



Telford & Wrekin  
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

## AUDIT COMMITTEE

Date **Thursday, 28 January 2021**

Time **6.30 pm**

Venue **Remote Meeting**

### Enquiries Regarding this Agenda

Democratic Services	Jayne Clarke	01952 383205
Media Enquiries	Corporate Communications	01952 382406
Lead Officer	Anthea Lowe, Associate Director: Policy & Governance	01952 383200

### Committee

Councillors N A M England (Chair), V J Holt, J E Lavery, A Lawrence, K S Sahota, C F Smith (Vice-Chair) and W L Tomlinson

### Membership:

## AGENDA

- |    |  |         |
|----|--|---------|
| 5. | <b>Annual Audit Letter</b>                               | 3 - 20  |
| 7. | <b>Updated position of the AGS Action Plan 2019/2020</b> | 21 - 24 |
| 8. | <b>Strategic Risk Register</b>                           | 25 - 34 |

This page is intentionally left blank



# The Annual Audit Letter for Borough of Telford & Wrekin Council

---

Page 3  
Year ended 31 March 2020  
21 January 2021



Agenda Item 5

# Contents



Your key Grant Thornton  
team members are:

Page 4

**Richard Percival**

Director

T: 0121 232 5434

E: richard.d.percival@uk.gt.com

**David Rowley**

Manager

T: 0121 232 5225

E: david.m.rowley@uk.gt.com

**Siobhan Barnard**

Manager

T: 0121 232 5121

E: siobhan.barnard@uk.gt.com

## Section

Section	Page
1. Executive Summary	3
2. Audit of the Financial Statements	5
3. Value for Money conclusion	10

## Appendices

A Reports issued and fees	
---------------------------	--

# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Borough of Telford & Wrekin Council (the Council) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report dated 1 October 2020.

## Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and Group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and Group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

## Working with the Council

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council, including changing patterns of service demand and providing logistical support to partner organizations in managing the crisis.

The finance and audit teams have also had to consider managing staff sickness, access to systems and team capacity. However, in practice we found that absence was limited over the summer and both teams were able to effectively manage the remote working process.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff during a very challenging year.

Grant Thornton UK LLP  
January 2021

# Executive Summary

## Our work

<b>Materiality</b>	We determined materiality for the audit of the Council's financial statements to be £6.6m (Group: £6.7m), which is approximately 2% of the Council's gross cost of services.
<b>Financial Statements opinion</b>	<p>We gave an unqualified opinion on the Council and Group's financial statements on 11 November 2020.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the Group's property investments in relation to the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>
<b>Whole of Government Accounts (WGA)</b>	We completed work on the Council's consolidation return following guidance issued by the NAO.
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.
<b>Value for Money arrangements</b>	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 11 November 2020.
<b>Certificate</b>	We certified that we have completed the audit of the financial statements of Borough of Telford & Wrekin Council and Group in accordance with the requirements of the Code of Audit Practice on 11 November 2020.

# Audit of the Financial Statements

## Our audit approach

### Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £6.7m (Council £6.6m), which is 2% of gross cost of services. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality of £100,000 for senior officer remuneration to reflect the additional sensitivity in this area.

We set a lower threshold of £335,000 (Council £330,000), above which we reported errors to the Audit Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Covid-19</b></p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, and therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 8 June 2020</li> <li>liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert</li> <li>evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic</li> <li>evaluated whether sufficient audit evidence could be obtained through remote technology</li> <li>evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations</li> <li>evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment</li> </ul>	<p>Apart from the issue noted concerning land and buildings valuations (referred to in our emphasis of matter paragraph and which we discuss later in the report) we do not have any concerns to report in relation to this risk.</p>
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, this was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>evaluated the design effectiveness of management controls over journals</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and</li> <li>evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions</li> </ul>	<p>Our audit work did not identify any issues to report in respect of management override of controls.</p>

# Audit of the Financial Statements

## Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of land and buildings</b></p> <p>The Council re-values its land and buildings on a sufficiently regularly (minimum every five years) basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£316 million) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>wrote to the valuer to confirm the basis on which the valuations were carried out</li> <li>challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding of the Council's valuer's report and the assumptions that underpin the valuation</li> <li>tested revaluations made during the year to ensure they had been input correctly into the Council's asset register</li> <li>evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these were not materially different to current value at year end.</li> </ul>	<p>Due to the outbreak of Covid-19 market activity was impacted in many sectors. The Council's valuers considered that less weight could be attached to previous market evidence to inform their opinions of value. They therefore reported to the Council on the basis of 'material valuation uncertainty'</p> <p>The Council's financial statements included relevant wording in relation to material uncertainty. We included this in our Emphasis of Matter paragraph in our audit opinion to draw this to the attention of the reader.</p>

# Audit of the Financial Statements

## Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of the pension fund net liability</b></p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£47 million in the Council's 2019/20 balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>The Council's total net pension liability at 31 March 2020 is £333m (PY £315m) in relation to its participation in the Local Government Pension Scheme (LGPS).</p> <p>The Council engages an expert to provide an actuarial valuation of its assets and liabilities derived from these schemes. A full actuarial valuation is required periodically. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements..</p> <p>We:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability was not materially misstated and evaluated the design of the associated controls</li> <li>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work</li> <li>• assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuations</li> <li>• assessed the accuracy and completeness of the information provided by the Council to the actuaries to estimate the liabilities</li> <li>• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuaries</li> <li>• undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report</li> <li>• obtained assurances from the auditor of Shropshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>	<p>Our audit work did not identify any material issues in relation to the valuation of the pension fund net liability.</p>

# Audit of the Financial Statements

## **Audit opinion**

We gave an unqualified opinion on the Council's financial statements on 11 November 2020.

## **Preparation of the financial statements**

The Council presented us with draft financial statements in June in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## **Issues arising from the audit of the financial statements**

We reported the key issues from our audit to the Council's Audit Committee on 1 October 2020.

In addition to the key audit risks reported above, we identified a small number of adjustments and recommendations through the course of the audit. We attach these as an Appendix to this Letter.

## **Annual Governance Statement and Narrative Report**

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts in June.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

## **Whole of Government Accounts (WGA)**

We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold on 1 December 2020.

## **Certificate of closure of the audit**

We certified that we have completed the audit of the financial statements of the Council in accordance with the requirements of the Code of Audit Practice on 1 December 2020.

# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in October 2020, we note that no recommendations arose from our findings.

## Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

# Value for Money

## Key findings

We set out below our key findings against the significant risk we identified through our initial risk assessment and further risks identified through our ongoing review of documents and discussions with senior management.

Audit area	Findings
<b>2019/20 Financial Outturn</b>	<p>The Council's 2019/20 financial outturn was reported to Cabinet in June and Full Council in July. This reported that the overall position was within budget and that the anticipated level of £6.1 million planned savings were achieved. This delivery reflects positively on the Council's effective overall financial management which has ensured that it is in a strong financial position to cope with the exceptional financial pressures caused by the Covid19 pandemic.</p> <p>Demand led social care services continued to stress the overall budgetary position, with Children's Safeguarding and Family Support (CSFS) overspending by £3.7 million and Adult Social Care (ASC) by £2.6 million. The budgetary pressure in CSFS was generated mainly by placement and staffing costs. These pressures were mitigated to some extent using contingencies and reserves. The high cost of placements, particularly those requiring residential care continued to impact on budget delivery, meaning that planned cost improvement could not be fully delivered. Staffing costs pressures were due to the need to cover some vacant posts with agency staff to maintain appropriate and safe caseload levels for social workers. ASC pressures were due to a higher volume of long-term care being required than was modelled in the medium-term service plan. Although offset to some extent by increased client contributions there was a net adverse variance of £3.4 million in long-term care costs.</p> <p>The adverse variances in CSFS and ASC were largely mitigated by the better than budgeted returns on the Council's Treasury Management activities. There was a £3.8 million positive variance due to low short-term interest rates on borrowings.</p> <p>The overall reserves position of the Council remained sound at the 31 March 2020. The draft accounts show General Fund working balances increased marginally from £5.1 million to £5.2 million and earmarked reserves increased from £73.3 million to £81.7 million. The increase in earmarked reserves was almost entirely due to the Covid19 Emergency Fund reserve which had a balance of £8.2 million on 31 March 2020. This was made up of emergency funding received from the Government (£5.2 million) and internal funding due to the re-assessment of the Single Status provision (£3.0 million). Earmarked reserves at 31 March 2020 also included £21.1 million to support the delivery of the Council's medium-term Service and Financial Planning Strategy.</p>
<b>2020/21 Responding to the Pandemic</b>	<p>The Council's Service and Financial Planning Strategy for 2020/21 was considered by Cabinet in February and approved by Full Council in early March 2020. This was before the full impact of the Covid19 pandemic was known and was the second year that a one-year strategy was proposed and approved due to the uncertainties about future local government funding. It updated medium-term financial projections and included additional investment in both CSFS (£5.0 million) and ASC (£3.9 million), recognising the continuing financial pressures that these services face. The budget strategy included the planned use of £1.4 million of reserves to balance the 2020/21 budget and net savings targets of £3.3 million in 2020/21 and £1.3 million in 2021/22.</p>

# Value for Money

## Key findings (continued)

Audit area	Findings
<b>2020/21 Responding to the Pandemic (continued)</b>	<p>An update on financial monitoring for 2020/21 was presented to Cabinet and Council in July. This included an assessment of the financial impact of the pandemic on the Council's financial position. In common with other local authorities the Council was and is facing extreme financial pressure and increased uncertainty about its future funding. Financial pressures include increased social care costs for both adults and children's services, loss of fees and charges income and reductions in local taxation collection. Clearly, none of these changes could have been anticipated when the Service and Financial Planning Strategy was agreed, and the Council has had to adapt quickly to these changes.</p> <p>Central government responded to the additional funding pressures on local authorities and have so far provided three tranches of Covid19 funding. At the time of drafting the Council has received £11.8 million of this funding (the third tranche of £1.7 million had not been received when the July update was provided). The July update identified total pressures of £28.7 million, £20.7 million due to projected increased service spending and lost income, and £8.0 million due to reduced council tax/business rates income. Unfunded pressures totaling £18.6 million were identified in the update and it was noted that work was in progress to refine this analysis and identify mitigating actions. Areas of continuing uncertainty include the extent to which income losses will be compensated for by additional central government funding. On 24 August, the Government published details of the income compensation scheme, but it is not yet clear how much of the income shortfall the Council will receive.</p> <p>The Council had to respond rapidly to the impact of the national lock-down and this included administering emergency grant funding to businesses and the award of additional Business Rate Reliefs to eligible businesses. This was managed successfully despite a high proportion of staff having to quickly adapt to working from home on a full-time basis. By July, the Council was moving out of its emergency response phase and into a "recovery, reform and reset" phase. This includes considering and responding to the changes in the financial and operational environment in the Borough and how the Council needs to change. A mid-year Service and Financial Strategy Update will be considered by Cabinet in November.</p> <p>To date the Council has managed the unprecedented impact of the Covid19 pandemic well. Although there is a continuing financial challenge, effective financial management both before and during this crisis has helped to ensure that the Council continues to maintain its financial sustainability. The overall financial objective is to ensure that services are appropriately funded, to minimize the impact of Covid19 financial pressures on the Service and Financial Strategy Reserve and to ensure that future funding uncertainties can be managed.</p>

# Value for Money

## Key findings (continued)

Audit area	Findings
<p><b>Medium term financial outlook</b></p>	<p>The Chief Financial Officer reported in the February Service and Financial Strategy report that the government's Comprehensive Spending Review (CSR) had been delayed until sometime in 2020 and that the proposed changes to local government funding had been postponed to an implementation date of April 2021. The CSR was launched in July and is the outcome will be published "in the autumn". The government has also announced that revision to local government funding would not be implemented in 2021/22 due to the impact of the pandemic on local authorities' finances. The Council therefore continues to operate in an uncertain funding environment and does not have clarity about its funding for 2021/22 and beyond.</p> <p>By July it had become clear that there were pressures on local taxation collection rates due to the economic impact of the pandemic. A loss of local taxation income of just over £8.0 million (for the Council) has been estimated, which impacts both on cash flow and the collection fund (although recovery of collection fund deficits can now be spread over three years if required). The extent of the impact is dependent on a range of factors including the severity and duration of the economic downturn which will impact on local taxation receipts, income generated from services such as car parking and leisure, and demand for services including council tax support and housing benefits. There is also continuing uncertainty over the impact of Brexit and its potential impact on the Borough.</p> <p>The Council's financial resilience over the next two years will depend on how effectively budgets are managed, the level of financial support made available from central government and the duration of the pandemic. Although there are continuing uncertainties for the Council to manage, its current financial standing means that it is in a sound position to respond to these challenges. It will clearly be important that financial discipline is maintained during this period.</p>
<p><b>Auditor conclusion</b></p>	<p>Based on the work we performed to address the significant risk we identified, we are satisfied that the Council has proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.</p>

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit.

## Reports issued

Report	Date issued
Audit Plan	January 2020 (addendum June 2020)
Audit Findings Report	October 2020
Annual Audit Letter	January 2021

## Fees

	Planned £	Actual fees £	2018/19 fees £
Statutory audit	101,182	116,360	99,182
Housing Benefit subsidy certification	9,500	9,500	9,500
Teachers' Pension Agency claim	4,800	4,800	4,800
<b>Total fees</b>	<b>115,482</b>	<b>130,660</b>	<b>113,482</b>

Area	Reason	£
<b>Agreed fee variation per Audit Plan update</b>	Additional audit costs due to enhanced audit quality requirements to those specified in the PSAA contract.	11,000
<b>Covid19</b>	Additional audit cost due to impact of remote working and additional work undertaken in response to valuation issues.	15,178
<b>Total</b>		<b>26,178</b>

## Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £90,182 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the table. The Covid19 additional fee has been agreed with the Director of Finance and Human Resources. This fee variation is subject to PSAA approval.

## B. Action plan

We have identified one recommendation for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 <b>Medium</b>	<b>Related parties</b> It was noted that not all declarations of interest were received in 2019/20.	Recommended that the Council ensure all responses are received in 2020/21.

Page 17

### Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

## C. Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

### Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Various restatements to PPE and Investment properties for the following:	2,344 Dr	PPE 5,501 Dr Investment Property 4,268 Cr Revaluation Reserve 3,577Cr	2,344 Dr
- Revaluations of PPE			
- Revaluations of Investment Property			
- Restatements of AUC to Investment Property			
Revaluation of pensions net liability		Pension Reserve 5,000 Dr Pension Liability 5,000 Cr	
<b>Overall impact on Council</b>	<b>£2,344</b>	<b>£2,344</b>	<b>£2,344</b>
Group restatements of AUC to Investment Property		Investment Property 3,828 Dr PPE 3,828 Cr	
<b>Overall impact on Group</b>	<b>£2,344</b>	<b>£2,344</b>	<b>£2,344</b>



© 2021 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank

## AGS ACTION PLAN FOR 2019/20 FOR IMPLEMENTATION DURING 2020/21 – AUDIT COMMITTEE UPDATE

No	Findings	Actions	Lead Officers	Update as at December 2020
1.	<p>Ongoing savings proposals and continued strategic management of organisational changes to continue particularly in light of COVID19.</p> <p><i>(Part) Follow on from 2018/19 AGS action plan.</i></p>	<p>Continued management/reduced budgets, revised structures and commercial/ business approach which links to the continued development and implementation of revised governance framework.</p> <p>Recovery, Reform and Reset Group set up to look at financial impact of COVID19 and drive the Council's recovery strategy.</p> <p>Further consultations on future savings.</p>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• SMT</li> </ul>	<p>Regular financial monitoring and active budget management are undertaken by managers across the organisation. Latest projections are that the budget for 2020/21 should out-turn broadly on target despite the significant pressures caused by the pandemic.</p> <p>The 2021/22 Service &amp; Financial Planning Strategy which is currently being consulted upon drives ongoing management of the organisation's budget in the face of continuing uncertainty over the ongoing impacts of the pandemic and likely reforms to the local government finance system nationally.</p>
Page 24	<p>All internal audits consist of an ethics questionnaire that is sent to a sample of staff in the team/areas being audited to demonstrate their understanding of key corporate policies and whether staff feel supported.</p> <p>Results of these questionnaires in 2019/20 demonstrate that:</p> <ul style="list-style-type: none"> <li>• Some staff do not feel that they have had a proper induction</li> <li>• Some staff do not have regular 1:2:1 supervision or team briefs</li> </ul>	<p>Induction process to be reviewed and re-publicised.</p> <p>Further guidance for managers in respect to completion of regular 121's, supervision and team briefs.</p> <p>Organisational Delivery &amp; Development work on revised strategic service planning linking corporate objectives through to APPD's – the golden thread. This will include workforce development and training.</p>	<ul style="list-style-type: none"> <li>• SMT/SDM</li> <li>• Organisational Delivery &amp; Development Manager</li> </ul>	<p>Attendance at all managers meetings throughout December to raise awareness of 'how to get the best out of your APPD', 1:1s and managers Sharepoint site.</p> <p>Monthly training sessions have been available to managers and employees on APPDs has been made available and communicated.</p> <p>All Directors have a Service Strategy linked to new Council Priorities. These set out high level aims and performance measures. All SDMs have business plans which set out how the service strategy will be</p>

No	Findings	Actions	Lead Officers	Update as at December 2020
	<ul style="list-style-type: none"> <li>Some staff feel they do not receive adequate training</li> </ul> <p>These findings have been shared when discussing individual audit reports with relevant SDM's and Directors and taken to SMT as part of reporting corporate recommendations.</p>			<p>delivered. Business Plans have been developed by SDMs with their teams and should be used in conjunction with the APPD process.</p> <p>Resources issues inc. skills were included as part of the business planning process. Where skills issues were identified – these were fed to the L&amp;D Manager who spoke to the relevant manager to assist in taking these issues forward inc. the development of the corporate learning and development offer.</p>
3. Page 22	Results of the Internal Audit questionnaires also indicated some lack of awareness in some areas of key corporate policies such as the Gifts & Hospitality Policy and Whistleblowing Policy.	Campaign to be led by Audit & Governance aiming to raise the profile of key corporate policies.	<ul style="list-style-type: none"> <li>SMT/SDM</li> <li>Organisational Delivery &amp; Development Manager</li> </ul>	<p>Whistleblowing Policy has been refreshed and publicised across the Council. This is in addition to the production of online fraud training.</p> <p>Reminders on Gifts &amp; Hospitality will be publicised leading up to Christmas.</p>
4.	<p>The results of the annual governance certification process highlighted that in some service areas there were reductions in appropriate skilled staff numbers creating single points of failure.</p> <p>Service Delivery Managers are aware of these issues and where possible are putting measures in place to try and mitigate this.</p>	As part of strategic planning process, ODD to record resource needs from SDM and work with them to identify ways to address this eg. apprenticeship strategy, management and leadership development and similar	<ul style="list-style-type: none"> <li>Chief Executive</li> <li>Director of Finance &amp; Human Resources</li> <li>Organisational Delivery &amp; Development Manager</li> </ul>	<p>All Directors have a Service Strategy linked to new Council Priorities. These set out high level aims and performance measures. All SDMs have business plans which set out how the service strategy will be delivered. Business Plans have been developed by SDMs with their teams and should be used in conjunction with the APPD process.</p> <p>Resources issues inc. skills were included as part of the business</p>

No	Findings	Actions	Lead Officers	Update as at December 2020
	<i>Follow on from 2018/19 AGS action plan</i>			planning process. Where skills issues were identified – these were fed to the L&D Manager who spoke to the relevant manager to assist in taking these issues forward inc. the development of the corporate learning and development offer.
5.	<p>The results of the annual governance certification process has highlighted that service areas have experienced data breaches and potential near misses in respect to personal data.</p> <p>Where data breaches have been experienced, these have been reported to the Information Governance Team and managers have changed processes and procedures, where possible, based on lessons learned to prevent similar breaches occurring.</p> <p>It should be noted that the Information Commissioners Office has not taken any action against the Council during this time.</p>	<p>Information Governance to:</p> <ul style="list-style-type: none"> <li>Update data protection training modules in 20/21 to ensure all officers are appropriately trained.</li> <li>To refresh and re-publicise its Information Security Breach Procedure.</li> <li>To ensure lessons are learnt after each breach and suggested improvements communicated corporately where applicable.</li> </ul>	<ul style="list-style-type: none"> <li>SIRO/SMT</li> <li>SDM's</li> </ul>	<p>Information Governance in partnership with Organisational Development and Delivery have developed additional data protection related training relating to home working which is available to all staff. The IG Basics Course is also being reviewed for re-launch in April 2021.</p> <p>The Information Security Breach Procedure has been updated and is available on the Councils intranet. This has been publicised to all staff.</p> <p>A new reporting tool has been developed that allows staff to report breaches using a computerised template. The template includes a field for lessons learnt which is a mandatory field.</p>
6.	The annual governance certification process demonstrated that some service areas are aware that their web pages are not up to date but	Customer Relations leading on periodic testing on Council web pages and lessons learnt will be fed back.	<ul style="list-style-type: none"> <li>SMT</li> <li>SDM's</li> </ul>	The Council's mystery shopper programme to drive customer service standards, explores service web pages. Since July 2020, the programme has explored 5 services

No	Findings	Actions	Lead Officers	Update as at December 2020
	<p>they are in the process of updating them.</p> <p><i>Follow on from 2018/19 AGS action plan</i></p>	<p>Web authors and SDM's to be sent reminders on importance of keeping web content up to date.</p>		<p>including their webpages: housing, planning, jobs, schools and waste service. The web pages of these services have the greatest "footfall".</p> <p>In addition, all services are currently reviewing their webpages to ensure that they comply with accessibility standards. Content is being reviewed as par tof this process.</p>

## TELFORD & WREKIN COUNCIL STRATEGIC RISK REGISTER UPDATED JANUARY 2021

Definitions used in the risk register:

### Likelihood of Risk Occurring

Occurrence	Description
Rare	Unlikely to ever occur
Unlikely	May occur only in exceptional circumstances
Likely	Will probably occur at some time
Almost certain	Is expected to occur in the foreseeable future

### Impact of Risk if it does Occur

Descriptor	Financial	Reputation	Physical	Environmental	Service
Insignificant	Low	No damage	None	None/ insignificant	No loss of service
Minor	<£50K	Minimal/ minimal media/ social media	Minor	Minor locally	Internal disruption only, no loss of service
Moderate	£50K to £1m	Extensive local media/social media	Violence or threats of serious injury requiring medical treatment	Moderate locally	Disruption/ loss of service less than 48 hours
Significant	£1m to £5m	National media/social media	Extensive/ multiple injuries	Major local impact	Disruption/ loss of service less than 7 days
Major	>£5m	Extensive national media (lead item)/social media	Extensive multiple injuries/ death	Major national/inter national	Severe disruption/ loss of service more than 7 days.

## The Register

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
1	Failure to discharge duty of care for a vulnerable child or vulnerable adult	Without controls - likely	Major: physical + reputation + financial	<ul style="list-style-type: none"> <li>Safeguarding Partnership (Adults &amp; Children) Community Safety Partnership and Youth Offending Service Management Board scrutinise performance, hold partners to account and drive practice improvement in the light of learning (e.g. from Serious Case, Safeguarding Adult &amp; Domestic Homicide Reviews)</li> <li>Safeguarding Partnership works to develop systematic working across children and adult landscape.</li> <li>The Council will invest £2.3m of additional funding into Adult Social Care services in 2021/22. The Council's net budget for Adult Social Care will be over £47m in 2021/22.</li> <li>The Council's net budget for Children's Safeguarding will exceed £36m in 2021/22.</li> <li>The combined total net budget allocation for these services will be in excess of £83m</li> <li>Budget contingencies of £3.95m will be available in 2021/22 that can support pressures in any Council budget including Adult Social Care and Children's Safeguarding which account for two thirds of the Council's net budget.</li> </ul>	JB/SD	Unlikely with controls we have in place	Major: physical + reputation + financial



				<ul style="list-style-type: none"> <li>Quality Surveillance Group chaired by Chief Officer of NHS England Area Team ensures coordination of quality &amp; safeguarding issues across health &amp; social care system.</li> <li>'Essential learning' for all employees includes adult safeguarding.</li> </ul>			
2	<p>Inability to:</p> <ul style="list-style-type: none"> <li>match available resources (both financial, people and assets) with statutory obligations, agreed priorities and service standards</li> <li>deliver financial strategy including capital receipts, savings and commercial income.</li> <li>fund organisational and cultural development in the Council within the constraints of the public sector economy</li> </ul>	Without controls - almost certain	Major physical + reputation + service	<ul style="list-style-type: none"> <li>Robust commercial approach taken by Council services in terms of increasing income generation</li> <li>Rigorous service and financial planning and regular monitoring and active management through S&amp;FPG, SMT, Business Briefing and Cabinet.</li> <li>Efficiency Strategy in place which allows the Council to qualify for the Flexible Use of Capital Receipts which can be used to fund the revenue costs of reform and service transformation which deliver efficiencies</li> <li>'Savings programme, service reviews and restructuring.</li> <li>Staffing, economic and environmental impact assessments.</li> <li>In-year savings exercises possible if necessary</li> <li>Rationalisation of Council assets and accommodation</li> <li>Prudent level of uncommitted one-off resources and in-year budget contingency</li> <li>Delivery of capital receipts/rigorous monitoring of capital receipts realisation and impact on the budget</li> <li>If necessary contingency plans reviewing phasing of planned capital expenditure, schemes included in capital programme, alternative potential</li> </ul>	DS/KC	Unlikely with controls we have in place	Major: physical + reputation + service

				<p>disposals and further revenue budget cuts would be identified for consultation</p> <ul style="list-style-type: none"> <li>• Regular review of reserves and balances against risk exposure</li> <li>• Ongoing review of financial policies</li> <li>• Safeguarding Children Cost Improvement Plan</li> <li>• Adult Social Care Cost Improvement Plan</li> <li>• Commercial project(s) for additional income generation as well as wider economic, social and regeneration purposes</li> <li>• Housing Investment Programme</li> <li>• Robust assessment of potential new investments through a proper due diligence and business case process to ensure that the Council is not exposed to an unacceptable level of risk either on an individual basis or when considering the entire investment portfolio</li> <li>• Specialist legal and taxation advice taken as required</li> <li>• Active Treasury Management in conjunction with regular advice and updates from specialist Treasury Management Advisors</li> <li>• Cabinet Members regularly briefed</li> <li>• All necessary strategies, policies and procedures in place to fully comply with CIPFA and MoHCLG codes and regulations with regular review</li> <li>• Established approval process for agreement of business cases for new investment from the Council's Growth Fund and Invest to Save/Capacity Fund</li> <li>• All reports to Cabinet include a financial comment that identifies the financial implications arising from the recommendations to avoid significant additional ongoing commitments being committed without appropriate consideration</li> </ul>			
--	--	--	--	---	--	--	--

3	Losing skills, knowledge and experience (retention & recruitment) in relation to staffing	Without controls – almost certain	Significant: service + reputation + financial	<ul style="list-style-type: none"> <li>• Workforce Development Strategy currently being refreshed with focus on delivering ambition of the Council being employer of choice. Strategy will focus on:</li> <li>• ‘Our workforce will have the skills, abilities and mind set to deliver our priorities</li> <li>• Our managers will be leaders and will empower staff to deliver our priorities [in delivery of our priorities]</li> <li>• ‘Our organisation will be more diverse and inclusive offering a voice and fair treatment for all’</li> <li>• ‘Our workplace will be healthy and we will support our employees’ wellbeing’</li> <li>• Senior Management development programmes</li> <li>• Future Leader/ Management &amp; Leadership programmes</li> <li>• Each service area has a workforce plan considering <ul style="list-style-type: none"> <li>▪ skills gap analysis and needs</li> <li>▪ apprenticeships</li> </ul> </li> <li>• Specific HR policies: <ul style="list-style-type: none"> <li>- use of market factor weighting for key groups</li> <li>- flexible working policy</li> <li>- staff benefit schemes</li> </ul> </li> <li>• “Grow your own” scheme for roles that are hard to recruit to.</li> <li>• Induction programme and ongoing training and development</li> <li>• Lean Review of recruitment process and the development of the Council’s employment “offer”</li> <li>• Council values, ethos, rewards and recognition</li> <li>• Implementation of Annual Personal Performance and Development discussions for all staff.</li> </ul>	DS	Likely with controls we have in place	Significant: service + reputation + financial
---	---	-----------------------------------	---	--	----	---------------------------------------	---

4	Significant business interruption affecting ability to provide priority services, e.g. critical damage to Council buildings, pandemic.	Without controls – almost certain	Significant: service + reputation	<ul style="list-style-type: none"> <li>• Each Service Delivery Team has Business Continuity Plans to enable them to respond appropriately (people, systems etc.), these are reviewed annually and updated following team changes and or incidents.</li> <li>• Serious Incident Protocol been adopted.</li> <li>• Continue to invest in ICT capital programme. Data centre investment complete.</li> <li>• Improvement/upgrade/replacement of key ICT systems ICT controls – Disaster Recovery facilities in place based on Priority Services in line with Business Continuity Plans.</li> <li>• Roll out of “office 365” and the cloud computing.</li> <li>• Investment in cyber security and awareness programme and training (see risk 7 also).</li> <li>• COVID Gold/silver groups set up</li> <li>• COVID risks monitored by SMT</li> </ul>	JR	Unlikely with controls we have in place	Significant: service + reputation
5 Page 31	Inability to manage the health & safety risks in delivering the council’s functions (including building security and cyber security)	Without controls – almost certain	Major: physical + reputation + financial	<ul style="list-style-type: none"> <li>• Reviewing, writing and monitoring of health and safety policies through SMT and Health and Safety Committee.</li> <li>• Risk based health and safety audit process of service areas and local authority managed schools, which not only audit implementation of health and safety policies but also proactively identifies shortcomings, actions and controls that need to be in place to manage those risks. Significant findings of the audits are reported back through SMT and Health and Safety Committee.</li> <li>• Internal Health and Safety work to Health and Safety Executive (HSE) guidance and revise Policies and Procedures to ensure compliance with legal standards. Revisions reported back through SMT and reported via regular Trade Union meetings.</li> <li>• Lone worker and member processes in place (Stay Safe).</li> <li>• Building security kept under review.</li> </ul>	JR/DSa	Likely with controls we have in place	Major: physical + reputation + financial

				<ul style="list-style-type: none"> <li>• System in place for reporting all accidents, incidents and near misses. Non reportable accidents investigated by service area.</li> <li>• All reportable accidents are investigated by Internal Health and Safety Team and significant findings reported to Health and Safety Committee. Other findings reported back to relevant Service area management</li> <li>• Training provided on Health and Safety through a mixture of e-learning and face to face.</li> <li>• Essential learning training for all employees includes health and safety and fire safety awareness.</li> <li>• Regular meetings with Trade Unions</li> <li>• Coordination and management of Personal Safety Precautions Risk Register to ensure safety of employees.</li> <li>• Appointed Cyber Security Manager to review and improve cyber security where required. Cyber security part of essential learning for all employees.</li> </ul>			
6	Inability to deliver effective information governance	Without controls – almost certain	Major: financial + reputation	<ul style="list-style-type: none"> <li>• The Council has an Information Governance Framework which includes the Corporate Information Security Policy (CISP) and other policies (Data protection, Information Sharing policies)</li> <li>• Small dedicated team promoting sound Information Governance within the Council and ensuring that good practice is shared across the Council</li> <li>• Training and awareness programme put in place and Information Governance modules form part of induction and essential learning programmes.</li> <li>• General Data Protection Regulations 2018 implemented.</li> <li>• SMT oversight of reported data breaches</li> </ul>	DS	Likely with controls we have in place	Major: financial + reputation

				<ul style="list-style-type: none"> <li>All data breaches recorded, investigated and lessons learnt identified</li> </ul>			
7	Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services.	Without controls - likely	Major: physical + reputation + service + financial + environment	<ul style="list-style-type: none"> <li>Work collaboratively with other LRF partner agencies, maintaining effective working relationships with the relevant bodies</li> <li>Maintain appropriate levels of trained staff to be able to respond to an emergency.</li> <li>Maintaining appropriate, risk based contingency plans (Civil Resilience Team) which are reviewed on regular basis</li> <li>Gorge – Phase II at Jackfield complete. Operation ‘Tangent’ – multi agency plan to respond to landslide in the Gorge is in place and is reviewed and exercised regularly</li> <li>Individual Service Delivery Managers are responsible for maintaining and exercising their Business Continuity Plan. These plans would be coordinated corporately and the emergency plan activated if necessary.</li> <li>Provider contract monitoring in place.</li> <li>Public health mechanisms in place to manage response to significant incidents.</li> </ul>	JR	Unlikely with controls we have in place	Major: physical + environment + reputation + service + financial
8	Inability to respond to impact of climate emergency on severe weather events	Without controls - likely	Major: Financial + Reputation + Environment	<ul style="list-style-type: none"> <li>Investment in highways capital programme</li> <li>Monitor ground stability in the Gorge and water levels.</li> <li>Working with street scene contractors to monitor impact on public realm.</li> <li>Adoption of Climate Emergency action plan.</li> </ul>	AA	Likely with controls we have in place	Significant: Financial + Reputation + Environment

9	Inability to respond to the impact and implications of Brexit	Without controls - likely	Major: Financial + Reputation + Environment	<ul style="list-style-type: none"> <li>Centrally co-ordinated BREXIT planning across all service areas</li> <li>Effective monitoring with regional partner organisations regarding progress and potential impact of Brexit (including Black Country Consortium, West Midlands Combined Authorities) - both from a local authority and key sectors of the economy point of view.</li> <li>The Council is part of the West Mercia Local Resilience Forum reporting arrangements for monitoring impacts of Brexit and any community issues and tensions. This is part of the national reporting framework through the National Local Resilience Forums that reports to the Ministry of Housing, Communities and Local Government.</li> <li>“Risk” identification, reporting and mitigation through SMT.</li> </ul>	DS	Unlikely with controls in place	Major: Financial + Reputation + environment
---	---	---------------------------	--	---	----	---------------------------------	--