and required a comprehensive review for it to be a more strategic approach rather than operational and to bring it up to date.

The Procurement Strategy is owned by Strategic Procurement but is a council-wide strategy due to the devolved nature of procurement at Bury Council. The strategy has been drafted by STAR procurement in consultation with the strategic procurement team and internal audit.

The new strategy reflects the priorities and themes contained in the recently launched National Procurement Strategy for Local Government as well as linking it to Lets Do It! Strategy.

Recommendation(s)

- Note the content of the report
- Approve the new Bury Procurement Strategy

Reasons for recommendation(s)

Provides up to date and appropriate Procurement Strategy that reflects national best practice and local priorities. The strategy is high level and has been future proofed to allow for any immediate changes in procurement i.e. new Regulations.

Alternative options considered and rejected

The current Procurement Strategy expired in 2015 and requires significant updating as it contained out-dated information and included significant operational activity rather than setting the strategic approach and direction.

The proposed approach recognises the devolved procurement approach adopted in Bury and reflects national best practice as well as local priorities.

Report Author and Contact Details:

Name: Nichola Cooke
Position: STAR Procurement
Department: Strategic Procurement
E-mail: n.cooke@bury.gov.uk

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1. **Background**

1.1. STAR Procurement (a shared procurement service between 4 local authorities in Greater Manchester) has been commissioned by the Council to provide strategic support to the Council, as well as some operational support. This support has been brought in to assist the Council in addressing the current resourcing situation within the procurement team.

1.2. The Procurement Strategy sets out our strategic approach to procurement activity. It is not intended to be an operational guide to procurement; however the objectives should be applied to all our procurement activity.

1.3. This Procurement Strategy is the first of a suite of documents to further and improve procurement within the Council, other documents coming forwards as part of this suite include: Contract Procedure Rules and Social Value Strategy (timescales yet to be confirmed).

1.4. There is a wealth of national, regional and local strategies and legislation that influences our procurement activity. In this complex and multi-layered context, this Procurement Strategy is designed to embed the strategic context into our procurement activity.

1.5. It will provide a consistent approach to procurement and practical guidance to how we deliver effective procurement activity.

1.6. A copy of the draft Procurement Strategy is included in Appendix 1.

2. **Themes and Enablers**

2.1. The LGA launched the National Procurement Strategy for Local Government in England (NPS) in August 2022. The strategy sets out the themes and enablers which have been identified by local Councils themselves as being necessary for successful delivery of procurement in local government. Therefore it is proposed that these are adopted by Bury Council as key priorities for procurement.

2.2. The themes are:

- Showing leadership
- Behaving commercially
- Achieving community benefits

2.3. The enablers are:

- Adding value
- Developing talent
- Exploiting digital technology
- Enabling innovation
- Embedding change

3. **Measuring Success**

3.1. Strategic Procurement will take ownership of this strategy but as a devolved procurement service, the delivery of this strategy is a Council-wide responsibility.

3.2. Measuring success of the strategy will be via:

- LGA National Procurement Strategy for Local Government Toolkit
- Performance management data
- Regular Feedback from stakeholders
- Case studies

Links with the Corporate Priorities:

4. This procurement strategy supports the delivery of the **'Let's Do It' strategy**, and outlines how we will use procurement to deliver the vision, values and priorities. The **'Let's Do It' strategy** sets out the vision and objectives for Bury for 2030. Procurement will support these outcomes through the efficient and robust procurement of goods, works and services. Procurement will also support economic development, supply chain resilience, and help deliver real outcomes to the people of Bury through social value.
   - Delivering inclusive economic growth by continuing our commitment to Bury-based businesses and reducing the complexity and bureaucracy of our procurement approach
   - Delivering carbon neutrality by 2038, improved quality of life, improved educational attainment and increased adult skill levels and employability by including guidance on Social Value

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Equality Impact and Considerations:

5. The proposed Procurement Strategy does not bring about any changes that would impact on one protected characteristic over and above another, it doesn't result in increased/decreased access to services or provision for any particular group of the population or cause any disadvantage to a community of interest. The approach is to ensure value for all contracts and thus strive to mitigate Council costs, which would benefit all residents

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Environmental Impact and Considerations:

6. Environmental impact and considerations in procurement are addressed through Social Value and are included in this Procurement Strategy

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Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
A new Procurement Strategy sets the strategic direction for procurement on a Council-wide basis.	Training and communications will be put in place to ensure officers understand their role and responsibilities in delivery of this strategy

Legal Implications:

To be completed by the Council's Monitoring Officer.

7. The revised strategy presents a sensible way forward for the Council's procurement programme. Provided that Procurement is properly resourced and sufficient training provided for client departments, it offers an opportunity for achieving significant finite savings as well as ensuring that the Council obtains value for money for services, equipment and goods received.

Financial Implications:

8. There are no direct financial implications of the procurement strategy but the implementation of the procurement strategy will ensure good control and discipline over all procurements, ensure best value for money, achievement of social value and adherence to other Council policies and strategies such as carbon reduction

Background papers:

Appendix 1: Bury Procurement Strategy

National Procurement Strategy for Local Government 2022 - https://www.local.gov.uk/publications/national-procurement-strategy-local-government-england-2022

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
LGA	Local Government Association
Social Value	The concept of seeking to maximize the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves

OUR PROCUREMENT STRATEGY

2022-2026

1. Introduction

Bury is a metropolitan Borough in Greater Manchester and consists of six towns: Bury, Prestwich, Radcliffe, Ramsbottom, Tottington and Whitefield. Bury is home to the East Lancs Railway and the famous Bury market and was the Greater Manchester town of culture in 2021. Bury Council is committed to working together with the local business community to ensure we have a strong, successful and thriving business base. We want established and incoming businesses to grow and prosper and our role is to help to ensure that happens.

What is procurement?

Procurement is the process of acquiring supplies, services and works. It includes acquisition from third parties and in-house providers. The process spans the full procurement cycle form identifying the need, through to the end of a contract or the end of useful life of an asset and lessons learnt. It involves early stakeholder engagement, assessing impact on relationships and linkages with services internally and externally, options appraisals and the critical 'make or buy' decision whilst determining the appropriate procurement strategy and route to market. Procurement is therefore much wider than simply purchasing, and through the effective implementation of our procurement strategy we will be able to demonstrate the added value that procurement can bring.

Why is Procurement Important?

Local Government net expenditure on services is over £70 billion[1] per annum. Therefore the procurement activity that buys in supplies and services is critical to ensuring that best value is being obtained.

- Public procurement is about improving the delivery and cost effectiveness of quality public services to citizens
- Procurement can be a mechanism to challenge current service arrangements and find new models for service delivery
- Savings realised through better procurement can be channelled back into priority services
- Procurement can achieve additional added value benefits to residents through effective use of supply chains
- Ensures that we deliver best value
- Our professionalism and planning can help prevent financial loss to the Council and support our services and reputation

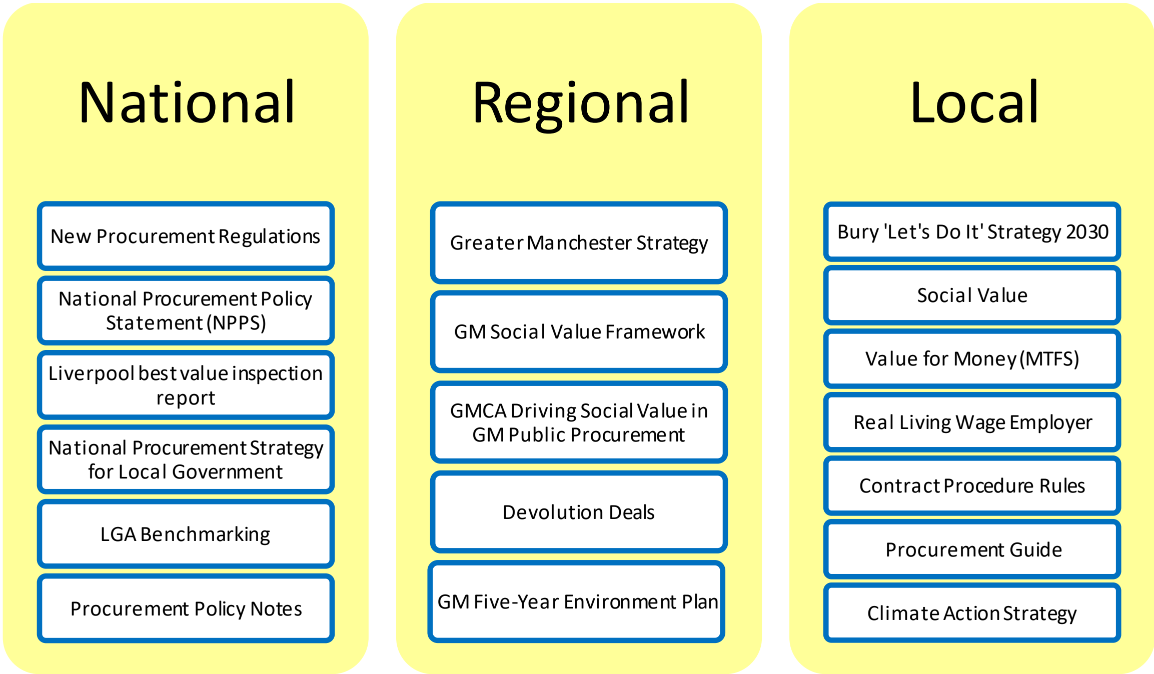
Why do we have a Procurement Strategy?

Our Procurement Strategy sets out our strategic approach to procurement activity. It is not intended to be an operational guide to procurement; however the objectives should be applied to all our procurement activity.

[1] National Procurement Strategy for Local Government in England 2022 | Local Government Association

2. Strategic Influence

There is a wealth of national, regional and local strategies and legislation that influences our procurement activity. The diagram below is not exhaustive but gives an indication of the strategic context in which procurement operates.



In this complex and multi-layered context, our Procurement Strategy is designed to provide clarity as to how we will embed the strategic context into our procurement activity.

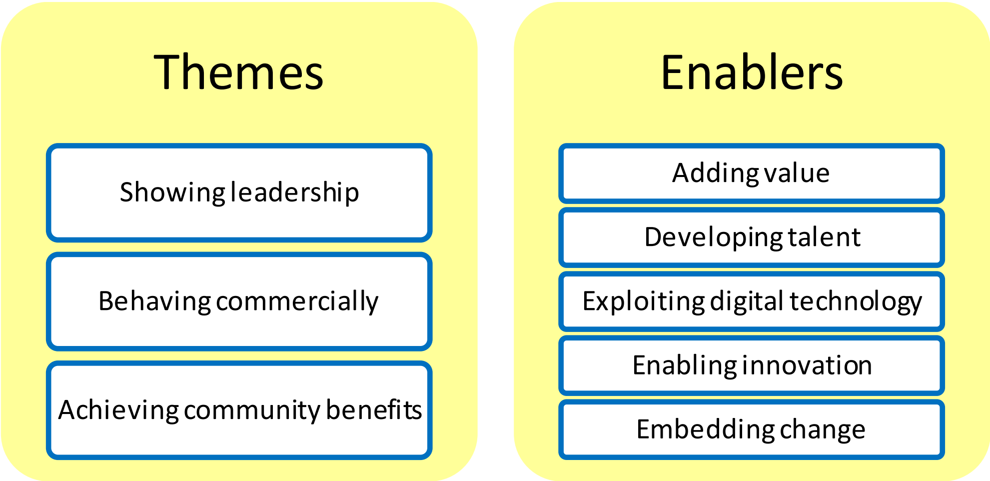
It will provide a consistent approach to procurement and practical guidance to buyers and suppliers as to how we deliver effective procurement activity.

This procurement strategy supports the delivery of the **‘Let’s Do It’ strategy**, and outlines how we will use procurement to deliver the vision, values and priorities.

The **‘Let’s Do It’ strategy** sets out the vision and objectives for Bury for 2030. Procurement will support these outcomes through the efficient and robust procurement of goods, works and services. Procurement will also support economic development, supply chain resilience, and help deliver real outcomes to the people of Bury through social value.

3. Our Strategy

The LGA launched the National Procurement Strategy for Local Government in England (NPS) in August 2022. The strategy sets out the themes and enablers which have been identified by local Councils themselves as being necessary for successful delivery of procurement in local government. These have therefore been adopted by Bury Council as our key priorities for procurement.



<u>Themes</u>

Showing Leadership

We aim to continue to champion procurement and collaboration to support the significant financial challenges ahead and embrace the opportunities the new Regulations will bring. We will use our skills and expertise to develop our added value and ensure that we promote the importance of strategic procurement internally and also share and support wider partners on their journey.

We will engage and work with Elected members, senior managers, partners and strategic suppliers to design solutions and public services which span Council departments and Partners. We will collaborate across our wider Partners to effectively deliver a wider range of outcomes across Greater Manchester. We value the fact that we are stronger together.

Behaving Commercially

We will behave commercially and deliver value for money to ensure we maximise the outcomes for Bury and our wider community. There is no one way to deliver savings and efficiencies or reduce costs; so we will deploy a wide range of approaches to ensure we get the maximum possible value for the money spent by the Council. This will be underpinned by the Procurement Savings Strategy.

We will drive efficiencies by adopting a collaborative and planned approach to procurement, contract review and contract management. We will collaboratively across Greater Manchester, drive economies of scale and increase efficiencies.

We will engage with our suppliers and research markets and use the outcomes to shape our procurement approach and to identify new commercial opportunities. This goes beyond the procurement process itself and includes manging contract and suppliers and managing strategic risk throughout the lifetime of our contracts.

Achieving Community Benefits

We will embrace Social Value to ensure that all of the businesses we contract with are supporting our local communities and adding value beyond their contractual requirement. We will also ensure that we champion Social Value in all that we do.

We are committed to Social Value and support the Greater Manchester Social Value Framework and Driving Social Value in GM Public Procurement paper.

We will develop and implement plans to shift more spend locally and embed social value into purchasing decisions, this includes the creation of a Social Value Framework that will set out how the Councils approach to social value will be strengthened and incorporated in the majority of procurement activities (it will include how Social Value is embraced in procurement, how commitments are linked to key performance indicators, and how commitments are measured when delivered). One of our key activities in this area is to identify and strengthen our local, VCSE and SME spend. There are a number of activities we will put in place to give local suppliers and Small to Medium Enterprises (SME) the best possible opportunity to supply and provide services to us. We will ensure that collaboration still supports our communities through the effective use of strategies and through active engagement with our suppliers.

Social Value will be used to reduce environmental impact in line with our Climate Emergency declaration and commitment to be carbon neutral by 2038. We will support the actions and activities set out in the Climate Action Strategy and a linked 2021 Bury Climate Action Plan to reduce our emissions, promote sustainability, improve air quality as well as the health and wellbeing of our communities.

In addition, consideration will be given through the pre-procurement stages as to any fundamental changes to the Councils requirements that may support the Councils ambitions in relation to its Climate Emergency declarations, e.g. dramatically reducing avoidable single use plastics in the supply chain, reducing carbon emissions in the delivery of the contract, etc.)

Social Value will also be used to further the ambitions of the **'Lets Do It' strategy** in supporting the creation of Community Wealth Building through creating pre-employment opportunities, supporting workless residents, the Working Well Programme, and increasing local people in employment.

<u>Enablers</u>

Adding Value

We will show that procurement is much more than a process to be followed and instead play a key role in adding value to Council spend and delivering against the vision and objectives of the Lets Do It strategy. We will work proactively to understand emerging issues and support the mitigation of risks. We will demonstrate this value through our targets and measures and share good practice within the Council, as well as partners and colleagues across Greater Manchester.

Developing Talent

We will develop and improve our procurement capabilities throughout the Council. We will have an effective training programme and will continue to promote Continuous Professional Development, both within Corporate Procurement and across the Council. We will review opportunities to develop new skills and bring in additional expertise to strengthen our approach when required. We will continue to engage in forums and networks across Greater Manchester and wider to identify best practice and innovation and learn from lessons learnt elsewhere.

Separate but connected to procurement skills and capabilities, are those of contract management. The Council needs to move towards a position of strengthened contract management, and consideration of how this is best achieved across the Council will be necessary to support the requirements of the National Procurement Policy Statement.

Exploiting Digital Technology

We will also look to strengthen and maximise the use of our e-tendering platform and opportunities to streamline processes through digitalisation. However, we recognise that one size does not fit all, and we will therefore continue to engage face to face with our stakeholders through events, drop in sessions, meet the buyer engagement, and training.

There is a wealth of procurement and spend data available to inform decisions and approach. Through robust data analysis we can ensure that we manage, plan, monitor, and report on procurement activity. We can use the data to inform our strategic procurement, forward plan and identify opportunities for a collaborative approach.

Enabling Innovation

Procurement is rarely “black and white”, therefore we adopt a measured and risk managed approach to ensure that we do not stifle innovation and creativity.

We will maximise the opportunities for innovation that will be presented through the new Regulations. We will ensure that we provide an appropriate amount of structure and governance, whilst allowing for flexibility and agility of approach based around risk first, but ensuring simplicity and speed to market.

Embedding Change

We recognise the importance of procurement to achieve our vision and objectives in the Lets Do It strategy . We will ensure that procurement is a priority and is viewed as a vehicle for change. We will champion change and continuous improvement to help build back a better Borough of Bury.

Consideration will be given to the centralisation of the procurement function across the Council into a single team of procurement professionals to deliver a strategic procurement service to the Councils services. Specialist commissioning support will likely remain within Adults Social Care and Childrens & Young Peoples Services.

The Council needs to move towards a position of strengthened contract management, and consideration of how this is best achieved across the Council will be necessary to support the requirements of the National Procurement Policy Statement.

4. Our Success

The Corporate Procurement Team will take ownership of this strategy but as a devolved procurement service, the delivery of this strategy is a Council-wide responsibility.

As with any strategy it will be important to measure progress against targets and measures to enable our success to be monitored and reported. However, this needs to be designed in a way that ensures robustness and transparency without being overly bureaucratic and burdensome.

- The **LGA National Procurement Strategy for Local Government Toolkit** provides a useful baseline position from which to monitor and manage the success. This toolkit has been developed to establish maturity levels in each of the key areas of the National Procurement Strategy for Local Government in England 2022, to set our objectives against them and then to assess our progress against those objectives

- **Performance management data** will be developed and reported at least annually. This will include metrics such as savings, social value, local spend and compliance.

- Regular **Feedback** from internal and external stakeholders will be collated so the procurement process can be adapted and continuously improved.

- **Case studies** will be developed to demonstrate the successes made through procurement, including qualitative and quantitative data. These case studies will also help to promote the benefits of procurement and encourage more proactive engagement with the Corporate Procurement team.

Where can I get more information?

For further information please contact Bury Corporate Procurement

CorporateProcurement@bury.gov.uk

Agenda Item 10

Classification:	Decision Type:
Open	Non-Key

Report to:	Audit Committee	Date: 12 October 2022
Subject:	Compliance with the CIPFA Financial Management Code	
Report of	Section 151 Officer	

Summary

1. This report presents information which highlights the Council's compliance with the Financial Management Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Recommendation(s)

2. The Audit Committee is recommended to note the level of compliance with the CIPFA Financial Management Code and the issues that require further development.

Reasons for recommendation(s)

3. Adherence to the Financial Management code will support strong Financial Management and resilience.

Alternative options considered and rejected

4. None

Report Author and Contact Details:

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Position: Director of Finance
Department: Finance
E-mail: sam.evans@bury.gov.uk

Background

5. During 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued the CIPFA Financial Management Code (FM Code), followed in 2020 by the guidance notes to support this document which provided a more comprehensive description of the requirements and how these could be demonstrated.
6. Outlined in this report is an up-to-date position statement which shows how the authority is placed against code compliance. Appendix 1 sets out the requirements of the code and where changes are needed to meet the code in full.

Executive Summary

7. The code is not a set of rules to be followed but a set of principles in a format that matches the financial management cycle and supports governance in local authorities. A series of financial management standards set out the professional standards needed if a local authority is to meet the minimum standards of financial management acceptable to meet fiduciary duties to taxpayers, customers and lenders.
8. A tightening of finances has placed local government under extreme financial pressure and Bury has done much to transform services and reduce costs but for these approaches to be successful it must also have good financial management embedded within the organisation.
9. The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time the FM Code sets out the standards of financial management for local authorities.
10. There are six overarching principles on which the FM code is based
    a. **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
    b. **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
    c. Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
    d. Adherence to professional **standards** is promoted by the leadership team and is evidenced.
    e. Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
    f. The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
11. The CIPFA financial management standards are presented and explained in Sections 1 to 7 of the FM Code.
    a. The responsibility of the Chief Finance Officer and Leadership team
    b. Governance and financial management style
    c. Long to medium-term financial management
    d. The annual budget
    e. Stakeholder engagement and business plans
    f. Monitoring financial performance
    g. External Financial Reporting
12. Each local authority must demonstrate that the requirements of the FM Code are being satisfied. However, the FM Code is not expected to be considered

in isolation, and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making and a holistic view is taken

13. Compliance with the FM code is considered to be the collective responsibility of elected members, The Chief Finance Officer, the Head of Paid Service and the Leadership Team

14. The finance team will focus on the actions identified. A number of these actions will be undertaken on the conclusion of the Finance Restructure and transformation including: -
    a. Completion of the finance restructure as per timetable and ensure good appointments to any vacancies
    b. Support development for all staff and accreditation through professional accounting bodies

    Further actions to ensure compliance: -

    c. A programme of Budget holder and member education and training has commenced but will need to continue and be developed further.
    d. System enhancements are being reviewed to improve the budget monitoring abilities of budget holders alongside training.
    e. The development of improved financial monitoring and reporting, working with services to link this with activity and outcomes.
    f. The review of income and debt recovery for the authority with a clear plan of improvement and reviews.
    g. Work is currently under way to expand the use of benchmarking into other directorates.
    h. A review of reserves was undertaken as part of the 2021/22 accounts process but a further in-depth review will be undertaken over the summer of 2022/23 to understand the ability to add to the smoothing reserve that was created as part of the 2022/23 budget setting process
    i. Review of timeline to ensure reporting is undertaken in real time enabling Executive team and Departmental Leadership teams to respond in a timely manner.

15. An updated assessment has been carried out at APPENDIX A of the Council’s assessed level of compliance compared to the Standards contained in the FM Code.

Links with the Corporate Priorities:

Please summarise how this links to the Let’s Do It Strategy.

16. Good Financial Management ensures the resources to maintain the Council’ strategic leadership of the Let’s do it! Strategy.

Equality Impact and Considerations:

Please provide an explanation of the outcome(s) of an initial or full EIA.

17. There are no Equality Impact Considerations.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision.

18. There are no Carbon Impact considerations.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
If compliance with the FM code is not demonstrated, then the Authority's financial sustainability could be called into question resulting in a negative impact with stakeholders	• Strong leadership of the Council • Experienced and Qualified accountants working within the service who also undertake CPD

Legal Implications:

19. The preparation of annual accounts in compliance with the Accounts and Audit Regulations 2015 and the latest CIPA code of practice ensures that the Councils accounts are based on approved accountancy standards and constitutes good accounting practice under the terms of s 21(2) of the Local Government Act 2003.

Financial Implications:

20. The Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility (supported by the management team and elected members) for ensuring compliance with the FM Code.

Background papers:

Appendix A – Financial Management Code – Evidence of Compliance

Appendix B – CIPFA Financial Management Code

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
FM code	Financial Management Code
CIPFA	Chartered Institute of Public Finance and Accountancy
CPD	Continued Professional Development

Requirement	Bury Council Current Position
Section 1	**The Responsibilities of the Chief Finance Officer and the Leadership Team**
Principals	• Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture. • Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs. • Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making. • Adherence to professional standards is promoted by the leadership team and is evidenced. • Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection. The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources
STANDARD A – The leadership team demonstrates that the services provided by the authority provide value for money	Good financial management and the roles of elected members and leadership team. The 'leadership team' will include executive committees, elected mayors, portfolio holders with delegated powers and other key committees of the authority and senior officers. This role cannot be performed in isolation and requires the support of the other members of the leadership team. Statutory responsibility for the financial management of the authority rests with the CFO, the CFO is reliant on the actions of the leadership team, both collectively and individually as elected members and senior officers.
CFO assessment and Actions required	A VFM statement is provided alongside the statement of accounts. The external Auditors report highlights any material errors in the accounts. Executive members meet on a regular basis with their portfolio holders Executive team is presented with and collectively challenge one another on the financial position of the Councils services on a monthly basis During 2022/23 there is a Senior Leadership Development Programme where each service presents the key challenges and issues facing their service. Finance is due to present in August 2021/22 saw the establishment of a finance and performance subgroup of the Overview and Scrutiny Committee which allows greater in depth scrutiny of financial issues

	Action: non identified
STANDARD B – The Authority complies with the CIPFA Statement on the Role of the CFO in Local Government	The chief financial officer (CFO) in a public service organisation: • The CFO is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest • They must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy • Must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. To deliver these responsibilities the chief financial officer, must lead and direct a finance function that is resourced to be fit for purpose and must be professionally qualified and suitably experienced.
CFO assessment and Actions required	The Director of Finance is the Councils S151 and Chief Financial Officer. • The CFO is a full member of CIPFA with over 20 years of experience leading senior teams. She undertakes this role of shared CFO between the Bury locality of NHS GM ICB and Bury Metropolitan Council (Director of Finance) • She has a weekly 121 with the Chief Executive and is key member of the Executive team. • She has a fortnightly meeting with the cabinet member for Finance and frequent meetings with the Leader to discuss relevant subjects. • All Cabinet and Council reports are discussed in advance and require S151 comments and approval before they are published • The Finance Directorate is currently undergoing a restructure to ensure it is fully resourced and fit for purpose. All senior roles will need to be appropriately qualified with evidence of CPD. All unqualified or part qualified staff will be supported to undertake formal and informal training. To support us with the current and future recruitment we are recruiting a significant number of apprentice posts through the directorate. **Action** • Complete the finance restructure as per timetable and ensure good appointments to any vacancies • Support Development of all staff • Apply for accreditation through the professional accountancy bodies
Section 2	**Governance and Financial Management Style**
STANDARD C – The leadership team demonstrates in its actions	Good governance is evidenced by actions and behaviours as well as formal documentation and processes. The tone and action at the top are critical in this respect, and rest with the leadership team – both senior officers and elected members,

and behaviours responsibility for governance and internal control	as well as the CFO. A successful leadership team has a culture of constructive challenge that excludes an optimism bias in favour of a realism bias and is built on a rigorous examination of goals, underlying assumptions and implementation plans. Recruitment of independent members of audit committee?
CFO assessment and Actions required	The constitution defines the roles of Head of paid Service and the monitoring officer. The finance Procedure Rules are evidence of a scheme of delegation that ensures that frontline responsibility for internal and financial control starts with those who have management roles. Terms of reference for Audit and Member Standards Committee as the Council's Audit Committee cover the areas referenced. Training is produced and delivered to Audit Committee members and all Elected Members by the CFO and Deputy Chief Finance Officer. Once the finance restructure is recruited to further training will be undertaken with budget holders The Executive Team meets once per week and meetings are divided into two sections, one for normal business and a second section to discuss relevant Financial matters such as MTFS and savings proposals to close future years financial gaps. **Action: non identified**
STANDARD D - The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework 2016	Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. This CIPFA/SOLACE framework recommends that the review of the effectiveness of the system of internal control that are required to undertake by their respective accounts and audit regulations should be reported in an annual governance statement. The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.
CFO assessment and Actions required	The Council prepares and Annual Governance Statement in line with the framework. The AGS is approved by Executive Team and Audit Committee in advance of its inclusion in the accounts and presentation to Cabinet. **Action: non identified**
STANDARD E - The Financial Management Style of the authority supports financial sustainability	The financial management challenges faced by many local authorities are unprecedented in recent history and show no signs of easing. This is significant because it means that different styles of financial management are necessary. Financial sustainability will not be achieved by continuing with the behaviours of the past since these do not meet the demands of the present – or the future, which may be even more challenging. To remain financially sustainable authorities, need to develop their financial management capabilities. CIPFA believes that the strength of financial management within an organisation can be assessed by a hierarchy of three 'financial management (FM) styles': • delivering accountability • supporting performance

	• enabling transformation. CIPFA recognises that while the highest standards of financial management should be the expectation, in practice some local authorities are at different stages of development. In these circumstances, compliance with the FM Code may initially be achieved by credible proposals to raise financial standards beyond the basic delivery of accountability
CFO assessment and Actions required	The Executive team alongside the CFO recognise the need for an appropriately qualified and skilled finance team and are supporting the Finance restructure and increased training and development within the service. There is a need for an enhanced understanding of budgets and financial planning by all budget holders across the authority and an understanding of the relationships between capital programmes, F&C, reserves, MTFS and cash flow. **Action:** • Following the restructure and recruitment to vacancies, transformation ways of working and behaviours will be led partly by HR and partly by the new Finance Management team. • A programme of Budget holder and member education and training has commenced but will need to continue and be developed further. • The development of improved financial monitoring and reporting, working with services to link this with activity and outcomes. • The review of income and debt recovery for the authority with a clear plan of improvement and reviews.
Section 3	**Medium to Long Term Financial Management**
STANDARD F- The authority has carried out a credible and transparent Financial Resilience Assessment	An authority must ensure that while the formal publication of the medium-term financial plan (MTFP) may only reflect government settlements, it is the responsibility of the leadership of the organisation, including elected members, senior management and the section 151, to have a long-term financial view acknowledging financial pressures. • Reserves depletion time • Level of reserves • Charge in reserves • Council budget flexibility • Council tax to net revenue expenditure ratio
CFO assessment and Actions required	The Finance Service prepares best, worst and expected case scenarios how the budget might be balanced in each of these scenarios. The Finance Resilience index published in December 2021 shows areas of higher risk (reserves sustainability and social care ratio) and lower risk (debt and levels of reserves) and these have been incorporated into the budget process. Benchmarking within Adult Social Care has been used extensively and with good effect. **Actions:**

	• On appointment of a Chief Accountant, they will undertake a detailed Financial Resilience Review • We recognise the significance of balancing the budget with reserves in recent years that is not sustainable. The MTFS therefore aims to reduce the reliance on reserves whilst transformational change is embedded. • Work is currently under way to expand the use of benchmarking into other directorates. • Continued overspending in CYP due to high demand of services and the impact of COVID, however work continues to address the underlying issues. • A review of reserves was undertaken as part of the 2021/22 accounts process but a further in-depth review will be undertaken over the summer of 2022/23 to understand the ability to add to the smoothing reserve that was created as part of the 2022/23 budget setting process
STANDARD G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The authority will need to demonstrate how the risks identified (see above) have informed a long-term financial strategy. This should include a statement that sets out both the vision and the underlying strategy, together with the mix of interventions that the organisation will adopt in delivering services to achieve the intended outcomes – this should be the corporate plan.
CFO assessment and Actions required	The authority currently has a 4 year MTFS and a 30 year HRA business plan. The GM Treasurers regularly benchmark their MTFS assumptions with one another **Actions:** • To further review the HRA business plan and undertake sensitivity analysis on it • In view of the current national economic outlook and rising levels of inflation and cost of living crisis the MTFS will be reviewed and subject to further sensitivity analysis and stress testing
STATEMENT H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	The Prudential code stresses that a longer-term approach is necessary to ensure that Capital strategy and asset management plans are sustainable. The Capital Strategy should contain the following • Capital strategy • Balance sheet management • Long term vision • Commercial investment activity - relevant guidance on borrowing for acquisitions of commercial properties, a local authority should not put public money and services at risk.
CFO assessment and Actions required	The Council prepares a Capital Strategy in compliance with the Prudential Code that includes information on Assets/vehicle Management Plans and Condition Surveys.

	Actions: • A revenue model to be prepared to identify the longer term implications of capital and commercial investment. • Establishment of a capital gateway and planning board with a subcommittee specifically for Education
STATEMENT I - The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans	The MTFP should enable the leadership team to have confidence in its long-term strategy for its financial sustainability. Importantly, financial and operational plans must be demonstratively aligned to the strategy at all levels.
CFO assessment and Actions required	The authority prepares a MTFS in accordance with guidelines **Actions:** • Further develop the MTFS by improving techniques and sensitivity analysis. • Review of the use of reserves to ensure financial resilience • Corporate challenge regarding unachieved savings
Section 4	**The Annual Budget**
STANDARD J - The authority complies with its statutory obligations in respect of the budget setting process	Local authorities need to ensure that they are familiar with the legislative requirements of the budget setting process. CFO will need to work closely with the chief executive, monitoring officer and the leadership team to ensure statutory processes and a timetable necessary to set a legal budget are understood. The monitoring officer is the custodian of the constitution.
CFO assessment and Actions required	The council produces a detailed budget report supported by the MTFS, Treasury management strategy and capital strategy. Work begins on the budget in advance of the local government settlement and specific elected member training is delivered on the budget and senior members of the finance team also work with each political party to support them in developing their alternative budget. Budget presentations are also delivered to political groups ahead of the formal governance processes The governance process includes taking the annual budget through Overview and Scrutiny Committee and Cabinet prior to being presented at annual Budget Council **Actions:** None Identified.
STANDARD K - The budget report includes a statement by the Chief Finance Officer on the	The best budget plans are those owned and articulated by the whole leadership team and senior managers, not simply the CFO. It is the responsibility of the CFO to advise the local authority on the appropriate level of reserves and the robustness of the estimates.

robustness of the estimates and a statement of the adequacy of the proposed financial reserves	The budget should show detail and explanations of all reserves with estimates.
CFO assessment and Actions required	The MTFS includes a statement from the chief finance officer on the robustness of estimates and a statement on the adequacy of the proposed reserves. A risk assessed minimum level of reserves is included in the MTFS. The information from the CIPFA Resilience Index was included in the MTFS. **Actions:** None Identified.
Section 5	**Stakeholder engagement and business cases**
STANDARD L - The Authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget	Stakeholder consultation helps to encourage community involvement not just in the design of services but in their ongoing delivery. This is especially the case when a local authority adopts an enabling approach to public service delivery which, along with the active involvement of the third sector, may facilitate future reductions in service costs.
CFO assessment and Actions required	The council takes the MTFS and budget to Cabinet and O&S committee as part of consultation. Staff groups and the public are also consulted on in terms of any savings proposals which may impact service users, residents or staff **Actions:** None Identified
STANDARD M - The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions	The authority's decisions must be informed by clear business cases based on the application of appropriation option appraisal techniques. Professional accountants can be expected to comply Investment Appraisal for Sustainable Value Creation. It is the responsibility of the CFO to ensure that all material decisions are supported by an option appraisal which in its rigour and sophistication is appropriate for the decision being made. All decisions are supported by appropriate business cases
CFO assessment and Actions required	Finance staff are involved in all Business Cases presented to Cabinet as part of the Budget and MTFS. **Actions:** • To develop the capital gateway process for all capital investments. • Following the introduction of Business Partners further refine and develop the Business Case process for revenue expenditure and income generation
Section 6	**Monitoring Financial Performance**

STANDARD N - The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	Significant unplanned overspends and/or carrying forward undelivered savings into the following year might be a sign that an authority is not translating its policy decisions into actions. It is a requirement of this code that authorities should more closely monitor the material elements of their balance sheet that may give indications of a departure from financial plans.
CFO assessment and Actions required	Budget monitoring and reporting is undertaken and reported to the Executive team and finance staff regularly meet with the senior managers within services **Actions:** • System enhancements are being reviewed to improve the budget monitoring abilities of budget holders alongside training. • Review of timeline to ensure reporting is undertaken in real time enabling Executive team and Departmental Leadership teams to respond in a timely manner.
STANDARD O - The Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial stability	It is a requirement of this code that authorities should more closely monitor the material elements of their balance sheet that may give indications of a departure from financial plans.
CFO assessment and Actions required	The monitoring of the balance sheet occurs quarterly and at year end. **Actions:** • The formation of a monthly report to monitor the activity of the balance sheet with projections for cash flow, debt, investments and borrowing.
Section 7	**External Financial Monitoring**
	Evidence of Compliance
STANDARD P - The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with	The CIPFA Statement requires that the statements of account are published on a timely basis to communicate the authority's activities and achievements, its financial position and performance. It also requires certification of the accounts by the chief finance officer. The confirmation that the accounts present a 'true and fair' view is one of the fundamental roles of the statutory chief finance officer. The statutory and professional frameworks for the production and publication of the accounts underpin their importance and demonstrate that they have a key part to play in accountability to taxpayers and other stakeholders in showing how public money is used.

the Code of Practice on Local Authority Accounting in the United Kingdom	
CFO assessment and Actions required	The accounts are reviewed in detail by the CFO and DCFO. Assurance is provided through External Audit and Internal Audit **Actions:** None Identified.
STANDARD Q - The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	It is key to ensure that the authority and its leadership understand how effectively its resources have been utilised during the year, including a process which explains how material variances from initial and revised budgets to the outturn reported in the financial statements have arisen and been managed.
CFO assessment and Actions required	The Executive Team are presented with the outturn position and key variances prior to publication of the accounts and in a timely manner. Comments and questions are reviewed and answered. **Actions:** None Identified.

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CIPFA The Chartered Institute of Public Finance & Accountancy

Appendix 2

financial management code

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

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The Chartered Institute of Public Finance & Accountancy

financial management code

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Executive summary

The tightening fiscal landscape has placed the finances of local authorities under intense pressure. Where finance in local government works well there is often a common understanding and ownership of issues supported by good financial management.

While organisations have done much to transform services, shape delivery and streamline costs, for these approaches to be successful it is crucial to have good financial management embedded as part of the organisation. Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable.

The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time the FM Code sets out the standards of financial management for local authorities.

Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by statutory provision. The general financial management of a local authority, however, has not until now been supported by a professional code. The FM Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. There is much good practice across the sector, but the failures of a small number threatens stakeholders' confidence in local government as a whole. Most importantly, the financial failure of just one local authority is one too many because it brings with it a risk to the services on which local people rely.

This publication has several components. The first is an introduction explaining how the FM Code applies a principles-based approach and how it relates to other statutory and good practice guidance on the subject. This is a good starting point for those new to the FM Code.

This introduction is followed by the CIPFA Statement of Principles of Good Financial Management. These six principles have been developed by CIPFA in collaboration with senior leaders and practitioners who work within or have a stake in good local authority financial management. These principles are the benchmarks against which all financial management should be judged. CIPFA's view is that all financial management practices should comply with these principles.

To enable authorities to test their conformity with the CIPFA Statement of Principles of Good Financial Management, the FM Code translates these principles into financial management standards. These financial management standards will have different practical applications according to the different circumstances of each authority and their use should therefore reflect this. The principle of proportionality is embedded within this code and reflects a non-prescriptive approach.

The purpose of the FM Code itself is to establish the principles in a format that matches the financial management cycle and supports governance in local authorities. A series of financial management standards set out the professional standards needed if a local authority is to meet the minimal standards of financial management acceptable to meet fiduciary duties to taxpayers, customers and lenders. Since these are minimum standards, CIPFA's judgement is that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration. Beyond that, CIPFA members must comply with it as one of their professional obligations.

While the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability. Short-termism runs counter to both sound financial management and sound governance.

Reflecting on the importance of longer term financial planning, one of the objectives of the FM Code is to support organisations to demonstrate that they have the leadership, capacity and knowledge to be able to plan effectively. This must be balanced against retaining the integrity of the annual budget preparation process when the need to make difficult decisions may threaten its integrity.

CIPFA recognises that local authorities may need additional practical guidance on some aspects of the FM Code. Such 'hands on' guidance will be produced by CIPFA to meet practitioner demand.

Contents

Introduction

The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code therefore for the first time sets the standards of financial management for local authorities.

One of the strengths of UK local government is its diversity, with authorities having a different organisational culture – even those of the same size and type. It is this that allows a close relationship between local authorities and the communities that they serve. Its style of financial management should reflect, for example, its reliance on local tax income or scope to utilise additional grant or generate trading income. This code is therefore not prescriptive.

The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority
- manage financial resilience to meet unforeseen demands on services
- manage unexpected shocks in their financial circumstances.

The FM Code is consistent with other established CIPFA codes and statements in being based on principles rather than prescription. This code incorporates their existing requirements on local government so as to provide a comprehensive picture of financial management in the authority.

Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team. It is for all the senior management team to work with elected members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority. In doing this the statutory role of the section 151 officer will not just be recognised but also supported to achieve the combination of leadership roles essential for good financial management.

While CIPFA has provided leadership, the development of the FM Code reflects a recognition that self-regulation by the sector must be the preferred response to the financial management failures that have the potential to damage the reputation of the sector as a whole. The FM Code has sought therefore to rely on the local exercise of professional judgement backed by appropriate reporting. To ensure that self-regulation is successful, compliance with the FM Code cannot rest with the CFO acting alone.

Significantly, the FM Code builds on established CIPFA Prudential and Treasury Management Codes which require local authorities to demonstrate the long-term financial sustainability of their capital expenditure, associated borrowing and investments. The introduction of the Prudential Framework based on the CIPFA codes enabled local authorities to make their own capital finance decisions on matters that had hitherto been subject to central government control. The FM Code should not be considered in isolation and accompanying tools, including the use of objective quantitative measures of financial resilience, should form part of the suite of evidence to demonstrate sound decision making.

The CIPFA Statement of Principles of Good Financial Management

The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, this code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services. The FM Code identifies these risks to financial sustainability and introduces an overarching framework of assurance which builds on existing best practice but for the first time sets explicit standards of financial management. These are minimum standards, which for many in the sector are self-evident. Recent experience in some local authorities suggests, however, that they are by no means universally achieved.

The underlying principles that inform the FM Code have been developed in consultation with senior practitioners from local authorities and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.

- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The FM Code has been developed and tested in partnership with a range of different types of local authorities. However, given the diversity of UK local government, it is not possible (or desirable) for the FM Code to anticipate all eventualities. If any doubt arises as to whether or how the FM Code should be applied, then reference should be made to these Principles of Good Financial Management to establish whether the proposed financial management practice is acceptable. A financial management practice that conflicts with one or more of these principles will not be acceptable if not explicitly ruled out by the financial management standards contained in the FM Code.

The applicability and structure of the Financial Management Code

CIPFA's intention is that the Financial Management Code (FM Code) will have the same scope as the *Prudential Code for Capital Finance in Local Authorities* (CIPFA, 2017), which promotes the financial sustainability of local authority capital expenditure and associated borrowing. So, although the FM Code does not have legislative backing, it applies to all local authorities, including police, fire, combined and other authorities, which:

- in England and Wales are defined in legislation for the purposes of Part 1 of the Local Government Act 2003
- in Scotland are defined in legislation for the purposes of Part 7 of the Local Government in Scotland Act 2003, or to the larger bodies (such as integration joint boards) to which Section 10 of this Act applies
- in Northern Ireland are defined in legislation for the purposes of Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

While the FM Code applies to all local authorities, it recognises that some have different structures and legislative frameworks. Where compliance with this code is not possible, adherence to the principles is still considered appropriate.

In addition to its alignment with the *Prudential Code for Capital Finance in Local Authorities* (CIPFA, 2017), the FM Code also has links to the *Treasury Management in the Public Sector Code of Practice and Cross Sectoral Guidance Note* (CIPFA, 2017) and the annual *Code of Practice on Local Authority Accounting in the United Kingdom*. In this way the FM Code supports authorities by re-iterating in one place the key elements of these statutory requirements.

Although it may be expressed differently across the different jurisdictions of the UK, the FM Code is also further supported by statutory requirement, or all local authorities to have sound financial management.

Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs."

Section 95 of the Local Government (Scotland) Act 1973 substantially repeats these words for Scottish authorities.

In Northern Ireland, Section 54 of the Local Government Act (Northern Ireland) 1972 requires that "a council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it and those arrangements shall be carried out under the supervision of such officer of the council as the council designates as its chief finance officer."

CIPFA's judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting these important legislative requirements.

In addition to the requirements of primary legislation and associated CIPFA Codes, an authority's prudent and proper financial management is informed by a framework of professional codes of practice and guidance, including:

- the CIPFA *Statements of Professional Practice (SOPP) (including ethics)*
- the CIPFA *Statement of the Role of the Chief Financial Officer*
- the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government*
- the CIFFA *Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable*.

CIPFA considers the application of the FM Code to be a professional responsibility of all its members, regardless of their role in the financial management process. More specifically, the FM Code clarifies CIPFA's understanding of how CFOs should satisfy their statutory responsibility for good financial administration. The responsibilities of the CFO are both statutory and professional. Notwithstanding these specific expectations of CIPFA members, the primary purpose of the FM Code is to establish how the CFO – regardless of whether or not they are a CIPFA member – should demonstrate that they are meeting their statutory responsibility for sound financial administration.

The code has clear links to a number of value for money characteristics such as sound governance at a strategic, financial and operational level, sound management of resources and use of review and options appraisal. Where an overriding duty of value for money exists, this serves to give indirect statutory support to important elements of this code.

The manner in which compliance with the FM Code is demonstrated will be proportionate to the circumstances of each local authority. Importantly, however, contextualising the FM Code cannot be done according only to the size of the authority but also according to the complexity and risks in its financial arrangements and service delivery arrangements.

CIPFA considers application of the FM Code to be a collective responsibility of each authority's organisational leadership team.

CIPFA believes that this FM Code merits the type of statutory backing given to some other CIPFA codes and furthermore there is support for this approach within local government and its stakeholders. Equally, however, CIPFA recognises that such backing demands enabling primary legislation that at present has not been identified. CIPFA will continue to work with the jurisdictions of the different parts of the UK to provide statutory backing to the FM Code. At present it is difficult to envisage circumstances in which the absence of statutory backing for the FM Code would provide a reason for non-compliance.

APPLICATION DATE

Local authorities are required to apply the requirements of the FM Code with effect from 1 April 2020. This means that the 2020/21 budget process provides an opportunity for assessment of elements of the FM Code before April 2020 and to provide a platform for good financial management to be demonstrable throughout 2020/21. Local authorities will need to ensure that their governance and financial management style are fit in advance for this purpose. CIPFA has also considered the ambition within this code, the timescale and of course the wider resource challenges facing local authorities. Consequently CIPFA considers that the implementation date of April 2020 should indicate the commencement of a shadow year and that by 31 March 2021, local authorities should be able to demonstrate that they are working towards full implementation of the code. The first full year of compliance with the FM Code will therefore be 2021/22. Earlier adoption is of course encouraged.

It is the duty of each local authority to adhere to the principles of financial management. To enable authorities to test their conformity with the CIPFA Principles of Good Financial Management, the FM Code translates these principles into financial management standards. These financial management standards will have different practical applications according to the different circumstances of each authority.

The structure of the FM Code

The CIPFA financial management standards are presented and explained in Sections 1 to 7 of the FM Code.

Sections 1 and 2 address important contextual factors which need to be addressed in the first instance if sound financial management is to be possible. The first deals with the responsibilities of the CFO and leadership team, the second with the authority's governance and financial management style. From a professional perspective, these factors are the most challenging to codify as they largely concern 'soft skills' and behaviours. Nonetheless, it will be seen that even for these factors, there are recognised standards of best practice that authorities must adopt if their organisational culture is to be favourable for sound financial management. A 'tick box' compliance with these standards alone, however, will not be sufficient if they do not promote the behaviours necessary for good financial management.

The remaining Sections 3 to 7 address the requirements of the financial management cycle, with Section 3 stating the need for a long-term approach to the evaluation of financial sustainability. To make well informed decisions all these elements of the cycle need to be fit for purpose. The development of a high-quality long-term financial strategy will not itself promote financial sustainability if, for example, the authority's annual budget setting process (Section 4), stakeholder engagement and business cases (Section 5) and performance monitoring arrangements (Section 6) are inadequate. The cycle is completed by Section 7, which shows how high-quality financial reporting supports the financial management cycle by ensuring that it rests on sound financial information.

CIPFA's expectation is that authorities will have to comply with all the financial management standards if they are to demonstrate compliance with the FM Code. It is again most important that practitioners recognise that, while compliance with the CIPFA financial management standards is obligatory, the FM Code is not prescriptive about how this is achieved.

In the accompanying guidance notes CIPFA sets out practices that local authorities can adopt to ensure compliance with the FM Code. These practices are not prescribed by the FM Code, but rather offered as a starting point for local authorities needing to raise their approach to financial management to the minimum standard set out in the FM Code. CIPFA may issue support and clarify application of the FM Code. Authorities can develop their own good practice and are encouraged to do so.

As high-level statements, the overarching CIPFA financial management standards apply to the police service. CIPFA recognises, however, that this type of organisation has in some respects different practices from other local authorities. In addition, the creation of bespoke combined authorities means that some flexibility is required in the application of the FM Code for their circumstances. This may be achieved by applying some standards to each of the component bodies and others directly to the combined authority itself. In all cases, when an authority has unique governance arrangements the CIPFA Principles of Financial Management should be used to resolve any doubt about the application of articular financial management standards.

Financial management standards are to be guided by proportionality. It is appropriate for different financial management approaches to apply to high-value/high-risk items that alone may determine the financial sustainability of the organisation as distinct from low-value/low-risk items. In satisfying the demands of the financial management standards it may be appropriate to apply different standard practices according to the scale and risks of each category of income or expenditure. The intention is that authorities demonstrate a rigorous approach to the assessment and mitigation of risk so that financial management expertise is deployed effectively given the circumstances faced by the authority.

Nonetheless, in acknowledging the need for proportionality in applying some aspects of the FM Code, an authority still needs to recognise that when aggregated, a failure to manage individual low-value/low-risk items may still threaten financial sustainability. The FM Code seeks to promote the good financial management of the standard, typical or familiar local authority activities just as much as it promotes the good financial management of the unusual, exceptional and unfamiliar. Essentially, the FM Code recognises that getting the routine business right is crucial for good financial management.

The CIPFA financial management standards

Summary table of CIPFA financial management standards

FM standard reference	CIPFA financial management standards
	Section 1: The responsibilities of the chief finance officer and leadership team
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.
B	The authority complies with the CIPFA *Statement on the Role of the Chief Finance Officer in Local Government.*
	Section 2: Governance and financial management style
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
D	The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).
E	The financial management style of the authority supports financial sustainability.
	Section 3: Long to medium-term financial management
F	The authority has carried out a credible and transparent financial resilience assessment.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
H	The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities.*
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.
	Section 4: The annual budget
J	The authority complies with its statutory obligations in respect of the budget setting process.
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.
	Section 5: Stakeholder engagement and business plans
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
	Section 6: Monitoring financial performance
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.
	Section 7: External financial reporting
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting in the United Kingdom.*
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

FM Code

Leadership

- **A**. The leadership team is able to demonstrate that the services provided by the authority provide value for money.
- **B**. The authority complies with the CIPFA *Statement on the Role of the Chief Finance Officer in Local Government*.
- **O**. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

Accountability

- **D**. The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).
- **P**. The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code.
- **Q**. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Transparency

- **L**. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
- **M**. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Standards

- **H**. The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities*.
- **J**. The authority complies with its statutory obligations in respect of the budget setting process.
- **K**. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

Assurance

- **C**. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
- **F**. The authority has carried out a credible and transparent financial resilience assessment.
- **N**. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

Sustainability

- **E**. The financial management style of the authority supports financial sustainability.
- **G**. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
- **I**. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

SECTION 1

The responsibilities of the chief finance officer and leadership team

Local authorities in the UK use different democratic models. While the committee and the cabinet system are the most common there are also a number of direct elected mayors in England. Regardless of the model, responsibility for corporate financial sustainability rests with those responsible for making executive decisions with the support of their professional advisors. Elected members need to work effectively with officers and other stakeholders to make difficult decisions and to identify and deliver savings when required.

While the legislative context differs across the different jurisdictions of the UK, all local authorities must deliver value for money. This is an overarching requirement that informs the application of the other financial management standards in the FM Code.

Financial Management Standard A

The leadership team is able to demonstrate that the services provided by the authority provide value for money.

The role of the leadership team

The delivery of value for money will ultimately be dependent on decisions made by elected members. It is for the leadership team to ensure that the authority's governance arrangements and style of financial management promote financial sustainability. It is the elected members who are held to account by local people when a local authority fails, but an important element of collective decision making is to understand the risks and appreciate the different statutory responsibilities of those involved. Good financial management is the responsibility of the whole leadership including the relevant elected members. It is the responsibility of the senior officers within the management team to enact this.

The FM Code follows the practice of the CIPFA *Statement of the Role of the Chief Financial Officer in Local Government* in referring to this collective group of elected member and officers with this collective financial responsibility as the leadership team. In local authorities, therefore, the concept of the 'leadership team' will include executive committees, elected mayors, portfolio holders with delegated powers and other key committees of the authority and senior officers.

In the police service this leadership is provided by police and crime commissioners and chief constables, which operate jointly according to the policing protocol, which requires the maintenance of an efficient force.

The role of the chief finance officer

The statutory of the role of the chief finance officer (CFO) is a distinctive feature of local government in the UK (except in Northern Ireland). This role cannot be performed in isolation and requires the support of the other members of the leadership team.

The leadership team must recognise that while statutory responsibility for the financial management of the authority rests with the CFO, the CFO is reliant on the actions of the leadership team, both collectively and individually as elected members and senior officers. A situation in which the CFO is forced to act in isolation is characteristic of authorities in which financial management has failed and financial sustainability is threatened.

Equally, the CFO must ensure that they fulfil their personal legal and professional responsibilities in the public interest and in recognition of the other statutory service responsibilities of the authority. In the leadership team the CFO must provide timely, relevant and reliable financial advice, in accordance with the law and professional standards.

It is important to appreciate that while the section 151 or similar legislative provisions require the authority to appoint a suitably qualified officer responsible for the proper administration of its affairs, responsibility for proper financial administration still rests ultimately with elected members. The local authority itself has a statutory responsibility for maintaining a system of internal control including the management of risk, an effective internal audit and preparing annual accounts.

CIPFA has issued its *Statement on the Role of the Chief Financial Officer in Local Government*. This statement sets out CIPFA's understanding of the role to support both the CFO and local authorities.

Financial Management Standard B

The authority complies with the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government*.

For the purposes of the FM Code, the CIPFA *Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner* and the *Chief Finance Officer of the Chief Constable* (2012) should be substituted for references to the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government.*

CIPFA's *Statement on the Role of the Chief Financial Officer in Local Government* describes the roles and responsibilities of the CFO. It sets out how the requirements of legislation and professional standards should be fulfilled by the CFO as they carry out their duties. The statement is designed to assist those carrying out the role to meet its specific responsibilities while at the same time reiterating CIPFA's *Statement of Professional Practice* with which all CIPFA members are required to comply. The statement also requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's annual governance statement, together with how they deliver the same impact.

SECTION 2

Governance and financial management style

Without good governance a local authority cannot make the changes necessary for it to remain financially sustainable. As such, financial sustainability must be underpinned by the robust stewardship and accountability to be expected of public bodies. Good governance gains the trust of taxpayers and other funders by giving them confidence that money is being properly spent. Good governance ensures better informed and longer-term decision making and therefore is essential for good financial management.

Good governance

Responsibility for good governance also rests with the leadership team. The team must ensure that there are proper arrangements in place for governance and financial management, including a proper scheme of delegation that ensures that frontline responsibility for internal and financial control starts with those who have management roles. This delegation ensures that those responsible for the delivery of services are also explicitly held responsible for the financial management of the associated expenditure and income. Nonetheless, it is for the leadership team to demonstrate that the authority always meets exacting standards of probity, accountability and demonstrable efficiency in the use of public resources.

The CFO is not the only officer with specific statutory responsibilities for good governance. The head of paid service (in practice the chief executive) is responsible for the proper recruitment and organisation of a local authority's staff. The monitoring officer has the specific duty to ensure that the council, its officers and its elected members maintain the highest standards of conduct in all they do (the legal basis of the head of paid service's role is found in Section 4 of the Local Government and Housing Act 1989 and that of the monitoring officer in Section 5 of the same act).

All parts of the governance structure of an organisation play an important role, but the audit committee is a key component, providing independent assurance over governance, risk and internal control arrangements. It provides a focus on financial management, financial reporting, audit and assurance that supports the leadership team and those with governance responsibilities.

Good governance is evidenced by actions and behaviours as well as formal documentation and processes. The tone and action at the top are critical in this respect, and rest with the leadership team – both senior officers and elected members, as well as the CFO. A successful leadership team has a culture of constructive challenge that excludes an optimism bias in favour of a realism bias and is built on a rigorous examination of goals, underlying assumptions and implementation plans.

The Committee on Standards in Public Life has set out *Seven Principles of Public Life* which it believes should apply to all in the public services (often referred to as the Nolan Principles). The last of the Nolan Principles – that holders of public office should promote and support these principles by leadership and example – is especially relevant to the leadership team.

Financial Management Standard C

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

By international standards, local government in the UK is distinguished by high standards of governance. Citizens expect financial accountability, press and parliamentary scrutiny, integrity and the absence of corruption. These expectations are largely met, but local authorities should guard against complacency.

The CIPFA/IFAC *International Framework: Good Governance in the Public Sector* (Annex A to this FM Code) is intended to encourage sustainable service delivery and improved accountability by establishing a benchmark for aspects of good governance in the sector. The application of this international framework in the context of UK local government is reinforced by specific regulatory requirements and sector specific guidance. The CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016 edition) supports local authorities in developing and maintaining their own codes of governance and to discharge their accountability for the proper conduct of business.

Financial Management Standard D

The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).

This CIPFA/SOLACE framework recommends that the review of the effectiveness of the system of internal control that local authorities in England, Wales, Scotland and Northern Ireland are required to undertake by their respective accounts and audit regulations should be reported in an annual governance statement.

Financial management style

The financial management challenges faced by many local authorities are unprecedented in recent history and show no signs of easing. This is significant because it means that different styles of financial management are necessary. Financial sustainability will not be achieved by continuing with the behaviours of the past since these do not meet the demands of the present – or the future, which may be even more challenging. To remain financially sustainable authorities need to develop their financial management capabilities.

Financial Management Standard E

The financial management style of the authority supports financial sustainability.

CIPFA believes that the strength of financial management within an organisation can be assessed by a hierarchy of three ‘financial management (FM) styles’:

- delivering accountability
- supporting performance
- enabling transformation.

These different styles are used in the CIPFA Financial Management Model to describe the different standards of financial management which may be found in local authorities. They represent a hierarchy in which enabling transformation is only achieved by a financial management style that supports performance and which in turn delivers accountability. Once these basic foundations have been soundly established, authorities need to move up through a hierarchy of financial management styles in response to increasing risk. This is especially important as risks have increased for many local authorities; on the one hand reduced expenditure leaves less margin for error while on the other hand, in seeking to generate new income, local authorities take on unfamiliar risks.

This hierarchy of financial management styles loosely maps onto the now deeply embedded recognition of the necessity for economy, efficiency and effectiveness to achieve value for money. In delivering accountability the finance team ensures that their authorities spend less and so achieve economy. In supporting performance, the finance team works with the authority to spend well by maximising the output from goods or services and so achieves efficiency. Finally, in enabling transformation the finance team supports the effective use of public money.

CIPFA recognises that while the highest standards of financial management should be the expectation, in practice some local authorities are at different stages of development. In these circumstances, compliance with the FM Code may initially be achieved by credible proposals to raise financial standards beyond the basic delivery of accountability.

The first two sections of this code have addressed the pre-conditions that must be satisfied for sound financial management. The following sections turn to the practical operation of the successive stages of the financial management cycle.

SECTION 3

Medium to long-term financial management

While the statutory local authority budget setting process continues to be on an annual basis (see Section 4) a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability. Short-termism runs counter to both sound financial management and sound governance.

CIPFA does not believe however that the time horizon of local authority financial planning is determined by the time horizon of the financial support from central government. The greater the uncertainty about future central government policy then the greater the need to demonstrate the long-term financial resilience of the authority given the risks attached to its core funding.

An authority must ensure that while the formal publication of the medium-term financial plan (MTFP) may only reflect government settlements, it is the responsibility of the leadership of the organisation, including elected members, senior management and the section 151, to have a long-term financial view acknowledging financial pressures.

Authorities with a high level of capital investment and associated external borrowing should adopt a correspondingly long-term approach. The Prudential Code requires that a local authority capital strategy sets out the long-term context in which capital expenditure and investment decisions are made. For example all authorities with PFI, service contracts and other similar contractual arrangements will need to demonstrate their ability to finance these arrangements over the whole period of the contracts. Housing Revenue Account (HRA) business plans in England and Wales are already based on a 30-year time horizon.

Financial resilience and long-term financial strategy

If an authority has not tested and demonstrated its long-term financial resilience then its financial sustainability remains an open question. Authorities must critically evaluate their financial resilience. It is possible that the existing strategy is financially sustainable, but this must still have been tested and demonstrated in a financial resilience assessment.

In this financial resilience assessment the authority must test the sensitivity of its financial sustainability given alternative plausible scenarios for the key drivers of costs, service demands and resources. It will require an analysis of future demand for key services and consideration of alternative options for matching demand to resources. Testing will focus on the key longer-term revenues and expenses and the key risks to which the authority will be exposed.

With an awareness that risks will vary, consideration should be given to tools such as the Financial Resilience Index that may help organisations identify these pressure points. Without such stress testing an authority cannot be regarded as financially sustainable and will be deemed to have failed that test.

Financial Management Standard F

The authority has carried out a credible and transparent financial resilience assessment.

Having carried out the finance resilience assessment, the authority will need to demonstrate how the risks identified have informed a long-term financial strategy. A local authority needs an over-arching strategic vision of how it intends to deliver outputs and achieve outcomes for which it is responsible. This should include a statement that sets out both the vision and the underlying strategy, together with the mix of interventions that the organisation will adopt in delivering services to achieve the intended outcomes. In many cases a basis for this will already exist in a corporate plan.

A key part of the strategy should be a visioning exercise to understand the potential shape of services in the future. It will need to be sufficiently comprehensive to offer a convincing demonstration that the authority has identified a way of achieving financial sustainability. At the same time it needs to provide a relatively fixed point of reference which is subject to periodic review and to revision and fundamental change only when it is no longer fit for purpose.

Financial Management Standard G

The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

CIPFA is not at present being prescriptive about the time period of this long-term financial strategy. Different authorities will face different levels of political and financial stability which may have become embedded in different management cultures. However, CIPFA would promote ambition and stress the need for a financial strategy that matches the requirement for a strategic approach to service planning. The underlying key demand cost drivers, especially those linked to the age profile of the community, can be foreseen at least in broad terms for a decade and more ahead.

The Prudential Code for Capital Finance in Local Authorities

The statutory requirements of the Prudential Code underpins elements of the long and medium-term financial management considered in this section of the FM Code. While the minimum requirement is for three-year rolling capital and investment plans, *The Prudential Code for Capital Finance in Local Authorities* (2017 edition) stresses that a longer-term approach is necessary to ensure that capital strategy and asset management plans are sustainable.

Financial Management Standard H

The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities.*

One of the requirements of the Prudential Code is a capital strategy. This capital strategy is a fundamental component of good financial management. It should set out how the organisation is currently managing its assets and more importantly its future plans linked to available resources. Balance sheet management in local authorities is about the better management of assets and liabilities to support service delivery and capital strategy. A long-term vision is needed for the configuration of service delivery and investment properties because timely asset disposals and/or investments will be dependent on complex interdependencies.

A long-term vision should also be reflected in any commercial investment activity undertaken by the organisation. Guided by the Prudential Code and relevant guidance on borrowing for acquisitions of commercial properties, a local authority should not put public money and services at risk.

Practical medium-term financial planning

CIPFA does not anticipate that a long-term financial strategy would provide sufficient detail to shape the annual budget setting process. Local authorities will need to translate their long-term financial strategies into a medium-term financial plan (MTFP) for budget setting.

The MTFP is the mechanism or framework by which the annual budget process relates directly to the long-term strategy establishing the financial sustainability of the authority. While not prescriptive about time frame, the MTFP should support financially sustainable decision making.

Importantly, performance against the plan will enable recent success and/or failures in delivering financial objectives to be taken into account in the annual budget process. A symptom of financial stress is the emergence of unanticipated overspends in recent years from the MTFP. While the long-term strategy needs to be a stable point of reference, the MTFP needs to be rolled forward annually to ensure that it reflects the latest detailed information. By taking this approach to medium-term financial planning the annual budget is aligned to longer-term goals.

The MTFP should enable the leadership team to have confidence in its long-term strategy for its financial sustainability. Importantly, financial and operational plans must be demonstratively aligned to the strategy at all levels. Without clear service plans it is impossible to place the forecast within the context of currently agreed policies and their implications for future demand and resources.

Financial Management Standard I

The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

SECTION 4

The annual budget

One of the objectives of this FM Code is to end the practice by which the annual budget process has often become the focal point if not the limit of local authority financial planning. However the annual budget preparation process needs to be protected at a time when the need to make difficult decisions may threaten its integrity.

Local authorities need to ensure that they are familiar with the legislative requirements of the budget setting process. In times of routine business compliance this is relatively straightforward, but in times of financial stress there may be pressures for delay or obfuscation in budget setting. These difficulties can be acute when council tax setting is reliant on decisions by independent precepting bodies. In these circumstances it is likely that the CFO will need to work closely with the chief executive, monitoring officer and the leadership team to ensure statutory processes and a timetable necessary to set a legal budget are understood. The monitoring officer is the custodian of the constitution, which acts as a safeguard to prevent councillors and officers from getting into legal difficulties in the exercise of their role and uphold and ensure fairness in decision making.

Financial Management Standard J

The authority complies with its statutory obligations in respect of the budget setting process.

The annual report setting out the proposed budget for the coming year is a key document for the authority. It will also demonstrate compliance with CIPFA's Prudential Code (Financial Management Standard H). The best budget plans are those owned and articulated by the whole leadership team and senior managers, not simply the CFO.

Reserves are acknowledged in statute. Local authorities are directed to have regard to the level of reserves when considering their budget requirement. Consequently, reserves are a recognised and intrinsic part of financial planning and budget setting. The assessment of 'adequate' and 'necessary' levels of reserves is a matter for local authorities to determine. It is the responsibility (with statutory backing in England and Wales) of the CFO to advise the local authority on the appropriate level of reserves and the robustness of the estimates.

Financial Management Standard K

The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

The budget report should include details of the earmarked reserves held, and explain the purpose of each reserve, together with the estimated opening balances for the year, details of planned additions/withdrawals and the estimated closing balances.

A well-managed authority, with a prudent approach to budgeting, should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. Compliance with the FM Code will give important reassurance that the authority's financial management processes and procedures are able to manage those risks. These should be maintained at a level appropriate for the profile of the authority's cash flow and the prospect of having to meet unexpected events from within its own resources. Even where, as part of their wider role, auditors have to report on an authority's financial position, it is not their responsibility to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The successful execution of the annual budget will depend on both the good governance and internal controls already codified in Section 2 as well as financial monitoring addressed in Section 6.

SECTION 5

Stakeholder engagement and business cases

Financial sustainability requires citizens to understand that resources are not limitless and that decisions have to be made about both the relative priority of different services and the balance between service provision and taxation levels. The leadership team collectively has an important role in reviewing priorities to enable resources to be redirected from areas of lesser priority; it is not possible to rely principally on pro rata cuts to generate the savings necessary for financial sustainability in an era of austerity.

The leadership team needs to challenge not only how services are delivered, but also what is delivered. These decisions must be made with a clear understanding of the statutory requirements and of wider legal implications of any decisions.

Stakeholder engagement

Stakeholder consultation can help to set priorities and reduce the possibility of legal or political challenge late in the change process. Stakeholder consultation helps to encourage community involvement not just in the design of services but in their ongoing delivery. This is especially the case when a local authority adopts an enabling approach to public service delivery which, along with the active involvement of the third sector, may facilitate future reductions in service costs.

Financial Management Standard L

The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Business cases

Financial sustainability will be dependent upon difficult and often complex decisions being made. The authority's decisions must be informed by clear business cases based on the application of appropriation option appraisal techniques. Professional accountants can be expected to comply with the IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation reproduced in Annex B to this FM Code.

Financial Management Standard M

The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

It is the responsibility of the CFO to ensure that all material decisions are supported by an option appraisal which in its rigour and sophistication is appropriate for the decision being made. It is likely that the authority's documented option appraisal methodology will include a relatively simplistic approach for decisions of low value and/or low risk.

SECTION 6

Performance monitoring

To remain financially sustainable an authority must have timely information on its financial and operational performance so that policy objectives are delivered within budget. Early information about emerging risks to its financial sustainability will allow it to make a carefully considered and therefore effective response.

Financial Management Standard N

The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

Significant unplanned overspends and/or carrying forward undelivered savings into the following year might be a sign that an authority is not translating its policy decisions into actions. It also creates the conditions for further financial pressures and possible service reductions in subsequent years. However, the warning signs could also be in other non-financial performance measures, such as backlogs and other indications that current resources are not matching the expectations of service users. These trends should inform the decisions taken on the medium and long-term financial planning addressed by Section 3 of this code.

It is a requirement of this code that authorities should more closely monitor the material elements of their balance sheet that may give indications of a departure from financial plans. This is especially important for local authorities with significant commercial asset portfolios. Legislation requires local authorities to maintain adequate accounting records of their assets and liabilities. Regulations also require that the appropriate (chief finance) officer certifies or confirms that the statements of accounts provide a true and fair view of the financial position (ie the amounts in the balance sheet) of the authority at 31 March in the year of account.

Financial Management Standard O

The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

Contingencies and commitments are monitored to identify any items where a balance sheet provision may have crystallised. Key drivers of provisions (eg asset decommissioning decisions, legal claims, reorganisation activities) should be monitored to identify whether an actual or constructive obligation has arisen. Finally, cash flow is managed through application of *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* (CIPFA, 2017).

SECTION 7
External financial reporting

Taxpayers and citizens have a legitimate stake in understanding how public money has been used in providing the functions and services of the authority. The audited statements of account, which present the authority's financial position and financial performance, play an integral part in demonstrating this to them. The statutory accounts provide a secure base for financial management. They support accountability and thus good financial management by allowing the users of the financial statements and other stakeholders to do the following:

- Discover how much is spent in a year on services and whether this has increased or decreased from previous years.
- Consider the indebtedness of an organisation and how that might impact on future taxpayers.
- Recognise the value and therefore usefulness of the assets that the organisations hold.
- Assess what the future commitments and liabilities are, for example, for pensions or leases, and again how these are likely to impact on future generations and taxpayers.

CIPFA's *Statement on the Role of the Chief Finance Officer in Local Government* sets out the chief finance officer's statutory responsibilities for producing the accounts and maintaining the financial records for those accounts. The CIPFA Statement requires that the statements of account are published on a timely basis to communicate the authority's activities and achievements, its financial position and performance. It also requires certification of the accounts by the chief finance officer. The confirmation that the accounts present a 'true and fair' view is one of the fundamental roles of the statutory chief finance officer. Across the UK the *Code of Practice on Local Authority Accounting in the United Kingdom* produced by the CIPFA/LASAAC Local Authority Code Board establishes proper (accounting) practices under which that 'true and fair' view will need to be confirmed/certified.

Financial Management Standard P

The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting in the United Kingdom.*

The statutory and professional frameworks for the production and publication of the accounts underpin their importance and demonstrate that they have a key part to play in accountability to taxpayers and other stakeholders in showing how public money is used. Financial reporting therefore should not take place in a vacuum. The financial statements provide the accountability link between planned performance, resources used and the outcomes – financial and more – that are achieved. The authority, its management and the CFO both in its financial statements and the narrative reports that accompany them must provide the user with the links between the consumption of resources and the value that has been created.

It is key to ensure that the authority and its leadership understand how effectively its resources have been utilised during the year, including a process which explains how material variances from initial and revised budgets to the outturn reported in the financial statements have arisen and been managed. The success of these arrangements will be demonstrated by the ability of the leadership team to make decisions from them. In some circumstances this will lead to a reappraisal of the achievability of the long-term financial strategy and the financial resilience of the authority (see Section 3).

Financial Management Standard Q

The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Annex A

IFAC/CIPFA GUIDANCE ON IMPLEMENTING THE PRINCIPLES FOR GOOD GOVERNANCE IN THE PUBLIC SECTOR (EXTRACT)

Principles for good governance in the public sector

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.

Acting in the public interest requires:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

B. Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F. Managing risks and performance through robust internal control and strong public financial management.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Annex B

IFAC/PAIB PROJECT AND INVESTMENT APPRAISAL FOR SUSTAINABLE VALUE CREATION

Extract from IFAC website.

Principles in project and investment appraisal

The key principles underlying widely accepted good practice are:

A. When appraising multi-period investments, where expected benefits and costs and related cash inflows and outflows arise over time, the time value of money should be taken into account in the respective period.

B. The time value of money should be represented by the opportunity cost of capital.

C. The discount rate used to calculate the NPV [net present value] in a DCF [discounted cash flow] analysis, should properly reflect the systematic risk of cash flows attributable to the project being appraised, and not the systematic risk of the organisation undertaking the project.

D. A good decision relies on an understanding of the business and should be considered and interpreted in relation to an organisation's strategy and its economic, social, environmental, and competitive position as well as market dynamics.

E. Project cash flows should be estimated incrementally, so that a DCF analysis should only consider expected cash flows that could change if the proposed investment is implemented. The value of an investment depends on all the additional and relevant changes to potential cash inflows and outflows that follow from accepting an investment.

F. All assumptions used in undertaking DCF analysis, and in evaluating proposed investment projects, should be supported by reasoned judgment, particularly where factors are difficult to predict and estimate. Using techniques such as sensitivity analysis to identify key variables and risks helps to reflect worst, most likely and best case scenarios, and therefore can support a reasoned judgment.

G. A post-completion review or audit of an investment decision should include an assessment of the decision making process and the results, benefits, and outcomes of the decision.

H. Capital and revenue reports need to be closely linked so there is an understanding of how each capital scheme is financed, and in particular which require revenue contributions.

Borrowing costs need to be spelt out. Low interest rates are not in themselves a compelling reason to borrow. Capital budgets should be clear about how individual schemes are financed and which ones add pressure to revenue.

Glossary

Accounting standards	Rules set by the International Accounting Standards Boards that set out how transactions are to be shown in an organisation's accounts.
Annual statement of accounts	The statement of accounts presents the authority's transactions on an annual basis as of 31 March of the relevant year of account. The complete set of financial statements in the annual accounts for local authorities comprises: ■ comprehensive income and expenditure statement for the period ■ movement in reserves statement for the period ■ balance sheet as at the end of the period ■ cash flow statement for the period, and ■ notes, comprising significant accounting policies and other explanatory information.
Asset management plan	Asset management plans align the asset portfolio with the needs of the organisation.
Audit committee	A special committee of the council that reviews the financial management and accounts of the council.
Balance sheet	A financial statement presenting a summary of the authority's financial position as of 31 March each year. In its top half it contains the assets and liabilities held or accrued. As local authorities do not have equity shares, the bottom half is comprised of reserves that show the location of the authority's net worth between its usable and unusable reserves.
Capital budget	The money a council plans to spend on investing in new buildings, infrastructure and other equipment.
Capital financing charges	The amount a council has to pay to support its borrowing to pay for the purchase of major assets.
Capital receipt	The money a council receives for selling assets that can only be used to repay debt or for new capital expenditure.
Chief financial officer	The most senior finance person in a council responsible for ensuring the proper financial management of the council.
CIPFA FM Model	The CIPFA FM Model is the tool that helps public service organisations apply their financial resources to achieve their goals.
Code of Practice on Local Authority Accounting in the United Kingdom	A code produced by the CIPFA/LASAAC Local Authority Code Board. It specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position, financial performance and cash flows of a local authority, including the group accounts where a local authority has material interests in subsidiaries, associates or joint ventures. The Local Authority Accounting Code is established as a proper practice by the four relevant administrations across the UK.
Earmarked reserve	Money set aside for future use on a specific area of expenditure. It remains a part of the general reserves of the authority.

Financial management	Financial management encompasses all the activities within an organisation that are concerned with the use of resources and that have a financial impact. CIPFA has defined financial management for public bodies as "the system by which the financial aspects of a public body's business are directed and controlled to support the delivery of the organisation's goals".
General fund balance (also council fund or police fund)	The general fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. The general fund balance therefore summarises the resources that the authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.
Governance	The framework by which a council can gain assurance that it is setting and achieving its objectives and ensuring value for money in the proper way.
Housing Revenue Account (HRA)	An account used to record the income and expenditure related to council housing.
IFAC (International Federation of Accountants)	IFAC is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. CIPFA is a member.
Internal audit	An internal review of the organisation's systems to give assurance that they are appropriate and being complied with.
Leadership team	Executive committees, elected mayors, portfolio holders with delegated powers and other key committees of the authority. In the police service this leadership is provided by police and crime commissioners and chief constables.
Non-domestic rates	A tax paid by local businesses to their council.
Public Sector Internal Audit Standards	These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
Provision	A provision is a present liability whose timing or amount of settlement is uncertain. For example, it may be a charge for liabilities that are known to exist, but have to be estimated.
Prudential Code	A code produced by CIPFA that councils are required to follow when deciding upon their programme for capital expenditure.
Revenue budget	The amount that a council spends on its day-to-day running of services through the financial year.
Ringfencing	A term for the earmarking of money (eg a grant or fund) for one particular purpose, so as to restrict its use to that purpose.
Society of Local Authority Chief Executives (SOLACE)	SOLACE's purpose is to develop the highest standards of leadership in local government and the wider public sector.
Treasury management	CIPFA has adopted the following as its definition of treasury management activities: ■ the management of the organisation's borrowing, investments and cash flows ■ its banking ■ money market and capital market transactions ■ the effective control of the risks associated with those activities ■ the pursuit of optimum performance consistent with those risks.

Treasury Management Code	A professional and statutory code produced by CIPFA that councils are required to follow in managing their treasury management activity.
Treasury management strategy	An annual document approved by full council that sets out how a council will manage its cash and borrowings.

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