

AUDIT AND STANDARDS COMMITTEE

Thursday, 22nd September, 2022
6.30 pm





AUDIT AND STANDARDS COMMITTEE

ROOMS 2 & 3, TOWN HALL

Thursday, 22nd September, 2022 at 6.30
pm

Members are reminded that if they have detailed questions on individual reports, they are advised to contact the report authors in advance of the meeting.

Members of the public may ask a question, make a statement, or present a petition relating to any agenda item or any matter falling within the remit of the committee. Notice in writing of the subject matter must be given to the Head of Legal & Democracy by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall or the Contact Centre, Parker Lane, Burnley. Forms are also available on the Council's website <https://bit.ly/2BW7d2>

Whilst we have returned to holding meetings in person we have limited space for members of the public to attend due to Public Health guidance. Should you wish to attend you are advised to contact democracy@burnley.gov.uk in advance of the meeting.

AGENDA

1) Apologies

To receive any apologies for absence.

2) Declarations of Interest

To receive any declarations of interest from Members relating to any item on the agenda, in accordance with the provisions of the Code of Conduct.

3) Minutes

To approve as a correct record the minutes of the previous meeting, held on 6th July 2022.

5 - 8

4) Additional Items of Business

To determine whether there are any additional items of business which, by reason of special circumstances, the Chair decides should be considered as a matter of urgency.

5) Exclusion of the Public

To determine during which items, if any, the public are to be excluded from the meeting.

6) Public Question Time

To consider questions, statements or petitions from Members of the Public.

PUBLIC ITEMS

- | | |
|--|-----------|
| 7) External Audit Progress Report and Sector Update | 9 - 26 |
| To consider the External Auditor's report and sector update. | |
| 8) External Audit Plan 2021/22 | 27 - 52 |
| To consider the External Auditor's 2021/22 audit plan. | |
| 9) Auditor's Annual Report | 53 - 86 |
| To consider the External Auditor's annual report and management's responses to the report. | |
| 10) Internal Audit Progress Report 2022/23 Q1 | 87 - 92 |
| To receive an update on the work of Internal Audit. | |
| 11) Strategic Risk Register | 93 - 142 |
| To receive an update on the Strategic Risk Register. | |
| 12) Annual Governance Statement 2021/22 | 143 - 156 |
| To consider and approve the Annual Governance Statement 2021/22. | |
| 13) Work Programme | 157 - 158 |
| To consider the Work Programme for the current year. | |

PRIVATE ITEMS

MEMBERSHIP OF COMMITTEE

Councillors

Councillor Lord Wajid Khan of Burnley
(Chair)
Councillor Howard Baker (Vice-Chair)
Councillor Charlie Briggs
Councillor Phil Chamberlain
Councillor Shah Hussain

Councillor Karen Ingham
Councillor Alun Lewis
Councillor Mark Townsend
Councillor Andy Wight

Co-opted Members

Councillor Kathryn Haworth, Habergham
Eaves Parish Council
Vacancy, Parish Council representative
David Swift, Independent Member
Stuart Arnfield, independent Member

External Auditor

Helen Stevenson, Grant Thornton-External
Auditor
Georgia Jones, Grant Thornton-External
Auditors

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AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 6th July, 2022 at 6.30 pm

PRESENT

MEMBERS

Councillor Howard Baker, In the Chair.

Councillors C Briggs, P Chamberlain, K Ingham, Lewis and M Townsend

OFFICERS

Lukman Patel	– Chief Operating Officer
Ian Evenett	– Internal Audit Manager
Amy Johnson	– Finance Manager
Carol Eddleston	– Democracy Officer

CO-OPTED MEMBERS

David Swift
Stuart Arnfield

EXTERNAL AUDITORS

Helen Stevenson – Grant Thornton-External Auditor

1. Apologies

Apologies for absence were submitted on behalf of Councillors Lord Wajid Khan of Burnley and Andy Wight, and Parish Councillor Kathryn Haworth.

2. Minutes

The minutes of the last meeting, held on 17th March 2022, were approved as a correct record.

3. Declarations of Interest

There were no declarations of interest in any of the items on the agenda.

4. Approval of the Audited 2020/21 Statement of Accounts

Amy Johnson introduced this item and then invited Helen Stevenson from the Council's External Auditors Grant Thornton to present the audited Statement of Accounts for 2020/21.

Helen Stevenson reminded the meeting that the Audit Findings Report had been presented at the last meeting and she was pleased to confirm that outstanding queries on land and property revaluations and isolated accounting treatment queries had now been closed off and all management responses had been received.

Members of the committee raised the following questions and observations:

- Was the Council facing any penalties as a result of the delay to the publication of the audited Statement of Accounts? – There were no repercussions from this delay and many other local authorities were in the same position. COVID and remote working had inevitably impacted on timeframes and the deadline for the 2021/22 process had been moved to the end of November 2022.
- Was it fair to say that there had been even more checks and balances over the last few years as a result of events in other local authorities especially in relation to Value for Money (VfM)? – This was indeed the case. A revised code had been issued and Grant Thornton would be bringing a further report on VfM later in the year.
- Of the five recommendations referred to on page 10, some were new but others were perhaps systemic and longer standing. Did this have any implications? - The desktop and valuation exercise had been an ongoing process but arrangements for 2021/22 would be revised and more detailed records kept in-year. Some of the issues highlighted had been ongoing for several years but had just come to light in the course of the 2020/21 audit.
- What knock-on effect, if any, did the delay to the finalisation of the 2020/21 process have on the 2021/22 process? – The draft Statement of Accounts 2021/22 had been published on 5th July and the audit had started. It was hoped that the process would be completed by the end of November, and the VfM work completed by January 2023. Grant Thornton was phasing local authority audits and Burnley Borough Council was one of the earlier starts.
- Had the recommendations in relation to the journal posting environment been accepted? – Access levels for the S151 officer had now been changed. Levels of full access had been reviewed given that more people were back working in the office. Now only the Deputy S151 Officer and one system officer had day to day access.
- Was this action satisfactory from the perspective of the External Auditors? – It was satisfactory and External Audit would follow up all of these issues and on implementation of the recommendations.
- Page 171 seemed to indicate that the council had not implemented a prior year recommendation on rolling asset valuations. – The council did rely on the five yearly rolling programme but also conducted a desk top exercise every two years to identify if an annual exercise was needed. Helen Stevenson said that the update as presented did not perhaps fully reflect circumstances and could be expanded.

- Did the two yearly desk top exercise represent a change to what used to happen? – No it did not.
- Why was there such a significant increase in Short-term Creditors (Note 15)? – This was to be followed up after the meeting.

[Administrator’s note: the following detailed response has since been circulated to members of the committee: the reason for the increase was due to the Council having a year end creditor balance of £4.7m owing to Central Government in respect of business grant monies received. The Council’s allocation of grant monies to be passed on to local businesses exceeded the value of payments made in year and therefore fell as a creditor at year end. Repayment to Central Government was made in 2021/22].

- Were the External Auditors satisfied and happy for the audited Statement of Accounts and the Letter of Representation to be approved and signed? – They were indeed happy for them to be approved and signed.
- Lukman Patel took the opportunity to remind members that the opportunity to request changes to the report, including reference to management responses provided, was when the draft Statement of Accounts were presented to committee.

IT WAS AGREED THAT

- The audited Statement of Accounts be approved and signed;
- The Letter of Representation be approved and signed;
- The audit findings be noted, and
- The Annual Governance Statement signed as at July 2022 be approved.

<p>5. Internal Audit Opinion 2021/22</p>

Ian Evenett presented a report on the Chief Audit Executive (CAE) opinion on the Internal Controls of the Council for the financial year 2021-22. The opinion was based on the work undertaken by Internal Audit both during 2021-22 and that related to that year. It provided reasonable but not complete assurance concerning the Council’s internal control system and took account of actions that had been agreed with managers to address weaknesses identified, and the impact of the pandemic on the Internal Audit Service.

Recruitment of suitably qualified and experienced Internal Auditors remained a challenge but a new member of staff had been recruited very recently and a temporary part-time member of staff had been recruited to cover a period of leave. A revised Internal Audit Plan 2022-23 would be presented at a future meeting to reflect the slight decrease in capacity in the service.

The service was due to undergo an external review in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS) and the Chair or Vice-chair would be interviewed as part of the process.

Ian Evenett invited questions and observations from members of the committee:

- Why were [target] dates not included in the 'Key Actions Agreed' such as, for example, for the recovery of payments made against fraudulent applications in Appendix 1 – Summary of Audit Reports Issued? – Recovery was difficult and, although the Council could seek to prosecute, the level of evidence and effort required could be excessive. Sometimes it was not possible to recover due to the nature of the fraud as some were very sophisticated and linked to organised crime.
- The Assurance Score against the Covid Business Grant Fraud audits was shown as N/A but, nationally, the value of such fraud was estimated in the billions of pounds. Were systemic issues reviewed as part of the audits? – This Council had been required to distribute £6million in grant funding and responsibility lay with central government departments. However, the Council had a number of options including passing on the details to the police or to the Department for Business, Energy and Industrial Strategy which initiated national investigations of organised crime. The Business Grant Fraud audits had started early on and had given Mr Evenett a good deal of confidence in the process. If any systemic issues were identified in the course of an audit, changes could be made to the system.
- What would it take to provide a 'complete' assurance regarding the Council's internal control system? – Mr Evenett assured members that it was a 'clean report' as far as Internal Audit was concerned. Internal Auditors were not identifying failures of control within the testing and would issue lower levels of control if they found anything significant. They outlined what key actions they had agreed in particular audits and would follow up any failures to implement said actions with Heads of Service to ensure that they were implemented. Non implementation of management actions would only be deemed to be acceptable if there had been system changes in the meantime that rendered them unnecessary.
- According to Appendix 2 several of the audits had not been finished at the time the report was prepared (including Payroll and Payment of Creditors). Had they been finished now? – The Payment of Creditors audit had now started but there had been some reasonable requests to delay some audits and these would be included in the Audit Plan for 2022-23.
- Would the committee have an opportunity to see the terms of reference of the external review of the Internal Audit service before it commenced? – There was a Memorandum of Understanding (MoU) which set out the broad basis and methodology upon which the constituent authorities agreed to participate in the scheme and how the activity would be carried out.
- It would be helpful for members to see this as they may want the review to look at certain things that they felt would be of benefit to the committee.
- If officers were happy with the MoU, and unless there was anything in it that members totally disagreed with, members would likely be supportive of it.
- Lukman Patel suggested that the MoU be circulated to members and that any changes to the terms of reference of the peer review should be delegated to the Chair and Vice-chair to consider in consultation with co-opted Independent Member David Swift. It was not considered likely that the committee would need to hold a special meeting on the matter.

IT WAS AGREED

- 1) That the Chief Audit Executive opinion on the Internal Controls of the Council for the financial year 2021-22 be noted, and
- 2) The MoU for the Lancashire Chief Auditors Group Peer Review be circulated to the committee, and
- 3) Any requests for amendments to the terms of reference for the peer review be delegated to the Chair and Vice-chair to consider in consultation with co-opted Independent Member David Swift.

6. CIPFA Audit Committee Position Statement 2022

Ian Evenett presented a report on the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Commission Statement. The revised statement addressed the significant role that an audit committee played in governance and any issues arising from the review of local audit undertaken by central Government. Whilst following the statement was not a legal requirement, the statement may be considered as proper practice and was supported by the Department for Levelling Up, Housing and Communities and the Home Office.

The statement suggested that an audit committee should report annually, in a public report, how it had complied with the position statement, discharged its responsibilities, and include an assessment of its performance.

Discussion focused on member training and the ability for the committee to meet privately and separately with the external auditor and with the head of internal audit.

Mr Swift said that he did not recall there having been any committee training since he had been co-opted but he had been provided with a copy of the Audit Committee Handbook which was very useful.

Members and officers had mixed views about the committee being able to meet privately and separately with the external audit and the head of internal audit. The following points were raised:

- Private meetings, without other officers there, could be beneficial and could provide an opportunity to ask, for example, if it was felt that sufficient resource was available.
- Much of what was published for the committee was in the public domain anyway and members should feel able to ask whatever they wanted of the external auditor and head of internal audit in a public setting, with the exception of things relating to specific individuals.
- Lukman Patel said that members were entitled to raise matters of concern with the Chief Executive / s151 Officer / Internal Audit Manager but private meetings of local authority committees could not be set up without a statutory reason to his knowledge. However, officers would consider this further.
- The Internal Audit Manager had made it clear to his staff that they could access the Head of Service, the Monitoring Officer and the Chair of the committee if they had concerns about resources.
- The Internal Audit Manager said he could understand the need to have provision for private contact if need be and there were internal processes in place to facilitate other than via private meetings.

- The Internal Audit Manager explained that local government audit committees varied widely in terms of size and scope. This committee could say that it could not meet the recommended practice in relation to private meetings due to its current arrangements.
- There were safeguards in place and the Whistleblowing Policy could be invoked if need be. This might ultimately lead to something coming back to the committee.
- Mechanisms were in place but this was about providing opportunities to meet in private if need be.
- The Vice-chair expressed his hope that anybody with concerns would feel able to approach him.

Ian Evenett confirmed that more detailed guidance would be coming forward in future. The committee would be asked to review its performance against the CIPFA position statement at the end of the current financial year. An effective audit committee contributed greatly to the effectiveness of the authority's internal control.

IT WAS AGREED

- 1) That the update on the revised CIPFA Audit Committee Position Statement be noted with the comments as outlined above, and
- 2) That the committee, on an annual basis, review and report on its compliance against the position statement including an assessment of its performance.

7. Standards Complaints Updates
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Lukman Patel provided an update on complaints made about the conduct of Members during the 2021/22 municipal year. During the year he, as Monitoring Officer, had received eight such complaints, of which three were withdrawn before the complaint initial assessment was undertaken. One complaint received regarded inaccurate information disclosed on the register of interests of an elected Member. It had transpired that the register of interests had been updated but an old copy was also available on the Council's website. Mediation had been considered the appropriate response in relation to two complaints following a complaint initial assessment undertaken by the Monitoring Officer in consultation with the Council's Independent Person. Two complaints made by Members relating to the conduct of each other were currently being considered in accordance with the complaints procedure.

Lukman Patel confirmed that any complaints received since the start of the new municipal year were not included in this report.

Lukman Patel explained that there was nothing to prevent him, as Monitoring Officer, from looking into something that he was concerned about even if a formal complaint had not been made.

IT WAS AGREED

That the report be noted.

8. Work Programme

Members noted the first iteration of the committee's 2022-23 Work Programme which would be kept updated throughout the year.

IT WAS AGREED THAT
The report be noted.

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Burnley Borough Council Audit Progress Report and Sector Update

Year ending 31 March 2022

September 2022

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Agenda Item 7

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

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Introduction

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

The paper also includes:

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

Members of the Audit and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

Progress at September 2022

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in February 2022, and interim audit in April and May.

Our interim fieldwork included:

- Updating our review of the Authority's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues

The results of our work to date are included in this report.

Our detailed audit plan to management in July, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements. This is now included in the Committee papers.

We received your draft financial statements at the start of July and this work is currently in progress. We are working through the evidence provided and will report our work in our Audit Findings Report. We are aiming to give our opinion on the Statement of Accounts by 30 November 2022.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022.

The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

Value for Money

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

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

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

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

We issued our opinion for the 2020/21 financial statements on 12 July 2022. We have discussed our draft Annual Auditor Report 2020/21 with management and will issue this once we receive management's responses to our recommendations.

We anticipate issuing our Auditor's Annual Report 2021/22 in January 2023 following the completion of the 2021/22 financial statements audit.

Progress at September 2022 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). We completed our certification work for the 2020/21 claim and reported to DWP on 31 March 2022, in line with the required deadline.

Our audit work for the 2021/22 claim is due to commence in November for completion by the 31 January 2023 deadline.

Meetings

We hold regular meetings with the Head of Finance and Property and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

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

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

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

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

Audit Deliverables

2021/22 Deliverables

Audit Plan

We are required to issue a detailed audit plan to the Audit and Standards Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report

Planned Date

July 2022

Status

Completed

Interim Audit Findings

We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.

July 2022

Completed

Audit Findings Report

The Audit Findings Report will be reported to the November Audit and Standards Committee.

November 2022

Not yet due

Auditors Report

This includes the opinion on your financial statements.

November 2022

Not yet due

Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

January 2023

Not yet due

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2021/22 Audit-related Deliverables

Housing Benefit Subsidy – certification

This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.

Planned Date

January 2023

Status

Not yet due

2020/21 Deliverables

Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

Planned Date

October 2022

Status

Completed

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have reviewed the findings from internal audit's work on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.
Review of information technology controls	<p>We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.

	Work performed	Conclusions and recommendations
Walkthrough testing	<p>We have completed walkthrough tests of the Authority's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Journal entry controls	<p>We have reviewed the Authority's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Authority's control environment or financial statements.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p> <p>We will complete our substantive testing of higher risk journals as part of our final accounts procedures.</p>

Sector Update

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

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

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

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

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

Public Sector

Local
government

Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The 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.

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Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

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.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)



Levelling up White Paper – Department for Levelling Up, Housing and Communities (“DLUHC”)

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

The paper states “Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six “capitals”:

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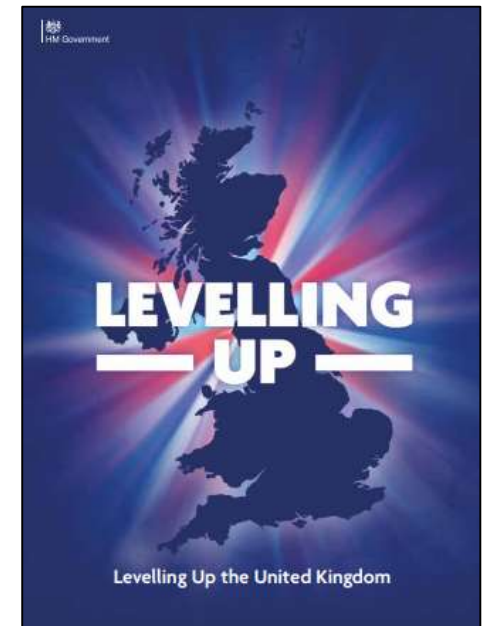
- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability.”

The paper also states “This new policy regime is based on five mutually reinforcing pillars.” These are set out and explained as:

- 1) The UK Government is setting clear and ambitious medium-term missions to provide consistency and clarity over levelling up policy objectives.
- 2) Central government decision-making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.

- 3) The UK Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need.
- 4) The UK Government will transform its approach to data and evaluation to improve local decision-making.
- 5) The UK Government will create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.

[Levelling Up the United Kingdom - GOV.UK](https://www.gov.uk/levelling-up)
(www.gov.uk)



Grant Thornton – reaction to Levelling up White Paper

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

Commenting on the release of the government’s Levelling up White Paper plans, Phil Woolley, Head of Public Sector Consulting, Grant Thornton UK LLP, said:

“The publication of today’s White Paper plans is a welcome first step and it is reassuring to see the government recognise the need for systemic changes in order to deliver its central aim of Levelling up. The ‘12 missions’ can be seen as an attempt to consolidate existing elements of government activity behind a singular banner and now provides a clearer picture of the levelling up opportunity.

“Following a decade of successful regional devolution and mayors, the White Paper marks the next stage of the country’s devolution journey. With government now offering a clear framework of devolved powers and accountability, local leaders will need to embrace the opportunity and collaborate across the public and private sector to ensure they negotiate and then deliver the best deal for their communities. Grant Thornton’s Levelling Up Index shows that the economies of the 10 worst performing local authorities in England are on average over five times smaller than their best performing counterparts - highlighting the scale of the challenge ahead.

“To level up, these areas would need to grow their economies by £12billion, increase employment rates by 6 percentage points, create 1,700 new businesses a year and increase average weekly pay by £200. It is too early to determine whether the measures announced today will be sufficient, but it is a start. Success will ultimately depend on the ability and willingness of local and national government to translate these new frameworks into meaningful change in people’s lives.

“The Spending Review offers the next opportunity for government to show its commitment by realigning departmental objectives behind these new goals.”

Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented “These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to have regard to’ their provisions. These two codes have been published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.”

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority’s functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.



The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

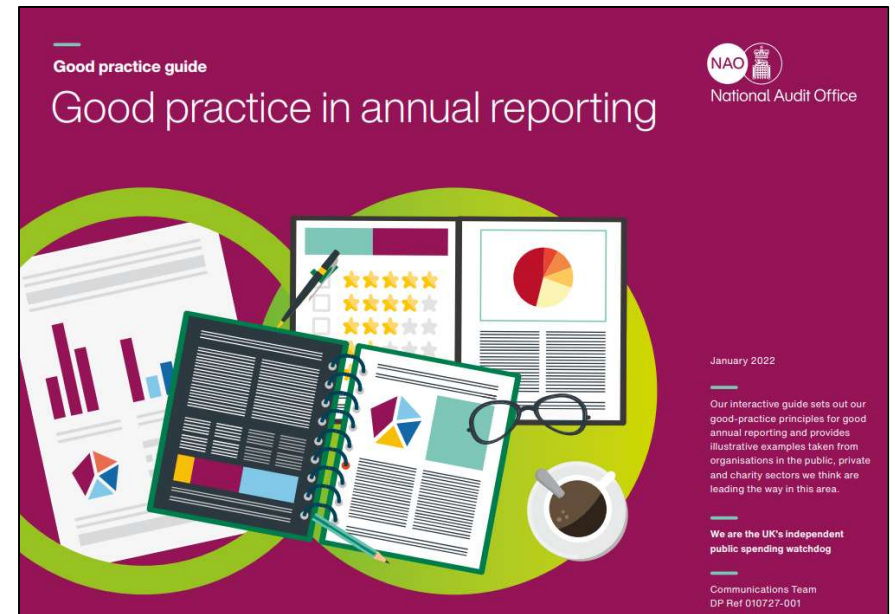
The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \[NAO\] Report](#)

Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “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.

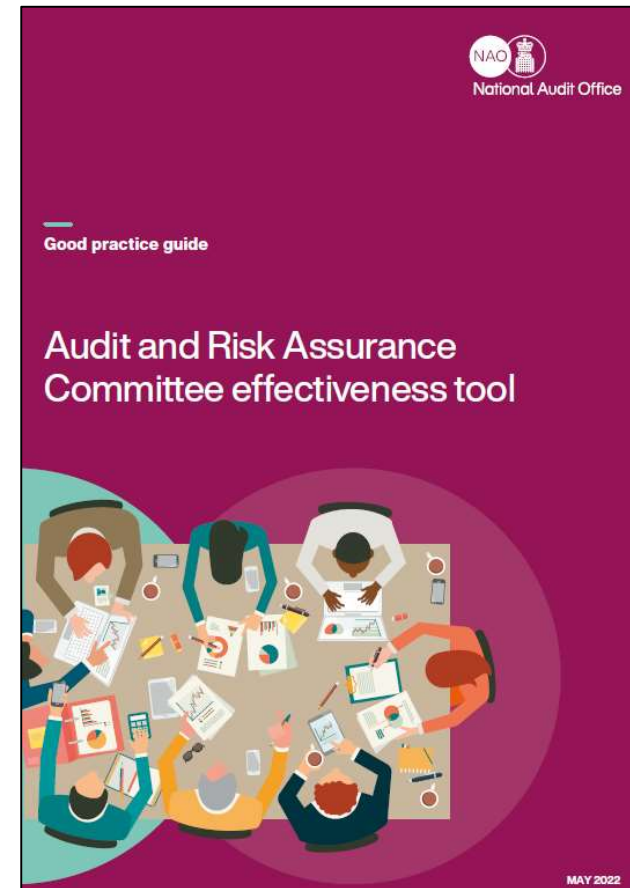
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)

Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

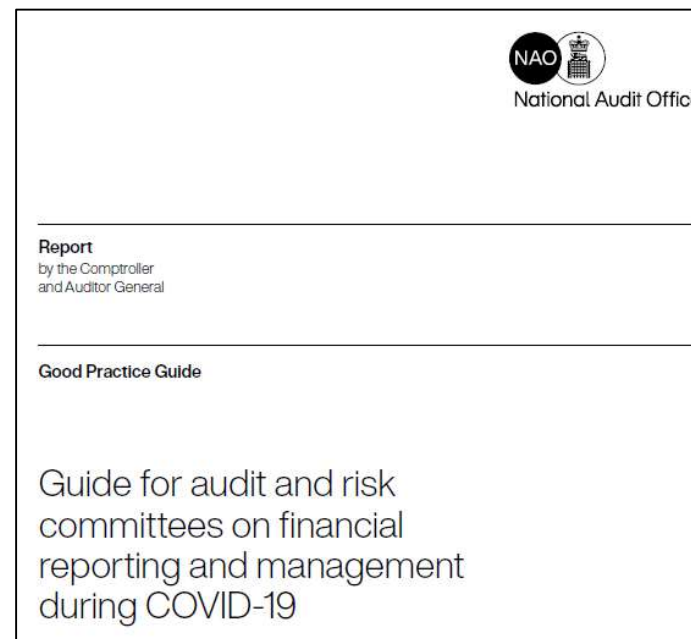
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





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

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Significant improvements from the Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

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

Our file review results

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

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

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

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

Our continued commitment to Audit quality and continuous improvement

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

Significant improvements from the Financial Reporting Council's (FRC) quality inspection (cont.)

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

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

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

Conclusion

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

Key matters

Factors

Financial Sustainability

The impact of Covid-19 and continuing uncertainty over future government funding means the Council continues to face future financial uncertainty. Pressures going forward include increasing demands for services, economic recovery from the pandemic and the achievement of strategic objectives, including funding support for major developments.

The Council's Medium Term Financial Strategy 2023-27 (revised in February 2022) indicates a potential £3.4m cumulative budget gap over the 4 year period (£2.5m cumulative savings up to 2025/26 and then a further £0.9m in 2026/27), assuming a 2% reduction in core spending. The total savings requirement increases to £4.4m if there is a 4% reduction in core spending power.

The Council recognises that to ensure financial balance in the longer term it will be required to deliver savings through strategic prioritisation, service transformation and continuous improvement.

Impact of Covid 19 pandemic

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. The Council has faced many front-line challenges such as administration of grants to businesses, council tax reliefs and closure of leisure centres alongside the additional challenges of reopening services under new government guidelines. Some Finance staff have had to work at home.

Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit in recognition of the challenges in returning to the 31 July deadline, the Ministry of Housing, Communities and Local Government, in the response to the Redmond Review have extended the deadline for audited financial statements to 30 November for the 2021-22 financial statements.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, will be discussed with the Head of Finance and Property and is subject to PSAA agreement.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work. We will examine the Council's latest budget position and programme of service review and transformation to maintain financial sustainability.
- We will continue to provide you with sector updates via our Audit and Standards Committee updates.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk regarding to management override of control – see page 7.
- The Council's valuer reported a material uncertainty regarding the valuation of retail and specific trading related assets and sectors in 2020/21 due to the Covid 19 pandemic and it's possible some uncertainty will continue in 2021/22. We identified a significant risk regarding the valuation of properties – refer to page 8.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Burnley Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Burnley Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council [and group]'s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Standards Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Standards Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of land and buildings, including surplus assets and investment properties
- Valuation of pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.18m (2020/21 £1.18m) for the Council, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.059m (2020/21 £0.059m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risks of significant weakness:

- Financial sustainability

Under the new VFM arrangements review (set out further on pages 16 and 17 of this Plan) we will be considering your arrangements across the three key criteria areas of finance, governance and performance. We will continue to monitor and update our risk assessment and responses until we issue Auditor's Annual Report.

Audit logistics

Our interim visit took place in April and our final accounts work commenced at the beginning of July. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £63,037 (2020/21 final fee to be agreed) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue risk – the Council’s reported revenue contains fraudulent transactions (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Burnley Borough Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Burnley Borough Council.</p>
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</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, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals. For example: <ul style="list-style-type: none"> • Journals created by senior management • Journals which impact the financial outturn • Year-end adjustment journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness regarding corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings (including surplus assets and investment properties)	<p>The Council revalues its land and buildings, on a rolling five yearly basis and annually for investment properties. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£46.8 million of land and buildings, £10.3m of investment properties in the 2020/21 accounts) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>Surplus Assets: All surplus assets should be valued and reported at fair value under relevant accounting principles. Again, this valuation of £8.4m in the 2020/21 accounts, represents a significant estimate by management in the financial statements due to the size of the numbers involved compared to Council's materiality and the sensitivity of this estimate to changes in key assumptions</p> <p>We therefore identified valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of pension fund net liability	<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 (£61.2 million in the Council's 2020/21 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>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test 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 actuary; • undertake 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; • obtain assurances from the auditor of Lancashire 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.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. We identified 5 recommendations in our 2020/21 audit in relation to the Council's journal controls environment, preparation of draft financial statements, valuation basis for assets brought into use, date of asset valuations and assets not valued in the year.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings (including surplus assets) and investment properties
- Depreciation
- Year end provisions and accruals, specifically provisions for non-domestic rate appeals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

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Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures, we have sent planning enquiries letters, i.e., Informing the audit risk assessment and Accounting estimate management summary, which consist of a series of questions about obtaining an understanding of management processes and those charge with governance's oversight of the following areas: general enquiries of management, fraud, laws and regulations, related parties, and accounting estimates. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act

- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.18m (2020/21 £1.18m) for the Council, which equates to 2% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £0.02m for Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

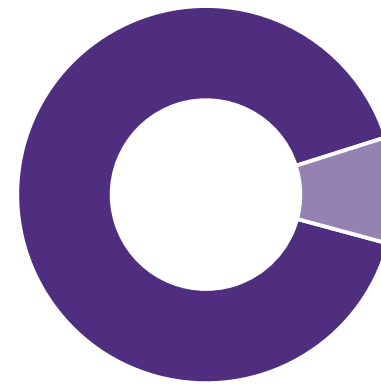
Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.059m (2020/21 £0.059m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Committee to assist it in fulfilling its governance responsibilities.

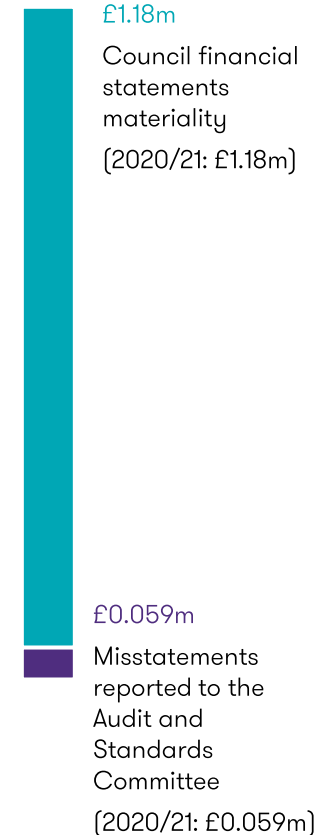
Prior year gross operating costs

£59.16m Council
(2020/21: £59.02m)



- Prior year gross operating costs
- Materiality

Materiality



Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

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Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

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Financial Sustainability

The impact of Covid-19 and continuing uncertainty over future government funding means the Council continues to face future financial uncertainty. Pressures going forward include increasing demands for services, economic recovery from the pandemic and the achievement of strategic objectives, including funding support for major developments.

The Council's Medium Term Financial Strategy 2023-27 (revised in February 2022) indicates a potential £3.4m cumulative budget gap over the 4 year period, assuming a 2% reduction in core spending. The total savings requirement increases to £4.4m if there is a 4% reduction in core spending power.

The Council recognises that to ensure financial balance in the longer term it will be required to deliver savings through strategic prioritisation, service transformation and continuous improvement.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

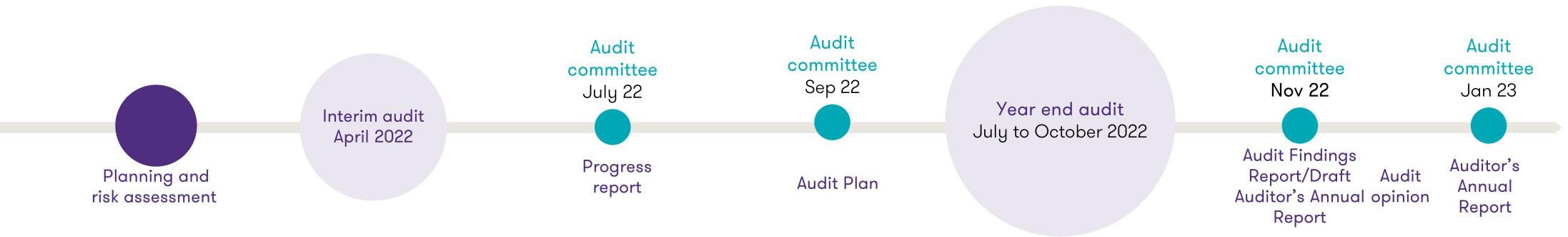
The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Georgia Jones, Key Audit Partner

Leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.

Helen Stevenson, Audit Manager

Plans and manages the delivery of the audit including regular contact with senior officers.

Muhammad Afzal, Audit Incharge

Key audit contact responsible for the day-to-day management and delivery of the audit work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2017, PSAA awarded a contract of audit Burnley Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £38,937. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on page 10 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

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

	Actual Fee 2019/20	Actual Fee 2020/21	Proposed fee 2021/22
Burnley Borough Council	£62,720	£86,437*	£63,037
Total audit fees (excluding VAT)	£62,720	£86,437*	£63,037

Note original fee in the Audit Plan of £60,437 plus additional fee for the extended period of the audit £26,000. Total £86,437.

The additional fee relates to:

- Sandygate valuation issue – this necessitated consultation with our internal valuers and technical team which is an additional cost to the audit. There were also delays in obtaining the requested information. Overall this impacted in terms of additional work and time for the audit team.
- Valuations – generally a lack of information and poor quality information caused additional delays
- Issues around the general timeliness of some responses (as above) and quality of initial draft accounts (as reported in the AFR). Generally the delays caused meant additional resources needed to be brought in to enable the audit to be completed.

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies. We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

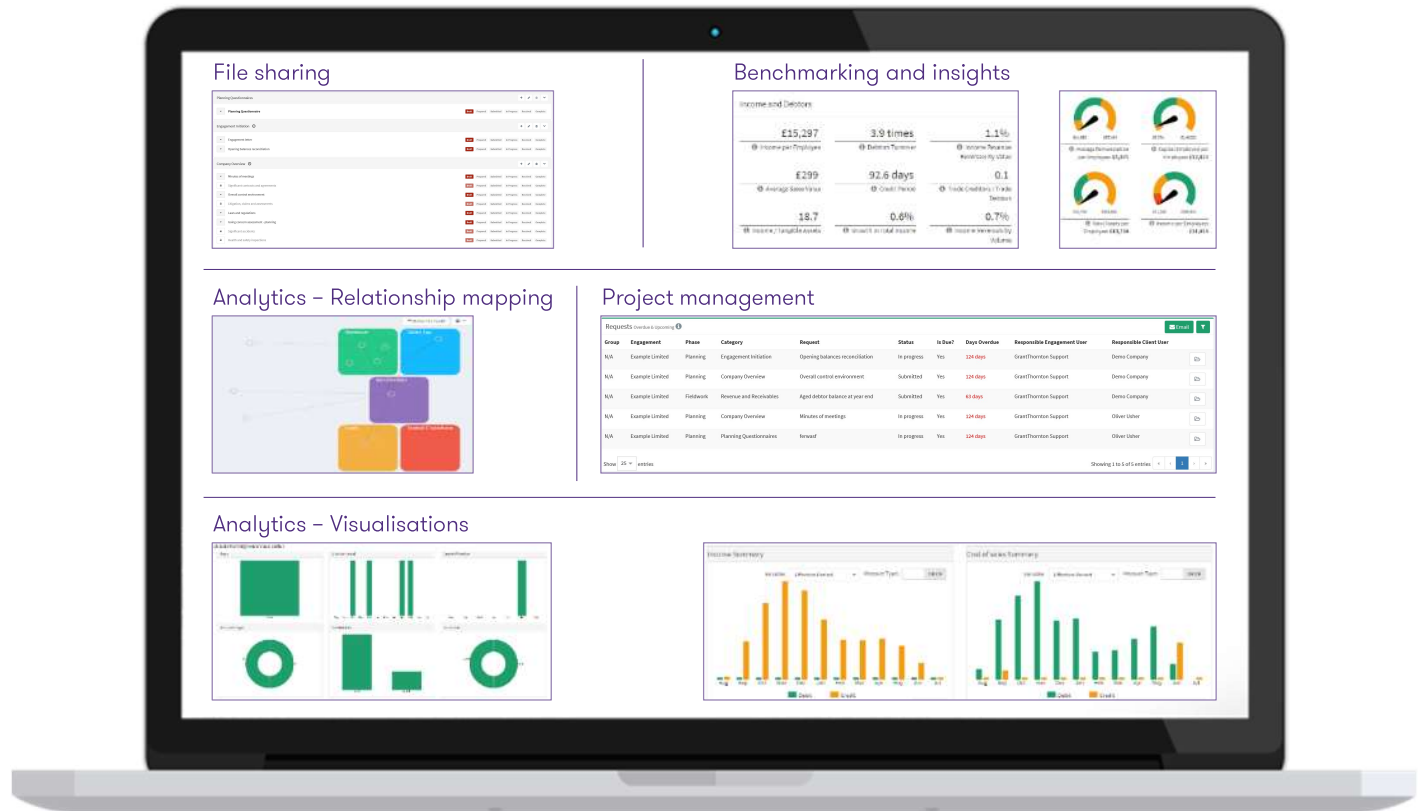
None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Benefit Subsidy return	26,335	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £26,335 in comparison to the total fee for the audit of £63,037 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			N/A

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

Appendix 1: Progress against prior year audit recommendations

We identified the following issues in our 2020/21 audit of the Council's financial statements, which resulted in five recommendations being reported in our 2020/21 Audit Findings Report. We will be following up on the implementation of our recommendations in the 2021/22 audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Medium	<p data-bbox="302 560 629 580">Journals control environment</p> <ul style="list-style-type: none"> <li data-bbox="302 619 1585 727">- Three journals were posted by the Section 151 Officer. We would not normally expect senior finance personnel to post journals as there is naturally less oversight of this and it can present a risk that controls could be overridden. We tested these journals and did not find any issues. We recommend going forward that the S151 officer does not post journals. <li data-bbox="302 762 1585 842">- One journal was posted by a finance user who had left the Council several years ago. We tested this journal and established this was an oversight as a result of a feeder template not being amended. However, there is a risk that the potential for fraud could arise if historical accounts are not fully disabled. <li data-bbox="302 877 1585 957">- Four finance users were found to have full system administration access. There is a risk that inappropriate system changes or user access changes are made. We note however that there are compensating controls in that only I.T. can enable new finance users. <p data-bbox="302 992 501 1013">We recommended:</p> <ul style="list-style-type: none"> <li data-bbox="302 1048 1375 1069">- It is considered best practice that the Section 151 Officer does not have the ability to post journals. <li data-bbox="302 1104 1543 1161">- Management should ensure that terminated employees and their user IDs are completely removed from all system access. <li data-bbox="302 1197 1585 1249">- A system edit log report should be run by I.T. on a monthly basis to ensure that all Finance user administration activity is appropriate and transparent. 	<p data-bbox="1608 560 1962 580">To be tested during 2021-22 audit.</p> <p data-bbox="1608 628 1868 649">Management response</p> <p data-bbox="1608 668 2119 1094">These arrangements were put in place during the pandemic due to staff shortages and increased workloads resulting from the various support packages being provided on behalf of the Government. This was to ensure that the accounts were prepared in a timely manner and to provide some resilience whilst having to operate remotely. System controls were in place to disable the accounts of staff that had left the authority. However, one of the references used on the templates had not been disabled, which has now been done. Management will ensure that a system edit log is place and reviewed on a timely basis in accordance with the recommendations.</p>

Appendix 1: Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Medium	<p>Preparation of draft financial statements</p> <p>Subsequent to the draft financial statements being submitted for audit, a number of changes needed to be made. Whilst we acknowledge the timetable for submission of draft accounts was met, it is important that the Council carry out quality review procedures to ensure adherence to reporting requirements within the statements.</p> <p>This meant that additional resource was needed to understand and document changes made to the accounts by management.</p> <p>We acknowledge the difficulty of preparing the accounts during the pandemic but recommend management put in place robust quality review procedures to ensure draft financial statements are compliant with requirements and of a good quality.</p>	<p>To be tested during 2021-22 audit.</p> <p>Management response</p> <p>Management undertook an exercise to review the working paper arrangements following publication of the draft accounts. The review highlighted that the previous working papers were referencing incorrect information. These have been amended so that the process is automated for future years and these errors won't re-occur. Management will ensure that sufficient time is built into the timetable to undertake a thorough pre-publication review in future years. Staffing pressures contributed to the shortening of the 2020/21 account review period.</p>
Medium	<p>Valuation basis for assets brought in use</p> <p>The new Sandygate student accommodation block was brought in use but not formally revalued as at 31 March 2021. The CIPFA Code requires that when a former asset under construction is brought into use it is revalued at that point. Therefore the Council's accounting was not in line with the CIPFA Code requirements, and carries the risk that the asset is materially misstated at the balance sheet date.</p> <p>We would recommend that full valuations are factored in to the revaluations programme for assets due to come into use in a given year.</p>	<p>To be followed up during 2021-22 audit.</p> <p>Management response</p> <p>The Council adopted the Depreciated Replacement Cost (DRC) basis of valuation for Sandygate Halls which resulted in an asset valuation of £9.1m. An alternative method of valuation is the Existing Use Valuation (EUV) method which values the asset at £9.3m. As per the CIPFA Code 2020/21 the DRC method should be adopted where there is no market and/or the asset is specialised, whereas the EUV method should be adopted where there is an active market for the asset. The Council has valued Sandygate Halls based on the DRC method for the purpose of the 2020/21 SoA but are satisfied this is not materially different to the EUV basis which will be adopted for subsequent years.</p>

Appendix 1: Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Medium	<p>Date of asset valuations</p> <p>The valuation date of 1 April, compared to the balance sheet date of 31 March, gives rise to the risk of material misstatement due to market factors arising in a calendar year, which can be significant especially in uncertain times.</p> <p>We would recommend that valuation of land and buildings is undertaken as at 31 March of the year of the accounts.</p>	<p>To be tested during 2021-22 audit.</p> <p>Management response</p> <p>In previous years a desktop exercise has been completed at the year end to assess whether a significant event has taken place that would affect the valuations undertaken throughout the year. Management will amend the date of future valuations to the 31 March date to remove this risk.</p>
Medium	<p>Assets not valued in the year</p> <p>We have challenged management's assessment that assets not revalued in year are materially stated at the balance sheet date. Management have not formally considered this by way of detailed calculations.</p> <p>We would recommend that management complete their own assessment to confirm that the value of assets not valued are fairly stated.</p>	<p>To be followed up during 2021-22 audit.</p> <p>Management response</p> <p>The Council's internal valuer undertakes a desktop exercise at the end of each financial year, to assess whether a significant event has taken place that would affect the valuations not undertaken that financial year. Management will formalise this approach for future years.</p>



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Auditor's Annual Report on Burnley Borough Council

2020-21

Pages 57

August 2022

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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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

Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We identified a risk in respect of:

- Financial sustainability



Financial sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

We identified one risk of significant weakness around financial sustainability arrangements at the Council due to continuing uncertainty over future government funding and a potential £4.1m cumulative budget gap over the 4 year MTFS period 2022-26, assuming a 2% reduction in core spending.

We did not identify any significant weaknesses from our work in this area. Whilst the Council continues to face significant financial pressures we consider the financial planning arrangements are sound. In particular, the Council has been successful in the identification and delivery of savings to date to balance its budget.

Further detail can be found on pages 5 to 7.



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.

We did not identify any significant weaknesses from our work in this area. Further detail can be found on pages 8 to 12.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

We did not identify any significant weaknesses from our work in this area. Further detail can be found on pages 13 to 21.



Opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion. This included an Emphasis of Matter paragraph highlighting property, plant and equipment valuation material uncertainties in respect of the Council's retail and specific trading related land and buildings assets and sectors.

We issued the opinion on 12 July 2022, following approval by the Audit and Standards Committee meeting in July 2022.

Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on page 22. Further detail on how we approached our work is included in Appendix B.



Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial year 2020-21

The Council is operating within a financially challenging environment, particularly within the context of continuing austerity. It set a one-year budget for 2020/21 (approved in February 2020, and prior to the Covid-19 global pandemic).

The budget included the requirement to deliver £596k savings from budgets and a further £213k operational/salary savings to arrive at a balanced budget position.

The outbreak of the Covid-19 coronavirus pandemic had a significant impact on the normal operations of the Council and led to substantial financial pressures. As 2020/21 progressed the government provided additional direct funding of £2.486m which was largely directed at tackling homelessness and alleviating pressures from reduced income and additional Covid-19 costs. The Government also provided support for losses of income from sales, fees and charges and a number of other Covid related funding streams.

The Council continued to monitor the impact of the revenue budget and the impact of Covid 19 pressures through quarterly financial monitoring reports to Executive and Council. Reports provided the forecast outturn positions and the impacts arising from Covid-19.

The Council operates delegated financial management arrangements. Each budget area is delegated to a Head of Service who review their budgets monthly and are accountable for the effective delivery of financial management which is integral to achieving strategic objectives and meeting service delivery priorities. Heads of Service provide information and details of any actual or anticipated significant variations between spending, income and budgets. When there is any underperformance against budget then Heads of Service put in place corrective action plans to ensure the budget gets back on track by the end of the financial year.

The Council reported a pre-audit overall revenue outturn underspend of £31k for 2020/21. This is a net position after the application of Covid-19 funding to cover the additional expenditure and losses of income directly related to the pandemic.

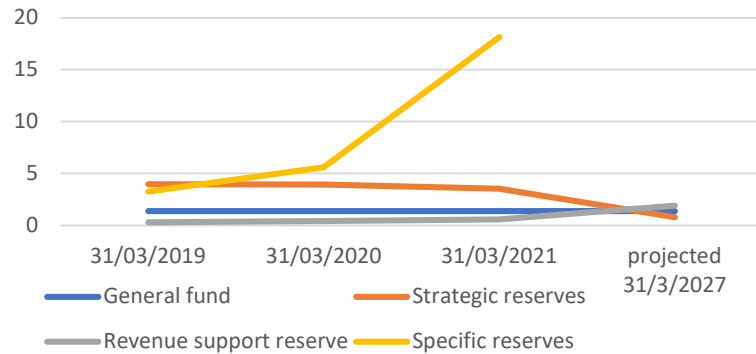
Financial position

The Council updated its revenue budget 2021/22 in February 2021 which requires the Council to deliver £182k savings to balance the budget. It also agreed its Medium-Term Financial Strategy (MTFS) 2022/23 to 2025/26 which sets out the financial challenge faced by the Council in the medium term. This identified a potential funding gap of £4.1m over the 4 year period (£2.9m cumulative savings required in the years 2022/23 to 2024/25 and a further £1.2m in 2025/26), assuming a 2% reduction in core spending.

The MTFS is continually revisited and in February 2022 the Council set out its revised MTFS 2023/24 to 2026/27 alongside its revenue budget 2022/23. The MTFS headline is a cumulative budget gap of £3.4m over the 4 year period (£2.5m cumulative savings up to 2025/26 and then a further £0.9m in 2026/27). The total savings requirement increases to £4.4m if there is a 4% reduction in core spending power.

The Council's process for identifying savings is developed in line with the MTFS. The Executive considers the budget gap for the next three years and the savings approved at previous meetings, those requiring approval and those which no longer may be possible or need to be deferred. The Management Team and Executive attended away days to develop savings proposals and efficiencies. As a result the Council originally identified £139k savings in 2022/23 for approval with a remaining unidentified balance of savings required of £2.73m over the period 2022/25. The revenue budget 2022/23 (in February 2022) now identifies an additional savings requirement of £750k which has been met by removing the annual contribution to the Transformation Reserve.

Reserves projected to 31/3/2027 (£m)



General Fund reserves, including earmarked reserves, increased to £23.09m as at 31 March 21 (from £10.9m as at 31 March 20). The increase in earmarked reserves includes a new £5.264m Collection Fund Deficit Reserve to offset business rates reliefs given to businesses during lockdown and £1.589m Covid-19 Reserve set aside for future Covid-19 pressures.

The Council anticipate that a substantial part of the strategic earmarked reserves will be at, or below, their recommended minimum level by the end of the MTFS period. (see projected reserves position to 31/3/2027 (MTFS 2023/24 to 2026/27). The General Fund reserve is set at £1.379m over the period with the revenue support reserve providing resilience against reduced funding. The strategic earmarked reserves are built up from released savings where possible and used for the specific purpose for which they were set aside. The Council acknowledges that the ability for the Council to build up reserves will become increasingly difficult in future years.

The Council presented its third quarterly (Q3) monitoring report 2021/22 to Executive in February 2022 which included an update on the net budget forecast, reserves position and progress with delivery of agreed savings. The report reflected the ongoing uncertainty from the Covid-19 pandemic in preparing accurate year end forecasting. The Q3 report identifies additional shortfalls in income and increases in expenditure of £944k which taken with savings gaps and after central government funding results in a forecast deficit of £12k.

The final outturn report 2021/22 reported in July 22 shows a net underspend of £221k which has been transferred to the Revenue Support Reserve.

Overall whilst the Council continues to face significant financial pressures we consider the financial management arrangements are sound. The Council acknowledges that it is essential that it continues to identify and implement robust action plans to ensure savings remain on track. It will need to ensure it is clear on service prioritisation, areas of improvement focus and develop longer term transformational plans to ensure a balanced budget and delivery of financial stability in the future.

Summary

Overall, we found no evidence of any significant weaknesses in the Council's arrangements for ensuring the Council can continue to deliver financially sustainable services. We have made one improvement recommendation around closely monitoring the delivery of its savings and cost reduction plans as part of the achievement of its Medium Term Financial Strategy (MTFS) and strategic objectives. This is set out on the following page.

MTFS after savings proposals September 2021

MTFS	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	Total £m
Budget gap (assuming 2% reduction in core spending)	719	1053	1097	1246	4115
Savings	(139)	-	-	-	(139)
Budget gap	580	1053	1097	1246	3976

Improvement recommendation



Financial sustainability

1 Recommendation We recommend the Council continues to closely monitor the delivery of its savings and cost reduction plans as part of the achievement of its Medium Term Financial Strategy (MTFS) and strategic objectives. It will need to ensure it has robust plans in place to ensure it is able to bridge any future funding gaps that may arise.

Why/impact

The Council faces future financial pressures from ongoing Covid-19 expenditure and reductions in income levels. The MTFS 2023/24 to 2026/27 indicates a cumulative £3.4m funding gap over the 4 year period to 2026/27. The Council originally identified £139k savings in 2022/23 with £2.73m remaining unidentified. The revenue budget 2022/23 (reported in February 2022) identified an additional savings requirement of £750k to be met by removing the annual contribution to the Transformation Reserve.

Failure to achieve savings or cost reductions will potentially put at the risk the deliverability of the Council's budget and have a wider impact on the longer term achievement of its strategic objectives.

Auditor judgement

The Council continues to monitor the impact of the revenue budget and the impact of Covid 19 pressures through regular financial monitoring reports to Executive. The Council recognises that to ensure financial balance in the longer term it will be required to deliver savings through strategic prioritisation, service transformation and continuous improvement.

Summary findings

The Council reported a pre-audit overall revenue outturn underspend of £31k for 2020/21. General Fund reserves, including earmarked reserves, increased to £23.09m as at 31 March 21 (from £10.9m as at 31 March 20). The increase in earmarked reserves includes a new £5.264m Collection Fund Deficit Reserve to offset business rates reliefs given to businesses during lockdown and £1.589m Covid-19 Reserve set aside for future Covid-19 pressures.

Management comment

The range of recommendations that external auditors can make is explained in Appendix C.



Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Monitoring and assessing risk

The Council has a documented Risk Management Method (RMM) in place which sets out the Council's approach to identifying and managing risk. The current RMM was last produced in August 2019 and would benefit from a refresh to ensure it provides an up to date framework to promote effective decision making and encourage innovation.

There are clear levels of responsibility in place at the Council for the management of risk with each Head of Service tasked with identifying, analysing and managing the risks in their area. For each risk identified, a risk register template is completed which describes the risk and level, category and owner, the current management of the risk, and the actions required to achieve the target score. The individual service's general risk registers are reported to the Risk Management Group which meets quarterly and is chaired by the Internal Audit Manager.

The Council maintains a strategic risk register (SRR) which is monitored by the Risk Management Group. Any changes to the SRR are reported to the management team, taken to Audit and Standards (A&S) and then approved by the Executive.

The SRR (reported March 2022 to A&S) sets out the risk score for each of the 14 identified strategic risks and includes a graph of the likelihood and potential impact for each risk. The SRR also includes the trigger or cause of the risk and possible consequences to the Council. Each risk is then linked to the Council's specific strategic commitments.

The SRR does not currently include details of how the risks are being managed and the progress being made against the list of strategic commitments.

Improvement recommendations

Risk management is an important governance tool and part of the overall management of performance and delivery of objectives. The Council should revisit its RMM on a regular basis to ensure this is up to date and helps it to achieve its vision, ambitions, and priorities.

Improvement recommendations (cont'd)

The SRR should include further detail on how each strategic risk is being managed and progress made against the list of strategic commitments.

Internal Audit

Internal Audit report regularly to A&S Committee throughout the year.

Internal Audit have offered a responsive service during the pandemic and supported the Council's business continuity response. Internal Audit also delivered 19 audit reports out of an original plan of 22 and completed follow up reviews on previously reported actions.

This focussed work together with other sources of assurance resulted in the Head of Internal Opinion, which concluded that the Council's controls continue to operate effectively. These controls include compliance with policy, separation of duties, authorisation, monitoring and internal checks.

The 2022/23 Internal Audit Plan, taken to A&S in March 22, is built up from discussion with heads of service using a risk based approach. This is to ensure assurance work is focused on risks and priorities, whilst also maintaining audit coverage across all services of the Council.

Internal Audit assessed its compliance with Public Sector Internal Audit Standards (PSAIS) and the Local Government Application Note during 2021. The evaluation of Internal Audit effectiveness included a quality assurance and improvement programme (QAIP), obtaining client feedback and audit review. There were no issues to report as a result of the assessment.

The Councils 5 yearly external peer review on PSAIS compliance is planned for August 2022. This is to be delivered by two of the Lancashire Local Authorities Heads of Internal Audit to provide an independent assessment of the performance of the Internal Audit Service.

Governance

Budget setting process

The Council has an established process for developing its annual budget and MTFs. The Council's budget is developed in a number of stages with senior officers refining assumptions and funding stream estimates based on up to date intelligence, making adjustments to the budget gap and developing savings proposals throughout the process. The MTFs documents the risks and assumptions that have been incorporated in to the current years budget and also those identified for future years. The annual budget is informed by these risks and assumptions.

The Council recognise the uncertainties with accurately forecasting funding estimates and includes a range of scenario options in its MTFs to reflect this. This is good practice and clearly sets out potential funding gaps based on a 0% Core Spending Power (CSP) reduction (reflecting a one year 'roll-over') and a 2% and 4% CSP reduction (assuming a multi-year settlement).

Once the budget is determined the Council's Scrutiny Committee and Executive provide further challenge before the revenue and capital budgets are taken to Full Council for final approval.

Budgetary control

The Council has a robust system of budgetary control with monthly departmental budget monitoring and quarterly reports (revenue and capital) taken to Full Council.

Budget holders receive reports of their controllable and salary forecast budgets and are required to identify any movements in forecasts along with savings identified to date. Any variances identified are discussed and actions put in place to resolve these.

Heads of Service are responsible for their budgets within their service area, with assistance from individual budget holders. The budget monitoring process is two staged with budget forecasts reviewed by the individual budget holders who identify amendments required to the forecasts. Heads of Service then examine the proposed forecast amendments and either approve or reject the proposed amendments.

The budget reports (capital and revenue) are reported on a service unit basis.

The quarterly revenue budget monitoring reports provide an update on the forecast budget outturn with detailed commentary for each different service area and function of the Council. This includes the forecast budget position, highlighting movements against budget and actions and areas for concern. The report also provides an update on progress against the budgeted savings targets.

The capital monitoring reports provide Members with an update on capital expenditure and the resources position along with highlighting any variances. There is detailed analysis provided for each capital scheme with added commentary on progress.

This level of budget scrutiny on both revenue and capital budgets and the Council's track record in delivering savings to achieve a balanced budget provides assurance on the strength of the arrangements in place.

Treasury management

The Council adheres to the CIPFA Code of Practice on Treasury management and maintains Treasury management policies and practices to manage treasury risks. The Council's Scrutiny Committee and Executive considers the annual Treasury management statement strategy and Prudential Treasury indicators and receives a mid year and annual report. These reports document the treasury management activities during the year and provide details on the Council's investments and borrowings.

The Council follows fundamental security, liquidity and risk principles prioritising the security of funds. During 2020/21, the Council maintained an under-borrowed position. This means the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, but the Council used cash supporting the Council's reserves, balances and cash flow as an interim measure.

The Council's investment policy is governed by MHCLG investment guidance, which sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data. This guidance is enhanced by advice from Link Asset Services.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

We did not note any significant areas of risk in borrowing or investment activity during our final accounts audit 2020-21.

Governance

Financial statements

The Council has an experienced finance team in place but there have been delays to the completion of the audit for 2020-21. The impact of the pandemic has meant that both your finance team and our audit team faced audit challenges again this year, such as continuing with remote access working arrangements during significant periods of the audit.

We received the first set of draft accounts on 30 July 2021 but there were a number of revisions to these during the audit to reflect the various amendments required. An updated version of the financial statements were produced, subject to some final queries in April 2022. The audit work was extended to July 2022 as a result of final documentation requests, agreeing accounting treatment and financial statements presentation.

Our findings were reported in our Audit Findings Report in April 2022, updated in July 2022. We did not identify any adjustments to the financial statements that resulted in a bottom-line adjustment to the Council's Comprehensive Income and Expenditure Statement, Balance Sheet or General Fund. We reported a number of disclosure and misclassification adjustments and raised recommendations for management as a result of our audit work.

The Council acknowledge it has undergone a period of being under resourced due to staff vacancies which has created challenges for the officers involved.

The Council has now recruited to some vacant posts and brought in a Finance Apprentice and Trainee Accountant (Career Grade). It is keeping track of its resource position to assess if any further resources will be required.

Improvement recommendation

The Council should conduct a root cause analysis of the delays and changes required to its draft statement of accounts 2020-21. It should ensure it has sufficient capacity for the delivery of its finance functions and for the production of robust statements of accounts.

Leadership and committee effectiveness

The work of the Council's committees is governed by the Constitution which sets out the detailed arrangements for how the Council operates, how decisions are made and the procedures which are followed to make sure that these decisions are made efficiently, in a transparent way and that the authority is accountable to local people.

The Council's Constitution is subject to regular update (the last one being February 2022). It outlines the scheme of delegation in place and contains detailed procedure rules (in part 4) setting out the budget and policy framework and financial and contract procedures rules. Part 5 of the constitution includes Codes and protocols including an employee Code of Conduct and a Code of Conduct for members.

The Council's Constitution outlines the decision making structures and accountability arrangements which governs the work of the committees. The Full Council and Executive are the decision-making bodies of the Council with regulatory committees tasked with decisions delegated to it under the Constitution. The Council's Scrutiny Committee reviews decisions by the Executive and works to improve service delivery.

Maintaining standards

The Council's Annual Governance Statement 2020/21 sets out the key governance processes in operation throughout the Council. The Council's Anti-Fraud, Bribery and Corruption policy is part of the Constitution and is supplemented with fraud awareness training to highlight relevant issues. Complementing the anti-fraud policy is a Council complaints procedure and whistleblowing policy which is regularly reviewed.

The Audit and Standards Committee is responsible for overseeing the investigation of complaints against members if these arise and also for the promotion and maintenance of high standards of conduct.

The Council has documented policies and procedures for declaring all gifts and hospitality which is contained within the Codes of Conduct, made available to all members and relevant staff and meets legislative requirements.

Summary

Overall, we found no evidence of any significant weaknesses in the Council's arrangements for ensuring it makes appropriate decisions in the right way. We have made improvement recommendations on:

- Ensuring the risk management method is regularly refreshed
- Including further detail in the Strategic Risk Register on how each strategic risk is being managed and the progress made against the list of strategic commitments
- Conducting a root cause analysis of delays and changes required to the 2020-21 financial statements.

Improvement recommendations



Governance

2 Recommendation We recommend the Council provide further detail within the Strategic Risk Register (SRR) on how each strategic risk is being managed and the progress that is being made against the Council's strategic commitments.

The Council should also revisit its Risk Management method (RMM) on a regular basis to ensure this is up to date and helps it to achieve its vision, ambitions, and priorities.

Why/impact Risk management is an important governance tool and part of the overall management of performance and delivery of objectives.

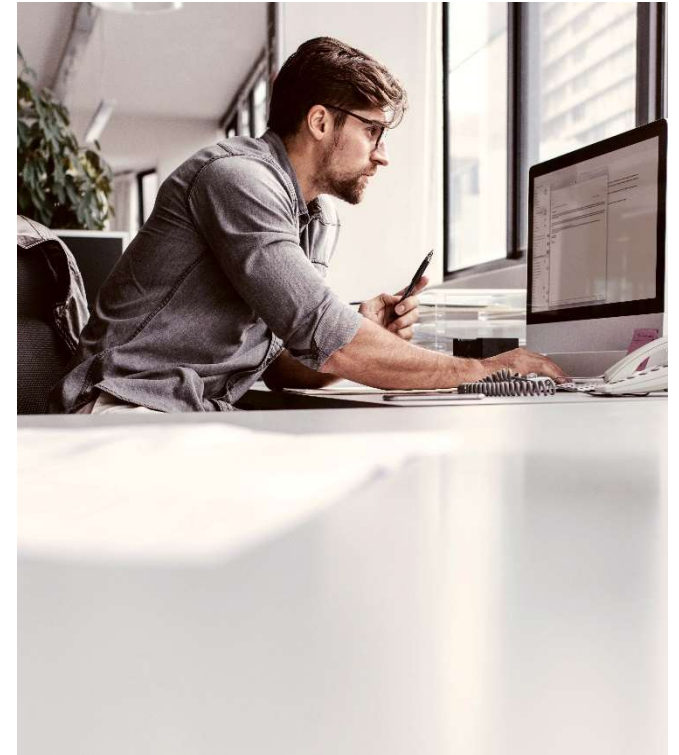
Detailed reporting of risks and the management of these will support the Council with the delivery of its strategic objectives.

Auditor judgement The Council has a documented Risk Management Method (RMM) in place which sets out the Council's approach to identifying and managing risk. The current RMM was last produced in August 2019 and would benefit from a refresh to ensure it provides an up to date framework to promote effective decision making and encourage innovation.

Summary findings The SRR sets out the risk score for each of the current 14 identified strategic risks and includes a graph of the likelihood and potential impact for each risk. The SRR also includes the trigger or cause of the risk and possible consequences to the Council. Each risk is then linked to the Council's specific strategic commitments.

The SRR does not currently include details of how the risks are being managed and the progress being made against the Council's strategic commitments.

Management comment



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Governance

3 Recommendation We recommend the Council conduct a root cause analysis of the delays and changes required to its draft statement of accounts 2020-21. It should ensure it has sufficient capacity for the delivery of its finance functions and for the production of robust statements of accounts.

Why/impact The Council has an experienced finance team in place but there were considerable delays to the completion of the audit for 2020-21. The Council acknowledge it has undergone a period of being under resourced due to staff vacancies which has created challenges for the officers involved.

The Council has recruited to some vacant posts and the 2021-22 financial statements were produced to the agreed timeframe of July 2022.

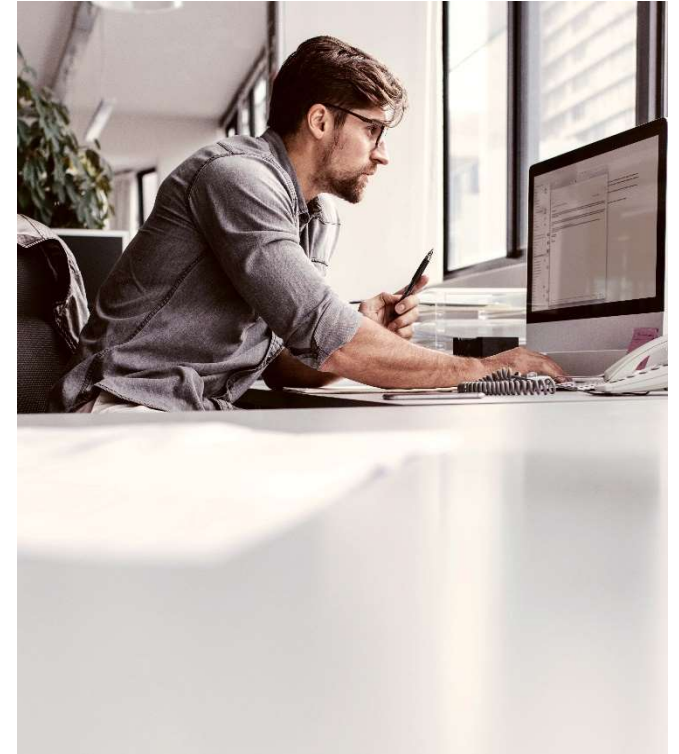
Auditor judgement The Council's 2020-21 financial statements were subject to delay and various iterations of these were received during the extended period of the audit.

The audit for 2021-22 has now started to the agreed timeframe.

Robust and timely production of financial statements supports the Council's overall financial management decisions and business planning.

Summary findings We received the first set of draft 2020-21 accounts on 30 July 2021 but there were a number of revisions to these during the audit to reflect various amendments required. Audit work was extended beyond the national deadline originally set of November 2021 with the final set of financial statements agreed in July 2022.

Management comment



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Strategic Plan 2022

The Council's Strategic Plan sets out the Council's overarching priorities and is developed around four main themes:

People – creating flourishing, healthy and confident communities/Places – making the Borough a place of choice/Prosperity – promoting transformational economic change for Burnley, and Performance – ensuring a continuous focus on improvement in all aspects of the Council's performance.

The Plan includes key commitments for each of these themes which directs the Council's future activity. It is reviewed annually with the latest update approved by Full Council in February 2022. The revised Plan now builds on the 2021 commitments to deliver the COVID-19 economic and community recovery plans with a focus on areas for environmental improvement, and to work on the wider determinants of poor health.

Plan progress updates are reported quarterly to Full Council and set out a narrative update against each strategic commitment priority. It would be useful if these updates are supplemented with a series of key actions and targets in order to more clearly assess what remains outstanding in fully meeting the strategic plan priority.

Improvement recommendation

The Strategic Plan progress updates taken quarterly to Full Council would be enhanced by including key actions and targets against each strategic commitment so it is clear what is being planned and delivered against the strategic plan priority.

Performance and performance monitoring

The Council present quarterly monitoring reports throughout the year which included an update on the net budget forecast, reserves position and progress with delivery of agreed savings. The Finance Section verify the financial information provided and the Policy team checks data provided by each service team quarterly for consistency. Performance data is discussed at regular meetings held with the Chief Operating Officer, Management Team, Heads of Service and the Executive Portfolio Holder.

The Council uses LG Inform (the local area benchmarking tool from the Local Government Association Area) for benchmarking data. Some benchmarking is reported as part of the overall scrutiny of performance. However there is scope to expand the use of benchmarking to support members decision making processes and this should be included in performance reporting to full Council.

Improvement recommendation

We recommend the Council improve performance reporting by including benchmarking data to support members by helping further inform their decision making processes and enabling further comparisons and identification of any areas for improvement.

Improving economy, efficiency and effectiveness

Performance and performance monitoring (continued)

The Council attends Lancashire and sector wide user group meetings (where groups exist) which allows the sharing of knowledge. It attends both the Lancashire Chief Finance Officer Task & Finish Group and the Lancashire Deputy S151 Group meetings where information is shared and minuted.

The Council has demonstrated it is open to challenge and learning from other organisations. It took part in the Local Government Association (LGA) Corporate Peer Challenge (CPC) in September 2016, and received a follow up visit in July 2018 to help review and assess progress made. The revisit found the Council had made very good progress on recommendations from the 2016 assessment and in particular had achieved:

- Significant progress across a range of economic, housing and regeneration projects, building business cases to secure investment in the borough as well as helping the Council identify and manage risk
- A strong shared vision for the borough, with the Council seen as a respected and valued partner, with jobs growth outstripping many parts of the country
- Good progress in developing commercial approaches, including charges for green waste, commercial approach to Treasury Management and work with Liberata to secure efficiencies through service transformation of revenues and benefits

The feedback report recognised the Council has a widely respected leadership role, including its role on the Local Enterprise Partnership (LEP) and Lancashire Leaders Partnership.

To build on these successes the peer review team set out areas for the Council to consider in relation to economic development and inclusive growth. The Council did not prepare a separate action plan in relation to the peer review. Instead updates are provided to Full Council via the strategic report updates. In addition a 'State of the Local Economy' report was presented to the Executive in September 2021 to support the Council's Economic Recovery Plan.

Procurement

The Council has a number of key policies and procedures in place to manage the procurement process which are documented within the Constitution. These include Financial and Contracts Procedure Rules. The Council ensures fair procurement by compliance with Public Contract Regulations 2015 and public procurement thresholds and is currently reviewing its procedures to incorporate how climate change initiatives can be linked to procurement. The Constitution is updated on a regular basis and changes approved at Full Council. The latest update was June 2022.

The Council has a separate Procurement Strategy setting out the key principles for effective procurement, however the most recent version of the strategy is 2018-19. The Council needs to review and refresh the Procurement Strategy to ensure this reflects the current strategic aims of the Council.

The Council has an overarching Capital Strategy which forms part of the Council's corporate strategic and planning framework and links to the Strategic Plan and Asset Management Strategy. The Council updated the Capital Strategy for the period 2022-27 in February 22 which provides a high level view of how the capital expenditure and financing programme aligns with the delivery of Council services and wider strategic priorities.

Improvement recommendation

The Council should revisit its Procurement Strategy to ensure this continues to set a clear framework for procurement throughout the organisation and reflects the Council's priorities within its Strategic Plan.

Improving economy, efficiency and effectiveness

Capital Monitoring and Outturn 2020/21

On 26 February 2020 Full Council approved the 2020/21 original capital budget of £19.468m. The Council revised this to £20.874m in Aug 2020 after allowing for slippage from 2019/20.

Progress against the capital budget and individual schemes were reported quarterly and at the year-end (outturn) to the Executive and Full Council. At each quarter changes to the budget were requested and at the outturn stage the revised budget for 2021/22 was agreed. These monitoring reports also included how the individual schemes would be funded, such as prudential borrowing and reserves. Each capital scheme has a budget holder who is responsible for monitoring performance and spend, assisted by Finance Business Partners.

The final position on capital spending was £11.915m for 2020/21 (reported to Exec July 21), which is 87% of the final revised resources position. The main areas of spend are within regeneration and planning with the Council delivering £8.1m out of planned £9m schemes. The outturn included £3.95m on the Sandygate Square student accommodation scheme which completed during the year

Capital budget 2021/22

In 2021/22 the Council spent £33.5m on capital projects compared with a revised capital budget of £36.7m. During the year £2.9m was invested on Pioneer Place, £22.1m on the acquisition of Charter Walk, £1.5m spent on NW Burnley Growth Corridor, £0.9m on the Empty Homes Programme and £1.8m on housing renovations for disabled facilities.

The Charter Walk Acquisition was approved at Full Council at their meeting on 22 July 2021 revising the 2021/22 budget to £39,481,296. Subsequently a successful bid was submitted, with the exchange of contracts taking place on 07 October 2021. The sale was completed 20 October 2021. We examined the Council's arrangements in place for the purchase of Charter Walk and the ongoing scrutiny and due diligence (with Frank Knight as advisor) in arriving at an agreed completion price based on a costed financial model. The Council set out a detailed assessment of risk which considered the financial and operational risks of the scheme and provided detailed reports to Executive with documented approval for the purchase. It will be important going forward that the Council continue to monitor closely the financial and operational outcomes to ensure it limits any commercial risks going forward and maximises potential opportunities from the Centre.

Levelling Up Fund - the Council received confirmation of its successful bid at the Autumn Budget on 27th October 2021. The bid was for three schemes: UCLan Burnley Campus Expansion, Town 2 Turf Public Realm Transformation and Railway Station Accessibility Improvement at a total cost of £22.5m spanning three financial years (2021/22 - 2023/24).

For 2022/23 the Council is planning to invest £1.3m on the Empty Homes Programme, £6.2m on Levelling Up Fund schemes, £5.0m on Pioneer Place, and £2.0m on Better Care grants. This is in line with the four themes of the Council's strategic objectives; people, places, prosperity and performance.

We are satisfied the Council has continued to progress regeneration initiatives in line with its Strategic Plan to revitalise the local economy and stimulate growth and prosperity across the Borough

Improvement recommendation

The Council needs to ensure it continues to closely monitor the financial and operational outcomes from the Charter Walk shopping Centre to ensure it limits any potential commercial risks or to maximise opportunities arising.

Improving economy, efficiency and effectiveness

Summary

Overall, we found no evidence of any significant weaknesses in the Council's arrangements for the way it delivers its services. We have made improvement recommendations on:

- including key actions and targets in Strategic Plan progress updates for each strategic commitment so it is clear what is being planned and delivered against the strategic plan priority
- including benchmarking data in performance reporting to enable support members by helping further inform their decision making processes and enabling comparisons and identification of any areas for improvement
- Revisiting its Procurement Strategy to ensure this is up to date and continues to set a clear framework for procurement throughout the organisation and reflects the Council's priorities within its Strategic Plan
- continuing to closely monitor the financial and operational outcomes from the Charter Walk shopping Centre to ensure it limits any potential commercial risks or to maximise opportunities arising

Improvement recommendations



Improving economy, efficiency and effectiveness

4 Recommendation

The Strategic Plan progress updates taken quarterly to Full Council would be enhanced by including key actions and targets against each strategic commitment so it is clear what is being planned and delivered against the Strategic Plan priority.

Why/impact

The Council's Strategic Plan sets out the Council's overarching priorities with progress updates reported quarterly to Full Council which set out a narrative update against each strategic commitment priority.

It would be useful if these updates are supplemented with a series of key actions and targets in order to more clearly assess what remains outstanding in fully meeting the Strategic Plan priority.

Auditor judgement

The Strategic Plan includes key commitments for four key themes which directs the Council's future activity.

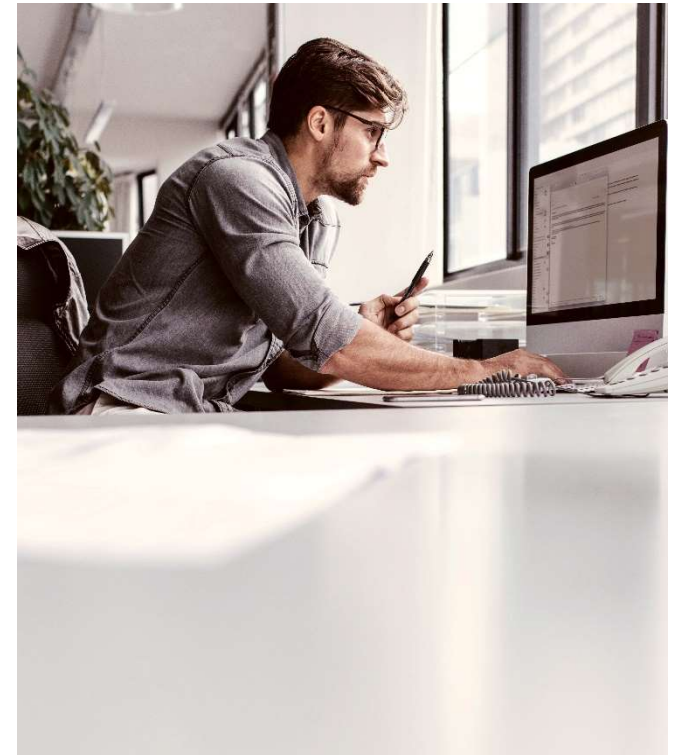
People – creating flourishing, healthy and confident communities/Places – making the Borough a place of choice/Prosperity – promoting transformational economic change for Burnley, and Performance – ensuring a continuous focus on improvement in all aspects of the Council's performance.

Enhanced reporting of actions and targets would provide members with improved information for future decision making.

Summary findings

Strategic Plan progress updates do not include key actions or targets against the Council's 4 overarching strategic themes.

Management comment



The range of recommendations that external auditors can make is explained in Appendix C.

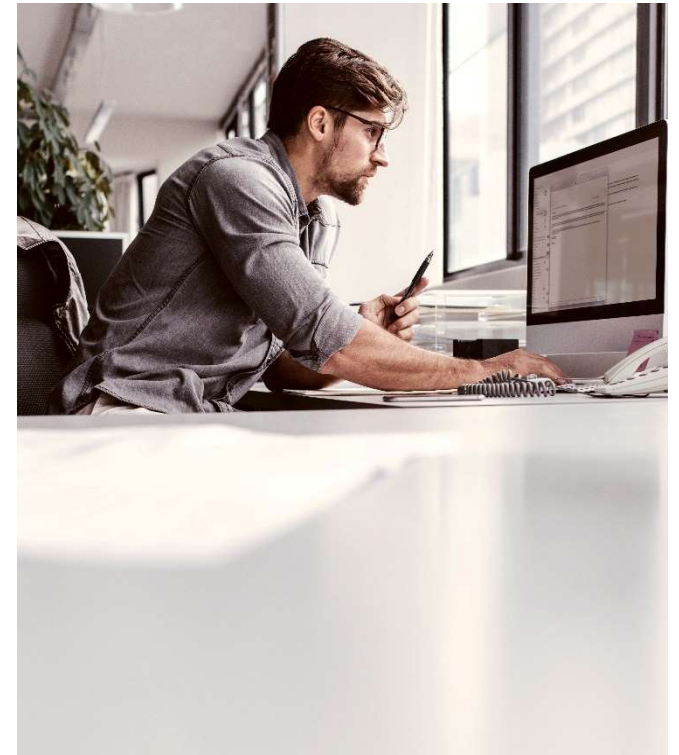
Improvement recommendations



Improving economy, efficiency and effectiveness

5 Recommendation	We recommend the Council improve performance reporting by including benchmarking data to support members by helping further inform their decision making processes and enabling further comparisons and identification of any areas for improvement.
Why/impact	Benchmarking data can usefully inform debate and challenge to assist in identifying areas for further improvement.
Auditor judgement	Although the Council uses some benchmarking data as part of its performance reporting, there is scope to develop this further across a wider cross section of services to provide additional meaningful information to support members in decision making and to promote improvement.
Summary findings	Benchmarking is used in a limited capacity and there is scope to develop this further.
Management comment	

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The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

6 Recommendation

We recommend the Council consider a further Local Government Association (LGA) Corporate Peer Challenge (CPC) since the previous visit in July 2018. This will help provide an independent assessment of progress since the previous visit and help the Council to identify areas for improvement.

Why/impact

Peer challenge is a key tool to support sector led improvement. It is tailored to individual council needs and designed to complement and add value to a council's own performance and improvement focus.

The Council has demonstrated it is open to challenge and learning from other organisations, having submitted itself to a LGA CPC in September 2016 with a follow up visit in July 2018.

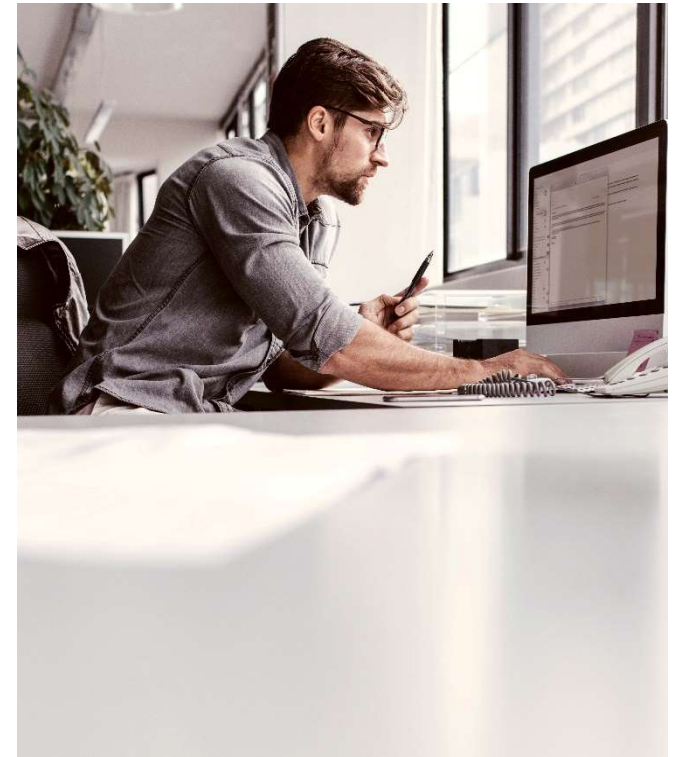
Auditor judgement

Peer reviews promote improvement and it is good practice to follow up previous reviews to assess progress and ascertain any further improvement actions.

Summary findings

An updated Peer Review would give a current view of progress across Council key priorities.

Management comment



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

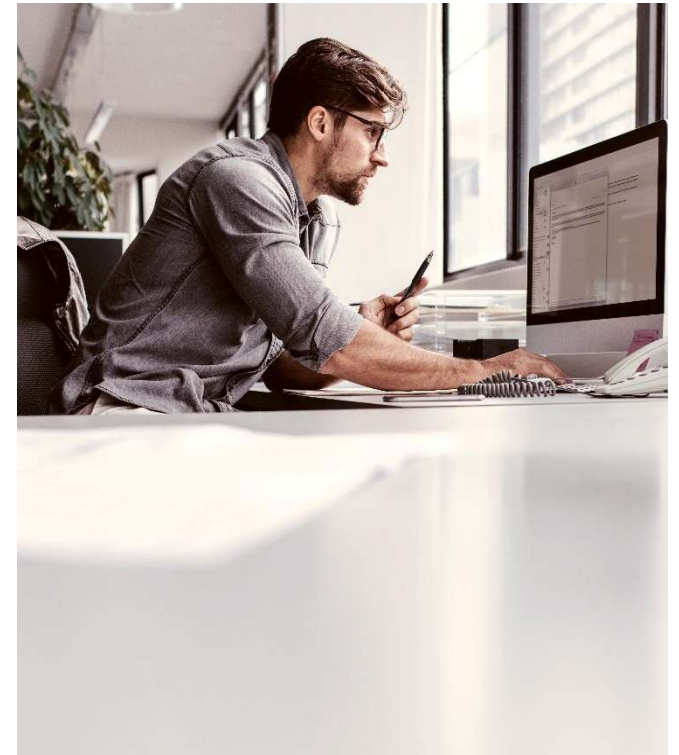
7 Recommendation The Council should revisit and update its Procurement Strategy to ensure this continues to set a clear framework for procurement throughout the organisation and reflects the Council's priorities within its Strategic Plan.

Why/impact It is key that the Council has an up to date Procurement Strategy in place. Without this there is a risk that procurement requirement may not be adhered to or that the best value for money is not obtained.

Auditor judgement The Council should review and update its Procurement strategy.

Summary findings The Council's Procurement Strategy had not been updated for some time.

Management comment



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

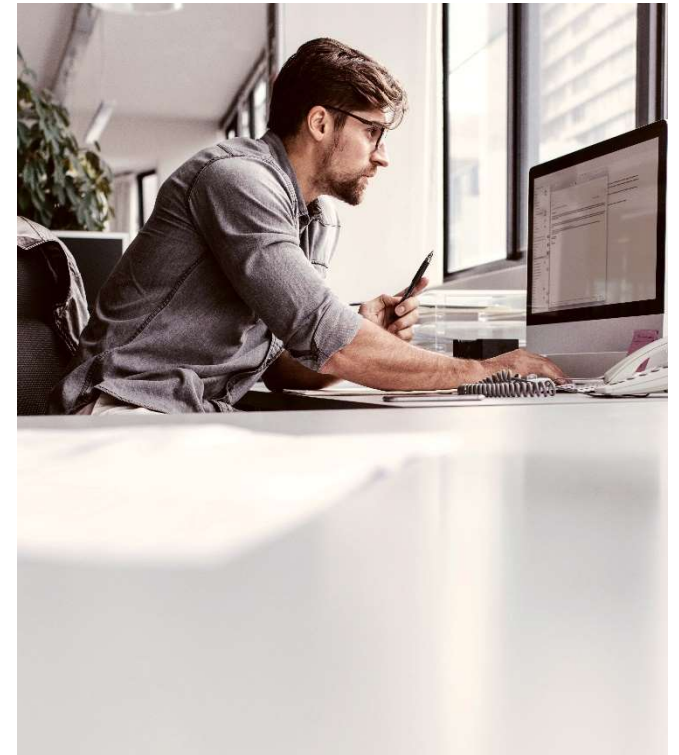
8 Recommendation The Council needs to ensure it closely monitors the financial and operational outcomes from the Charter Walk shopping Centre to ensure it limits any potential commercial risks or to maximise opportunities arising.

Why/impact It is important that the Council keeps the financial and operational results of Charter Walk under review and reports this regularly to Council in order to ensure if there were any emerging issues these could be dealt with on a timely basis.

Auditor judgement Latest performance information for Charter Walk indicates for 2021-22 the scheme performed better than budgeted. The Council needs to continue to monitor this to ensure the scheme is on track in what remains uncertain times.

Summary findings Charter Walk is a key project for the Council in terms of regeneration and the local plan. Close monitoring and reporting needs to continue to ensure it remains on track.

Management comment



The range of recommendations that external auditors can make is explained in Appendix C.

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

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Financial sustainability

The impact of Covid-19 has cut across the Council, impacting its income in the collection of Council Tax and Business Rates and from the closure of car parks and leisure services. It has also incurred additional spending pressures, including tackling homelessness and other increases in Covid-19 related costs.

The Covid -19 related spend reported by the Council was £2.642m comprising £0.684m additional expenditure and £1.958m of income losses. These additional costs have been offset by emergency and compensation funding from the Ministry of Housing, Communities and Local Government (MHCLG) of £3.502m. Uncommitted grant is set aside for future years.

In addition, the Council received £11.757m from the government to mitigate losses in Council Tax and Business Rates collection and other specific Covid-19 related funding for specific work programmes. The Council has created a Collection Fund Deficit Reserve of £5.264m to fund the 2020/21 business rate and council tax deficits and spread these over 3 years.

The Council continued to monitor the revenue budget and the impact of Covid 19 pressures through quarterly financial monitoring reports to Executive and Council. Reports provided the forecast outturn positions and the impacts arising from Covid-19.

The government is providing some ongoing support to mitigate against the impact of the Covid-19 pandemic into 2021-22. In addition the Council has set aside £1.589m into a Covid-19 Reserve to help mitigate against future Covid-19 pressures.

Although these reserves provide some cushion against future pressures the impact of the Covid-19 pandemic on the 2021/22 budget and future years is unknown, particularly when some government support packages end. Whilst the Council has set a balanced budget for 2021/22 with savings built in, the Council will need to main close scrutiny over its finances in order to achieve this budget.

Governance

As a result of the emerging pandemic, in February 2020 the Council set in motion its business continuity plans and adopted approaches to maintain business critical activities.

Council staff transitioned to home working and were redeployed where normal duties could not carry on. The Council adapted some of its internal control processes to maintain effective governance throughout the pandemic. Committee and other meetings took place online.

Internal Audit have offered a responsive service during the pandemic and supported the Council's business continuity response. This included processing business support grants, an audit of central government grant for a partner organisation, Lancashire Resilience Forum (LRF), death management reporting, test and trace, covid case analysis and reporting, and additional engagement with the LRF.

Internal Audit also delivered 19 audit reports out of an original plan of 22 and completed follow up reviews on previously reported actions.

Of the audit reports issued in 2020/21 there was only 1 reported with limited assurance, where there are weaknesses in design or inconsistent application of controls. This was in the reporting of personnel performance indicators for which improvement actions were agreed.

Improving economy, efficiency and effectiveness

The Council agreed its Economic Recovery and Growth Strategy in November 20 which sets out actions to help the borough's local economy bounce back after the pandemic.

Aligned to this is the Community Recovery Plan, approved by full Council in December 20. A key element of the Recovery Plan is the Burnley Together hub, a strong placed based partnership, operating since the start of the pandemic, to provides a range of services to people both directly and through its partners.

The agreed objectives going forward are to connect people to the services they need; ensuring a personalised approach; creating a culture of independence through empowerment and targeted support; making the best use of partnership resources and continually reviewing the service offer.

The focus of recovery within the Plan is on skills & jobs, health & wellbeing, and community & inclusion. The Plan includes outcomes for each area of activity and an action plan (November 20 to March 21).

The Council subsequently updated the Recovery Plan in July 21 which also outlined actions taken and set out funding proposals for the next two years

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on the financial statements on 12 July 2022.

Other opinion/key findings

We issued unmodified opinions in respect of other information.

We did not report any matters by exception.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council's Audit Committee on 6 July 2022.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

These instructions have yet to be issued and as such we cannot complete this work or formally certify the closure of our audits.

Preparation of the accounts

The finalisation of the audit was delayed until July 2022 due to amendments to initial draft financial statements and then various queries on samples, accounting treatment and financial statements presentation.

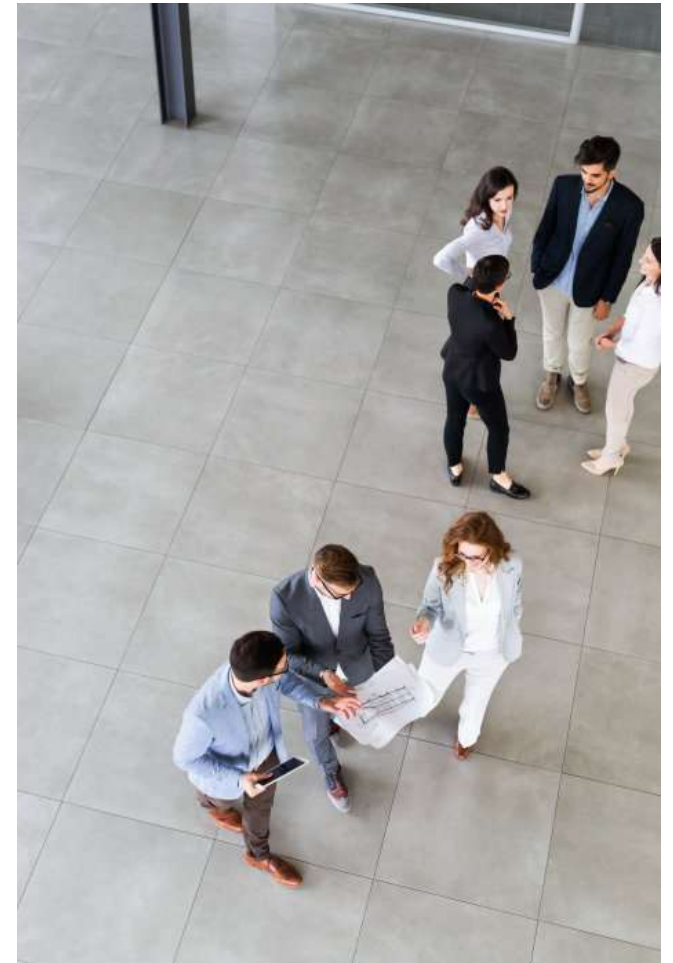
Issues arising from the accounts:

The key issues were:

- 3 recommendations on property, plant and equipment valuations
- a recommendation to improve journals controls
- a recommendation on the timely preparation of financial statements and quality checking
- some improvements required to disclosures within the financial statements.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



Appendices

Appendix A - Responsibilities of the Council



Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

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Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

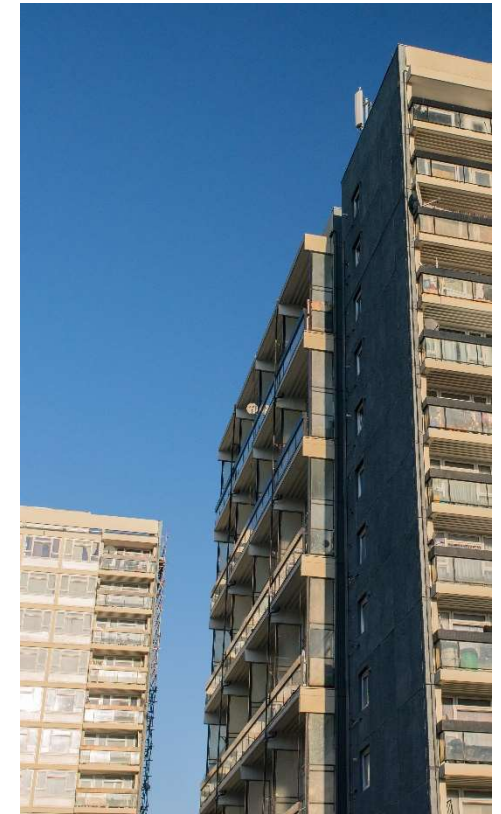
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B - Risks of significant weaknesses - our procedures and conclusions

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, the conclusions we have drawn and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
<p>Financial sustainability</p> <p>We identified a risk of significant weakness around financial sustainability arrangements at the Council, due to continuing uncertainty over future government funding and a potential £4.1m cumulative budget gap over the 4 year MTFS period 2022-26, assuming a 2% reduction in core spending.</p>	<p>We:</p> <ul style="list-style-type: none"> • reviewed budget monitoring reports and the outturn report 2020-21 • examined the Council's assessment of the Covid-19 impact and how the 2020/21 budget is being managed in the light of this • reviewed the MTFS 2023-24 to 2026.27 and the revenue budget 2022-223, looking at underlying assumptions and forecast delivery • assessed the progress and arrangements in place for developing future savings and efficiencies to close any medium term funding gaps 	<p>Overall whilst the Council continues to face significant financial pressures we consider the financial management arrangements are sound. The Council acknowledges that it is essential that it continues to identify and implement robust action plans to ensure savings remain on track. It will need to ensure it is clear on service prioritisation, areas of improvement focus and develop longer term transformational plans to ensure a balanced budget and delivery of financial stability in the future.</p>	<p>Overall, we found no evidence of any significant weaknesses in the Council's arrangements for ensuring the Council can continue to deliver financially sustainable services. We have made one improvement recommendation around closely monitoring the delivery of its savings and cost reduction plans as part of the achievement of its Medium Term Financial Strategy (MTFS) and strategic objectives.</p>

Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Page 83 Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No	n/a
	Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	7,11-12, 17-21

Appendix D - Use of formal auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an Advisory notice

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for a judicial review.

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Draft Auditor's Annual Report 2020/21 – Management Responses

Recommendation 1

The Council includes a paragraph in its quarterly revenue monitoring reports on progress towards achieving the savings declared when setting the budgets for the financial year. It continues to closely monitor key areas of risk to ensure that any potential budgetary issues can be identified early, and mitigations put in place to deal with these. The MTFs is regularly reviewed and updated to ensure decisions are made that reflect the Council's current financial position.

Recommendation 2

The Strategic Risk Register is linked to the strategic objectives of the authority and progress against these objectives are reported at each Council meeting. The Executive owns the SRR and account to the Council through this mechanism to demonstrate the management of strategic risks through the delivery of strategic objectives. Quarterly strategic updates to Full Council report on progress to meeting strategic objectives which in turn ensures that it provides mitigation against the risks identified in the SRR. Whilst risks are managed and risk mitigation is inherent within working practices it is acknowledged that a risk table/schedule can be incorporated into the SRR.

Recommendation 3

We have identified what the challenges were and there was a national shortage of staff. It is also acknowledged that similar challenges were experienced by the audit team. The Finance team had vacancies for key posts during the production and audit of the 2020-21 financial statements. Members of the team were also heavily involved in the administration of several Government Covid-19 support schemes which further contributed to the shortfall in resource. Vacant posts within the team have now been filled. An additional post of Finance Business Partner has been added to the establishment to provide further resilience and to cover the additional work resulting from the acquisition of the Charter Walk Shopping Centre. The 2021-22 unaudited financial statements were published three weeks earlier than the national deadline together with a full suite of working papers.

Recommendation 4

This document will be reviewed at the next review, which is due to take place later this year. Appropriate recommendations will be put to Members to consider in accordance with this recommendation.

Recommendation 5

Benchmarking data is used extensively throughout the Council. For example, officers use benchmarking when procuring, extending, or monitoring contracts. Examples of this can be seen in relation to the quarterly Lancashire Waste Partnership benchmarking data, Banking contract benchmarking review, Merchant Services benchmarking review and the Food Waste Trial. Upcoming benchmark reviews will be undertaken for the Strategic Partnership Review and Waste and Action Resource Programme. Benchmarking data is also used when reviewing fees and charges for the coming financial year. This ensures that fees and charges remain at levels that won't affect demand and result in a drop of overall income.

Where benchmarking data is not publicly available the Council makes use of specialist consultants who can access anonymised client benchmarking data.

Benchmarking data is also used in quarterly performance reporting where we can compare like for like processes such as planning application processing times, council tax and NNDR collection and housing benefit processing times. Nevertheless, given performance in local government service delivery is affected by a number of complex factors including local choices on investment priorities, population distribution, and the socio-economic composition of the area, the lessons to be learnt from comparing outputs or outcomes from other areas are not always obvious so we want to use benchmarking carefully. A service as seemingly straightforward as waste collection makes this point: driving up recycling rates in an area of transient communities and high-density terrace housing means you could not pay for the same service from a high recycling area and expect the same result. In addition, please see the response to recommendation 6.

Recommendation 6

The Council undertakes specific service peer reviews. For example, the following reviews have been recently undertaken – Communications in 2019 and Climate Change in 2021. Upcoming reviews include Internal Audit in 2022 and Waste and Cleansing in 2023 to update benchmarking information in preparation for reviewing and updating contract specifications prior to tender.

We assume that the Office of Local Government will introduce a new framework for performance monitoring. We will ensure that the council's management capacity is adequately resourced to deal with this.

The Council will consider a further Corporate Peer Challenge going forward.

Recommendation 7

Whilst ad hoc changes have been made to the procurement strategy over the years, a review to update the Council's Procurement Strategy is underway. Stakeholder consultation will be followed by submission of the strategy for formal Council approval in October/ November 2022.

The focus of the review is to ensure alignment of procurement actions with corporate strategic priorities, the National Procurement Strategy for Local Government, and any further changes required post Brexit.

Arrangements as set out in Council Financial and Contract Procedure rules are well established across the Council to ensure compliance with Regulations when conducting procurement projects.

Recommendation 8

Charter Walk Shopping Centre was a major acquisition for the Council during 2021. When undertaking due diligence prior to the acquisition, the Council in conjunction with specialist consultants developed a long-term financial model to determine its continuing viability. An additional Finance Business Partner was recruited to ensure sufficient resource was available.

Officers from several service units are involved in the daily management of the centre and have delegations to ensure that timely decisions can be made. The Council has retained the Asset and Property Managers which will provide the expertise necessary in effectively managing the centre. It must be noted that there is bi-monthly officer group which tracks progress, which is chaired by the Chief Operating Officer and attended by the Chief Executive. A similar mechanism is in place for other large schemes within the Council, e.g. Pioneer Place.

Council officers attend a monthly management meeting with the Charter Walk Asset and Property Managers where updates are provided, and issues discussed. The financial model is updated monthly following this meeting to ensure that the Council can closely monitor the financial position and identify and mitigate any issues at an early stage. Any surplus income generated is transferred to an earmarked reserve to meet any future losses or fund regeneration within the Centre.

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Internal Audit Progress Report

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	22/09/2022
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Ian Evenett
TEL NO	01282 425001 Ext 7175
EMAIL	ievenett@burnley.gov.uk

PURPOSE

1. To inform members of the work undertaken by Internal Audit for the period 1st April to 30th June 2022.

RECOMMENDATION

2. The Committee considers the progress report and comments on its contents.

REASONS FOR RECOMMENDATION

3. Members can monitor the performance of the Internal Audit Section.

SUMMARY OF KEY POINTS

Audit Reports

4. From 1st April to 30th June 2022 there have been 3 audit reports produced. Two of these reports were for the Council and one was under the Service Level Agreement with Burnley Leisure and Culture. In addition, there was an audit which was issued in March 2022, the details were not reported as part of the Internal Audit Opinion Report for 2021/22. Details of these audits are given in **Appendix 1**.

Performance Statistics

5. The comparison between actual and planned audits can be seen in **Appendix 2**. Several audits have started, and to date have been completed but due to timing will form part of later quarter statistics to be reported.
6. Performance indicators for Internal Audit are reported in the Finance balanced scorecard. The service currently reports the number of audit reports produced – 3 against an annual

target of 22 and the percentage of high-priority actions from audit action plans implemented which was 100% and has a target of 100%.

Other Activity

7. The Annual Governance Statement was produced to support the 2021/22 Statement of Accounts and assistance provided in the preparation of the Statement of Accounts.
8. The service provided an Annual Internal Audit Opinion to Burnley Leisure, as per the Service Level Agreement and has carried out follow up reviews on previously completed audits to review completed actions and provided advice and assistance to services.
9. Two new Auditors have been recruited and have been in post since July. One of the Auditors is temporary and part-time. This is less resources than planned in March.
10. The service is preparing for the External Review which is due in October.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. None

POLICY IMPLICATIONS

12. None

DETAILS OF CONSULTATION

13. None

BACKGROUND PAPERS

14. None

FURTHER INFORMATION

PLEASE CONTACT:

**Ian Evenett (Internal Audit Manager) Ext
7175**

ALSO:

Appendix 1

Summary of Audit reports Issued Quarter 1 2021/22

Audit	Service	Audit Purpose	Audit Opinion	Key Actions Agreed	Implementation Detail	Score
Audit reports from Q1 2021/22						
Related Party Interests	Finance	To provide a related party disclosure statement for the Final Accounts 2021/22.	The system design is effective and sound controls are in place to mitigate the risk of error/misuse.	The declaration system for officers' interests was changed in 2021/22 and there were details missing.	A reminder was issued to all members and relevant officers to ensure that declarations were up to date for 2021/22. The 2022/23 officers' declarations would be monitored to improve the completeness of records.	N/A
Elections	Legal & Democratic Services	To audit the staffing payments for the elections in May 2022.	No issues to report	None	None	1
Audit report from Q4 2020/21						
Phishing	Policy and Engagement	To ensure staff are aware of cyber security risks and are vigilant regarding phishing emails.	The potential threats cannot completely be eliminated however with continued awareness and training, the risk can be reduced. Training is one of the controls that covers a wide range of cyber risks on the Cyber Risk Register.	Ensure that the importance of reporting to IT Helpdesk is made clear. Officers failing this exercise undergo training. The exercise is extended to include members.	Email sent to all staff about completing training and reporting to Helpdesk. Future exercises including Councillors should be run.	N/A

Appendix 1

Audit Score Defined

Score	Opinion	Definition of Opinion
1	Comprehensive Assurance	There is a sound system of controls designed to meet objectives and controls are consistently applied in all the areas reviewed.
2	Reasonable Assurance	There is a good system of controls. However, there are minor weaknesses in the design or consistency of application that may put the achievement of some objectives at risk in the areas reviewed.
3	Limited Assurance	Key controls exist to help achieve system objectives and manage principal risks. However, weaknesses in design or inconsistent application of controls are such that put the achievement of system objectives at risk in the areas reviewed.
4	No Assurance	The absence of basic key controls or the inconsistent application of key controls is so severe that the audit area is open to abuse or error.
N/A	Not Applicable	The audit review undertaken did not have as its primary objective an assessment of system, its controls and their effectiveness.

Appendix 2

Internal Audit Plan Progress Quarter 1

Audit	Started	Report Issued	Audit Score
Corporate			
Annual Governance Statement	Y		
NFI	Y		
Charities			
Debts Write-Off	Y		
Fraud Risk Review			
Strategic Partner Performance Indicators			
<ul style="list-style-type: none"> Council Tax and NDR PI's 	Y		
<ul style="list-style-type: none"> Benefits PI's 	Y		
<ul style="list-style-type: none"> Sundry Debt PI's 	Y		
Finance & Property			
Benefits Calculation Check			
NDR			
Covid Grants	Y		
Creditors	Y		
Budget Monitoring			
Bank Reconciliation			
Fees and Charges			
General Ledger			
Building Repairs			
Related Party Interests	Y	Y	N/A
Information Governance			
IT (Information Technology) Continuity Plans			
Website and Digital Services			
MLUCLG Resilience Funding Action Plan			
Housing & Development Control			
Empty Homes Initiatives	Y		
Landlord Selective Licencing			
Legal & Democratic Services			
Elections	Y	Y	1
Streetscene			
Trade Waste			

Appendix 2

Internal Audit Plan Progress Quarter 1

Audit	Started	Report Issued	Audit Score
Out of Hours Response			
Economy & Growth			
Charter Walk Procurement			
Markets			
External Clients			
Burnley Leisure – Service Level Agreement	Y	Y	N/A
Incident Reports			
Fuel Vouchers	Y		

Strategic Risk Register

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	22/09/2022
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Ian Evenett
TEL NO	01282 425011 Ext 7175
EMAIL	ievenett@burnley.gov.uk

PURPOSE

1. To update members on the Strategic Risk Register.

RECOMMENDATION

2. The Committee considers the Strategic Risk Register and comments on its contents.
3. That the Strategic Risk Register is recommended to the Executive.

REASONS FOR RECOMMENDATION

4. Members can monitor the Strategic Risk Register arrangements.
5. That the Executive receive the Strategic Risk Register.

SUMMARY OF KEY POINTS

Strategic Risk Register

6. The Strategic Risk Register (Appendix 1) was last presented to the committee in March.
7. The Register has been reviewed by Management Team and the Risk Management Group.

New Risks

8. A risk for the cost of living crisis (Risk Ref 15 – Cost of Living Crisis) has been added to reflect the specific community impact of increasing inflation and the fuel costs in particular. Work to address this risk is across the Council with new and existing initiatives. Energy Rebates have been paid, work with the Community Hub and the school uniform shop are all examples of this.

9. This has been scored as a high risk with a maximum likelihood and impact.

Risk Changes

10. There have been changes in scoring of the following risks.

11. Environmental Event (Risk Ref 13) has increased from 3 (Low) to 6 (Medium) with an increase in likelihood which reflects the extremes of weather that we have experienced.

12. Failure to respond to a widespread illness (Risk Ref 14) has been reduced from a 6 (Medium) to 3 (Low) with a reduced likelihood, as the booster programme continues and the Covid-19 caseloads reduce.

13. There have been updates in the following risks:

Risk Ref 1 – Financial Stability
Increased energy costs has been included into the Triggers. The C19 has been removed from the National Economic Changes trigger.
Risk Ref 6 - Inability to deliver the regeneration programme
The C19 has been removed from the Economic downturn trigger.
Risk Ref 9 - Risks in responding to demographic changes and increased deprivation
The C19 has been removed from the Economic downturn trigger.
Risk Ref 11 - Malicious Attack
The Strategic Commitment PE4 (poor health) has been removed from this risk as the work is not related to controlling this risk.
Risk Ref 13 - Environmental Event
The Strategic Commitment PF1 (working with Liberata) has been removed from this risk as the work is not related to controlling this risk.

Strategic Risk Updates

14. The external auditor has recommended that there is inclusion of progress taken to control the risks. Most of the risks are cross cutting so reporting strategic progress against each risk is likely to lead to a lot of repetition. The Council receives Strategic Objective updates from the Executive, an example is attached at Appendix 2.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

15. None

POLICY IMPLICATIONS

16. None

DETAILS OF CONSULTATION

17. None

ITEM NO	[AgendaItem]
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BACKGROUND PAPERS

18. None

FURTHER INFORMATION
PLEASE CONTACT: Ian Evenett (Internal Audit Manager) Ext 7175
ALSO:

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Burnley Borough Council

Strategic Risk Register

07 September 2022

Strategic Risk Register Summary

ID	Risk Description	Risk Score
1	Financial stability	9
9	Risks in responding to demographic changes and increased deprivation	9
15	Cost of Living Crisis	9
6	Inability to deliver the regeneration programme	6
4	Changes in the political landscape	6
5	Changes in national policy/legislation	6
8	Inability to influence key decision makers	6
10	Workforce, skills and capacity challenges	6
13	Environmental Event	6
2	Maintaining Partnership Performance	4
3	Damage to the Council's reputation	4
14	Failure to respond to a widespread illness	3
7	Inability to drive improvements through information technology	3
11	Malicious Attack	3
12	Safeguarding Failure	3

Risk Prioritization Matrix

Likelihood	3		4, 5, 10	1, 9, 15	Red High
	2		2, 3	6, 8, 13	Amber Medium
	1			7, 11, 12, 14	Green Low
		1	2	3	
		Impact			

Likelihood	Impact
1 Very Unlikely	1 Low
2 Likely	2 Medium
3 Virtually Certain	3 High

Risk Ref: 1 Financial stability

Trigger or Cause

Further funding cuts
 Income loss (C19)
 Insufficient financial controls
 Expensive decision making
 External cost pressures inc increased energy costs
 Price or Interest Rate Increases
 Political growth
 Failing to understand the financial problem
 National Economic Changes
 Claims against the Council

Possible Consequences of Risk

Organisational sustainability
 Reduced service delivery
 Reduced customer satisfaction
 Reduced reserves
 Overspends
 Damaged credit rating
 Damage to reputation
 Workforce morale/planning/retention
 Reduced reputation for financial management
 Central Government Intervention

Strategic Link: Cross Cutting

Residual Risk Assessment Impact **3** Likelihood **3** Score **9** High Priority Risk

Strategic Commitments

- PF1 - We will manage our contract with Liberata robustly, so it delivers value for money and good services.
- PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable financial footing. This strategy will set the framework for preparing annual budgets, ensuring the annual budget strategy is set within the context of the longer-term outlook.
- PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.
- PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities that the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan. This will include embedding hybrid working patterns where this improves productivity.
- PL6 - We will invest in our heritage assets for the benefit of this, and future, generations.
- PR5 - We will support UCLan’s expansion, transforming Burnley into a University Town
- PR6 - We will delivery our COVID-19 economic recovery plan.
- PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.

Lead Responsibility : Head of Finance & Property

Risk Ref: 2 Maintaining Partnership Performance

Trigger or Cause

Possible Consequences of Risk

Procurement method

Reduced service delivery

Supply chain failure

Reduced customer satisfaction

Commissioning 'v' traditional culture

Political or reputation embarrassment

Political Change

Perceived council failure

Poor implementation

Poor co-ordination of existing providers and systems

Compliance/Legal

Poor relationships

Business continuity

Increased costs

Transformational cultural change not achieved

Poor or weak contract management

Partner failure or withdrawal

Strategic Link: Cross Cutting

Residual Risk
Assesment

Impact

2

Likelihood

2

Score

4

Medium Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.

PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.

PF1 - We will manage our contract with Liberata robustly, so it delivers value for money and good services.

PE3 - We will continue to work with partners to provide necessary support systems to reduce homelessness and to end rough sleeping in the borough.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PL4 - We will implement our 2015-25 Green Space Strategy.

PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

Other Work

Contract Review and Extension Planning

Lead Responsibility : Management Team

Risk Ref: 3 Damage to the Council’s reputation

Trigger or Cause

Service failure
 Loss of key staff
 External events
 Customer Satisfaction not maintained
 Partner failure or withdrawal

Possible Consequences of Risk

Strategic plan delivery problem
 Credibility of the leadership (both political and officer)
 Low morale
 Loss of key staff
 Recruitment and retention issues

Strategic Link: Cross Cutting

Residual Risk Assessment Impact **2** Likelihood **2** Score **4** Medium Priority Risk

Strategic Commitments

- PF1 - We will manage our contract with Liberata robustly, so it delivers value for money and good services.
- PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable financial footing. This strategy will set the framework for preparing annual budgets, ensuring the annual budget strategy is set within the context of the longer-term outlook.
- PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment
- PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in ‘hotspot’ areas.
- PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.
- PE4 - We will work on the wider determinants of poor health and will keep residents informed about changes to health services and how to access them.

Lead Responsibility : Chief Executive Officer

Risk Ref: 4 Changes in the political landscape

Trigger or Cause

No overall control
 Political instability
 Poor member and officer relationships
 Poor member and member relationships
 Local Govt Reorganisation

Possible Consequences of Risk

Lack of strategic leadership
 Poor decision making
 Impact on the Council’s reputation
 Loss of influence with key partners

Strategic Link: People Performance

Residual Risk Assessment Impact **2** Likelihood **3** Score **6** Medium Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.

PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.

Other Work

Council Constitution

Lead Responsibility : Chief Executive Officer

Risk Ref: 5 Changes in national policy/legislation

Trigger or Cause

New functions/loss of existing functions
 Short term thinking
 Lack of capacity
 Changes from the devolution of Powers from Central Government
 Interest rate changes

Possible Consequences of Risk

Reduced control over what you do and how you do it
 Inability to respond to the new agenda and continue with on-going functions
 Exclusion from new or evolving regional and sub-regional governance and operating structure
 Not in a position to deliver new functions or requirements

Strategic Link: Prosperity

Residual Risk Assessment

Impact

2

Likelihood

3

Score

6

Medium Priority Risk

Strategic Commitments

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities that the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan. This will include embedding hybrid working patterns where this improves productivity.

Lead Responsibility : Management Team

Risk Ref: 6 Inability to deliver the regeneration programme

Trigger or Cause

Economic downturn
 Lending squeeze/Interest rate increases
 Procurement failure
 Regeneration funding priorities change
 Changes in funding from Central Government
 Changes in Town Centre Use

Possible Consequences of Risk

Inability of private sector partners to deliver
 Delivery partner does not have the capacity to deliver
 Delays in delivery of the regeneration programme
 Damaged reputation
 Increase programme costs
 Decreased programme funding

Strategic Link: Prosperity People

Residual Risk Assessment Impact **3** Likelihood **2** Score **6** Medium Priority Risk

Strategic Commitments

- PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment
- PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation
- PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.
- PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.
- PR5 - We will support UCLan's expansion, transforming Burnley into a University Town
- PR6 - We will delivery our COVID-19 economic recovery plan.
- PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.
- PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.

Lead Responsibility : Strategic Head of Economy and Growth

Risk Ref: 7 Inability to drive improvements through information technology

Trigger or Cause

IT partnership failure (to deliver past procurement)
 IT partnership procurement failure
 Current IT provision failure
 Information governance failure
 Cyber-attack

Possible Consequences of Risk

Inability to deliver and develop services and not deliver anticipated savings and service improvement
 Public confidence in use of Council services through IT lowered
 Data Loss and Service disruption
 Increased costs of recovery

Strategic Link: Performance

Residual Risk Assessment

Impact

3

Likelihood

1

Score

3

Low Priority Risk

Strategic Commitments

PF1 - We will manage our contract with Liberata robustly, so it delivers value for money and good services.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Lead Responsibility : Chief Operating Officer

Risk Ref: 8 Inability to influence key decision makers

Trigger or Cause

Change of political control
 Breakdown of key relationships
 Change of staff/key relationships
 Change in reputation for delivery

Possible Consequences of Risk

Loss of external funding opportunities
 Reduced level of influence over key decision makers
 Inability to deliver through partnerships
 Reduced reputation of Council

Strategic Link: Cross Cutting

Residual Risk Assessment	Impact	3	Likelihood	2	Score	6	Medium Priority Risk
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Strategic Commitments

- PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.
- PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.
- PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment
- PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation
- PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

Lead Responsibility : Management Team

Risk Ref: 9 Risks in responding to demographic changes and increased deprivation

Trigger or Cause

Government policy
 Economic downturn
 Big ticket issues – crime, health, housing
 Benefit dependency
 Short term fixes
 Negative reputation
 Failure to develop opportunities
 Local Infection Increase (C19)
 Ukraine policy

Possible Consequences of Risk

Not delivering on the regeneration programme
 Poor service delivery
 Poor customer satisfaction
 Low aspirations
 Damage to reputation
 Failure to improve
 Increased demand
 Increased costs
 Less funding
 Viability of Burnley

Strategic Link: Cross Cutting

Residual Risk Assesment	Impact	3	Likelihood	3	Score	9	High Priority Risk
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Strategic Commitments

- PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development.
- PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.
- PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas.
- PL2 - We will improve the management and condition of private rented accommodation.
- PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.
- PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment
- PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation
- PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.
- PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.

Other Work
 Community Hub

Lead Responsibility : Management Team

Risk Ref: 10 Workforce, skills and capacity challenges

Trigger or Cause

Loss of the workforce
 Loss of organisational memory
 Loss of organisational skills
 Lack of commitment to organisational development
 Lack of investment in training
 Political direction change

Possible Consequences of Risk

Service failure/deterioration
 Damaged reputation
 Increased complaints
 Low morale
 Recruitment and retention issues
 Increased workflow
 Business resilience
 Not having the right staff with the right skills

Strategic Link: Cross Cutting

Residual Risk Assessment Impact **2** Likelihood **3** Score **6** Medium Priority Risk

Strategic Commitments

- PF1 - We will manage our contract with Liberata robustly, so it delivers value for money and good services.
- PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable financial footing. This strategy will set the framework for preparing annual budgets, ensuring the annual budget strategy is set within the context of the longer-term outlook.
- PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.
- PL4 - We will implement our 2015-25 Green Space Strategy.
- PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities that the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan. This will include embedding hybrid working patterns where this improves productivity.

Lead Responsibility : Chief Executive Officer

Risk Ref: 11 Malicious Attack

Trigger or Cause

Public Disturbance
 National Risk Level
 Lack of Stakeholder Engagement
 Lack of Planning
 Poor and delayed information and communication
 Event Targeting
 Cyber-attack

Possible Consequences of Risk

Death of Public / Staff
 Loss of Assets
 Major impact on Services and Community
 Evacuation
 Financial Cost
 Reputational damage
 Data Loss

Strategic Link: Cross-Cutting

Residual Risk
 Assesment

Impact

3

Likelihood

1

Score

3

Low Priority Risk

Strategic Commitments

PF1 - We will manage our contract with Liberata robustly, so it delivers value for money and good services.

Other Work

- Business Continuity Plans
- Emergency Planning
- Local Improvement of Counter Terrorism Strategy (CONTEST)
- Event Planning
- Community Engagement
- Local Resilience Forum

Lead Responsibility : Chief Operating Officer

Risk Ref: 12 Safeguarding Failure

Trigger or Cause

Weak or No response to reported issues
 Historic issues which are identified
 Safeguarding System Failure
 Failure of Background Checks
 Not recognising Safeguarding Risks

Possible Consequences of Risk

Injury to Clients
 Resources diverted to address Risks
 Major impact on Services and Community
 Financial Costs
 Reputational Damage
 Central Government Action

Strategic Link: Cross Cutting

Residual Risk
 Assessment

Impact

3

Likelihood

1

Score

3

Low Priority Risk

Strategic Commitments

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities that the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan. This will include embedding hybrid working patterns where this improves productivity.

Other Work

- Safeguarding Policy
- Open and Transparent Culture
- Whistleblowing Policy
- Communications
- Corporate Complaints Process

Lead Responsibility : Chief Executive Officer

Risk Ref: 13 Environmental Event

Trigger or Cause

Extreme Weather
 High Rainfall
 Heatwave
 Changing Climate
 High Snowfall
 Storms and Gales
 Flooding

Possible Consequences of Risk

Death of Public / Staff
 Loss of Assets
 Major impact on Services and Community
 Evacuation
 Financial Cost

Strategic Link: Cross Cutting

Residual Risk Assessment	Impact	3	Likelihood	2	Score	6	Medium Priority Risk
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Strategic Commitments

PL5 - We will prepare and deliver a new Climate Emergency Strategy.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Other Work

Business Continuity Plans
 Emergency Planning
 Event Planning
 Community Engagement
 Local Resilience Forum
 Sustainability

Lead Responsibility : Head of Streetscene

Risk Ref: 14 Failure to respond to a widespread illness

Trigger or Cause

Pandemic
 Influenza
 SAR
 MERS
 COVID
 Local Infection Increase (C19)
 Variant Strains

Possible Consequences of Risk

Death of Public / Staff
 Major impact on Services and Community
 Financial Cost
 Event Closure
 Buildings Closure
 Business and Economy failures

Strategic Link: Cross Cutting

Residual Risk
 Assesment

Impact

3

Likelihood

1

Score

3

Low Priority Risk

Strategic Commitments

PR6 - We will delivery our COVID-19 economic recovery plan.

PE4 - We will work on the wider determinants of poor health and will keep residents informed about changes to health services and how to access them.

PE3 - We will continue to work with partners to provide necessary support systems to reduce homelessness and to end rough sleeping in the borough.

Other Work

- Business Continuity Plans
- Emergency Planning
- Community Engagement
- Local Resilience Forum
- Transistional/Recovery Arrangements
- Test/Trace/Vaccination/Isolation Payments
- Cremation Services
- Community Hub
- Grant Schemes

Lead Responsibility : Management Team

Risk Ref: 15 Cost of Living Crisis

Trigger or Cause

Rising Energy Costs
 Rising Food Costs
 High Fuel Costs
 Higher than Average Inflation

Possible Consequences of Risk

Increase Depivation
 Food Poverty
 Child Poverty
 Fuel Poverty
 Death of Public

Strategic Link: Cross Cutting

Residual Risk
 Assesement

Impact

3

Likelihood

3

Score

9

High Priority Risk

Strategic Commitments

PR6 - We will delivery our COVID-19 economic recovery plan.

PE4 - We will work on the wider determinants of poor health and will keep residents informed about changes to health services and how to access them.

PE3 - We will continue to work with partners to provide necessary support systems to reduce homelessness and to end rough sleeping in the borough.

PL2 - We will improve the management and condition of private rented accommodation.

Other Work

Community Engagement
 Grants and Payments eg Energy Rebate
 Community Hub
 Uniform Exchange
 Support for Charities

Lead Responsibility : Management Team



BURNLEY BOROUGH COUNCIL STRATEGIC PLAN PROGRESS REPORT TO THE FULL COUNCIL

JULY 27 2022

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Progress against our strategic commitments

Strategic commitment	Progress update
<p>PR1- We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment.</p>	<p>As a result of the local elections there has been a short lull in the work of Lancashire Leaders however a timetable for developing the Lancashire 2050 Vision has been developed.</p> <p>I am disappointed to see in the Levelling Up and Regeneration Bill that District Councils are not constituent members in any devolution deal and that any deal would only be negotiated with Upper Tier Authorities, ie Lancashire, Blackpool and Blackburn. I know the District Council Network are lobbying hard to see this changed and I also took the opportunity to raise this direct with the then Minister Michael Gove MP at the recent Local Government Association National Conference in Harrogate.</p> <p>As stated above, District Councils will be involved in developing the Lancashire 2050 Vision and this should inform any major asks within any devolution deal.</p>

Strategic commitment	Progress update
<p>PE1- We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development</p>	<p>The last Bondholder event took place at Burnley College and I am pleased to report that the feedback from many businesses was that they were blown away with the fantastic facilities that our young people could access in their own town.</p> <p>ESOL (English as a second language) for pre-entry/entry level.</p> <p>The ESOL English for integration fund has now ended. 108 individuals took part in the learning and have improved their English language skills. Learning took place at 5 venues with 8 cohorts in total. This exceeded our target of 60 but there is still more demand for similar support. In addition to formal lessons, various events and educational trips brought people</p>

together, at local amenities and places of interest such as park, libraries and Blackpool.

Holiday Activities and Food Programme

Bookings for the Summer programme are now open for activities which will be delivered at 24 different settings from schools, leisure centres and community venues. Bookings can be made through the new HAF website www.burnleyhaf.org.uk. The programme is for children on free school meals and they can take part in activities for up to 4 weeks over the summer holidays. This year there will be a summer mix up of activities for children aged 12 to 16 where young people can choose and book individual activities. Schools have issued the vouchers for this.

Each provider will also get a visit from a fun nutritional roadshow and fun interactive dinosaurs.

COUNCILLOR SUE GRAHAM, DEPUTY LEADER AND EXECUTIVE MEMBER FOR RESOURCES AND PERFORMANCE

Progress against our strategic commitments

Strategic commitment	Progress update
<p>PL5 - We will prepare and deliver a new Climate Emergency Strategy.</p>	<p>I am pleased to report that a bid has been made to Salix who are administering BEIS's Low Carbon Skills fund for a grant towards feasibility studies to decarbonise council buildings. The portal was closed within a day of opening due to the demand but officers (supported by Liberata) did a brilliant job to put a bid in. The outcome of the bid is expected in September.</p>

Strategic commitment	Progress update
<p>PF1- We will manage our contract with Liberata robustly, so it delivers value for money and good services.</p>	<p>By the end of Q4 in 2021-22, Liberata achieved:</p> <ul style="list-style-type: none"> • 78% of calls answered within time. The target is 80%. However, this is a strong improvement on the previous quarters as shown in chart 4. In addition, the caller abandonment rate remains on target at 5%. However, in Q1 of this year the result dropped to 54%, with the average wait time being 76 seconds. • The main explanation for the increase in wait times is that calls have become more complex as people look for support to deal with the negative effects of the pandemic and the cost of living crisis, e.g. loss of employment, falling behind with payments, looking for support on where to obtain assistance, ad hoc payment applications such as the £150 rebate scheme. While more customers are contacting us online the increase in call durations means that there has been a significant increase in the total call handling time compared to pre-pandemic levels. Liberata have implemented a range of actions in response to a problem that is affecting many councils, including recruitment into the shared service contact centre, incentives for team members who are performing above normal performance levels and action to reduce sickness levels. • Other targets have been met successfully; the average number of days to process benefits new claims and change of circumstances has a target of 9 days. The Q4 result was 2.3 days and the Q1 results was 1.8 days. The latest available data for comparison with other areas is from Q3 21/22 (this measures housing benefit processing only) and shows that Burnley's housing benefit

	<p>processing time overall was 4 days. This was the fastest in the North West, where the average time taken was 7 days.</p> <ul style="list-style-type: none"> • Targets for IT and HR services were also achieved.
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Strategic commitment	Progress update
<p>PF2- We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable financial footing. This strategy will set the framework for preparing annual budgets, ensuring the annual budget strategy is set within the context of the longer-term outlook.</p>	<p>Revenue Budget</p> <p>The Council has reported an estimated net underspend position of £221k for the 2021/22 financial year which will be transferred to the Revenue Support Reserve. This is an improvement on the net estimated deficit for the financial year of £12k reported in February 2022.</p> <p>The Medium-Term Financial Strategy for the period 2022/25 was approved at Full Council in February 2022, as part of the budget setting process, which identified a potential budget gap of between £2.2m and £4.4m.</p> <p>Statement of Accounts</p> <p>The Council published its draft Statement of Accounts by the extended deadline of 31st July 2022. Grant Thornton, the Council's external auditor, have commenced their audit and are proposing to present their audit findings to the September meeting of the Audit and Standards Committee.</p> <p>Council Tax Support and Universal Credit</p> <p>The number of new Universal Credit claims increased by around 15% during the pandemic. This in turn drove an increase in claimant numbers for council tax support. Over the last few months we have continued to see these numbers decline. As at the 1st July 2022, the number of claimants in receipt of council tax support was 9,871, compared to 10,458 at the same date last year.</p> <p>Council Tax and Business Rate Collection Rates</p> <p>It is estimated that business rates collection rates for 2022/23, up to the 30th June, are on target to achieve 97.5% for the year. Council tax collection rates are 1.0% above the target of 94.5% for the year. As at the 30th June, collection rates for council tax and business rates were 26.9% and 25.4% against targets of 25.9% and 25.4% respectively.</p> <p>Energy Procurement</p>

	<p>The Council procures its main gas and electricity supply for its estate through a Crown Commercial Services Framework Agreement with suppliers EDF Energy and Total Energies. These contracts expire in Autumn 2022.</p> <p>Ahead of this, Officers are working with partners from Liberata to review Council requirements and best value/ sustainable purchase options prior to then.</p> <p>The energy marketplace remains under severe pressure. Continuity of supply to the UK overall and energy prices are volatile and the market outlook is that less challenging conditions are not likely to return any time soon.</p> <p>Based upon present market conditions, we should expect significantly higher prices when our energy contract(s) are re-let. Further updates will be provided as this work continues.</p> <p>Whilst the increase is unknown, Members will note that we have estimated an increase in our budget and set up a small volatility reserve to support in year pressures.</p>
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Strategic commitment	Progress update
<p>PF3- We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.</p>	<p>A cross party pilot group of councillors have worked with officers to identify the benefits and drawbacks of using a new app- Love Clean Streets- for councillor job reporting. Overall, the feedback has been very positive so officers are now working with the developer to progress the rollout. The key benefits are: a faster way for members to report multiple jobs, more accurate data on where the job is located which makes resolution more efficient, and a reduction in administrative work in the back office. All members will be supported to use the app in due course.</p>
<p>PF4- We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities that the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan. This will</p>	<p>The Council's Organisational Development Strategy is currently under review and it is envisaged for a draft to be presented to the Executive later this year.</p> <p>I am also pleased to report that hybrid working patterns have been successfully implemented for Council employees.</p>

<p>include embedding hybrid working patterns where this improves productivity.</p>	
<p>PL6- We will invest in our heritage assets for the benefit of this, and future, generations.</p>	<p>Town Hall Stone works The completion of the stone works have been delayed due to cracks that have been identified in the keystone above the front entrance. The structural engineer has advised on the works required and these are currently taking place. Once the remedial work has been completed most of the scaffolding will be removed and the final stone works will recommence. An outbreak of dry rot has been found in the Council Chamber and appears to be spreading in the timber frame that supports the ornate plaster and vaulted edges to the ceiling. Specialists have commenced investigatory works but due to the nature of works required could be timely and expensive. The Town Hall is a Grade II listed building, and the Council has a legal responsibility to maintain it to a certain standard.</p>

COUNCILLOR MARGARET LISHMAN, EXECUTIVE MEMBER FOR HEALTH AND WELLBEING

Progress against our strategic commitments

Strategic commitment	Progress update
<p>PE4- We will work on the wider determinants of poor health and will keep residents informed about changes to health services and how to access them.</p>	<p>Burnley Together Contact Hub continues to receive many contacts through inbound and electronic channels. Each month numerous contacts are from first time users (around 230 new clients each month since April), once again demonstrating the continuing need for the service in the community. Calico Homes now employs and manages the 3 Burnley Together Hub call handlers, all on permanent positions. This demonstrates the commitment Calico Homes holds towards the Burnley Together partnership. About 50% of all contacts to the hub are for food parcels. Around 130 parcels are being provided to households each week. The Council is using Household Support Funding to ensuring that the Burnley FC in the Community foodbank has sufficient stocks of food through winter into Spring 2023. The opening of the Community Grocer at Valley Street has been a huge success with 1050 households becoming</p>

members. When customers contact the Hub to request a food parcel the call handlers always discuss the grocery provision and how we can support with the initial membership. I would like to take this opportunity to thank Calico and other local businesses in offering free memberships to residents in need.

This has proved successful, especially when the customer is nearing their 10-parcel limit, the offer of membership to the grocer is a natural progression from reliance on the foodbank to becoming more independent and with a freedom of choice. It is an excellent two-way partnership, with the volunteers in the grocer having an awareness of the services Burnley Together can offer and the ability to signpost the customers into the hub if they require additional support. The council employs two community link workers in the Burnley Together. Referrals for community link worker support continues to increase significantly. In the last quarter 307 referrals have been submitted, compared to 236 in the previous quarter. Referrals come through several sources from the customer themselves to colleagues from other agencies; Social Care, Age UK, Calico, Burnley Borough Council Housing Team, Church on the Street, Social Prescribers. Both link workers continue to hold a caseload of customers that they support regularly with a multiple of complex needs. On average they can carry 12 complex cases. Many of the more routine requests are for support with Be with us and PIP applications. Other requests we receive are for budgeting, benefit checks (UC, DHP) help with form filling/applications and to source essential furniture/white goods/ complete acorn applications.

PL4- We will implement our 2015-25 Green Space Strategy.

Towneley Hall

The Council has tendered the contract for the repair works to Towneley Hall and has received tenders from all five of the firms that were selected.

It is expected that the preferred contractor will be appointed in August, with work starting on site in the autumn and completion by Easter 2025.

The Council will work with the contractor to maintain public access to the Hall, but different parts of the building will need be closed for periods of time as the work proceeds.

The Mayor Councillor Towneley recently opened an excellent exhibition at the Hall by local artist [David Tomlinson](#), who lived in Burnley Wood for most of his life. The retrospective includes townscapes, portraits and self portraits and is a 'must see' exhibition that will be on display until later in the year and the Hall is open 12 – 5pm Saturday to Thursday.

The exhibition came about because a recent painting by David was chosen to be included in the exhibition from the

2020 lockdown series screened on [Channel 4, Grayson's Art Club](#) and exhibited at Manchester Art Gallery.

Stables Café

The lease has been completed with the new tenant and they are now progressing the contract for the complete refurbishment of the interior.

The café roof is also being replaced and because it is a listed building, slates of a particular type have been ordered for which there are delivery delays.

The café is expected to re-open in Autumn

Play Strategy

I'm pleased to report that the refurbished Stoneyholme Community Garden was re-opened by the Mayor on 17th June and the new play area on Harold Avenue is now also open and both are very popular. Lane Bottom play area is due to open very shortly following refurbishment

The review of the Play Strategy has been approved by the Executive. The strategy aims to ensure that the Council can maintain play areas to a high standard and whilst a number of small play areas will close, nearby play areas will be improved with the aim of ensuring that all children in Burnley have access to a good quality play space.

The Council has completed refurbishment of 10 play areas, with 9 remaining to be completed by 2026, subject to funding. The Council will also make sure that any play areas from which individual items of equipment have been removed, such as Malvern Avenue, Byerden Holme are improved.

The strategy also identifies that the Council will support the development of pump tracks in a number of locations around the borough and identify a town centre location for a wheeled sports area.

Tennis Court Improvements

The Council is working with the Lawn Tennis Association on a project that will see the LTA investing nearly £70,000 to improve tennis courts at Scott Park and Padiham Memorial Park and introducing access control gates in four park court locations that will enable courts to be booked in advance by players. The Executive has agreed that there will be a charge of £3 at peak periods, with courts being free to play at other times and the income from charges will be ring-fenced for court maintenance. We are also working with Burnley Lawn

Tennis Club to develop a programme of tennis coaching activities in Queens Park, Memorial Park and Scott Park from Easter 2023

Padiham Greenway

The greenway bridge over the River Calder remains closed and Sustrans, the charity which owns the bridge, has recently issued a statement identifying that stabilisation works have been carried out and they are liaising with the Coal Authority to determine if the subsidence is due to mine workings beneath the pier, which will necessitate further exploratory drilling.

Once Sustrans has confirmed the cause of the settlement, they will be able to design a permanent solution to provide support to the river pier and progress the necessary repairs to the bridge. However, they will need to work with partners to find the necessary funding.

Worsthorne Recreation Ground

Fulledge Colts have stripped the interior of the clubhouse and are progressing the internal and external refurbishment of the building.

The final surfacing of the car park and access road and installation of access barriers will be done in the next couple of months.

Allotment Review

A review of allotment provision is underway which will identify how the Council can increase provision and improve the management of allotments and ensure that the health and wellbeing of benefit allotments are available to as many residents as possible through development of community allotments and sharing surplus produce through community groceries. The Review will be reported to Scrutiny Committee and the Executive in the Autumn.

Bereavement Services

Refurbishment of the crematorium pews and parquet floor have been completed and during this financial year the chapel and catafalt and waiting room will be repainted and the carpets replaced.

Climate and Biodiversity Action

Members will be aware that the Council has reduced mowing frequencies of meadows and smaller low-mow areas with the

	<p>aim of reducing CO2 emissions and costs and increasing biodiversity. Guidance on the grass maintenance policy is available on the Council's website.</p> <p>An ecologist is currently undertaking a species survey on approximately 40 of our meadow sites. This will inform the development of a biodiversity plan for the borough's green spaces and help the Council secure external grant funding enable selected sites to be overseeded with native wildflower mixes to further improve biodiversity.</p>
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Strategic commitment	Progress update
<p>PE2- We will continue to develop the leisure and cultural offer in partnership with Burnley Leisure.</p>	<p>COVID19 recovery</p> <p>The Trust continues to make a strong recovery with gym memberships now 14% higher than pre-COVID levels. Prairie and Towneley golf facilities are very busy and the provision of a ground floor bar in the golf shop selling locally made Haffner's pies has proved to be extremely popular!</p> <p>Bookings at the Mechanics are going well and the partnership that BLC has with Blackburn's King George's Hall is allowing the Mechanics to attract bigger acts than were previously interested in playing the venue.</p> <p>Cultural Strategy</p> <p>BLC are currently recruiting a Cultural Strategy Manager and setting up a Cultural Partnership Board to take forward the completion of the new Burnley Cultural Strategy which is expected to be publicly launched in the new year.</p> <p>Active Burnley Strategy</p> <p>Burnleys Physical Activity and Sport Strategy 2018 – 2023 expires shortly and it will be reviewed and updated as the Active Burnley Strategy.</p> <p>Climate Action</p> <p>The Trust is working on schemes that can make facilities more energy efficient, including, for example, the installation of new pool covers that can significantly reduce heat loss.</p>

COUNCILLOR JOHN HARBOUR, EXECUTIVE MEMBER FOR HOUSING

Progress against our strategic commitments

Strategic commitment	Progress update
<p>PL2- We will improve the management and condition of rented accommodation.</p>	<p>Selective Licensing</p> <p>Selective Licensing: Burnley Wood with Healey Wood and the Leyland Road area 2022-2027</p> <p>On 21st April 2022 the Council received confirmation that the above areas had been confirmed by central government as new selective licensing areas. The designations come into force on 21st July 2022. There are estimated to be around 900 licensable properties across the two areas. The team have notified all those we believe to be affected by the scheme and have asked landlords to start making their applications from 21st July.</p> <p>Selective Licensing: Trinity, Queensgate with Duke Bar, Gannow and Daneshouse & Stoneyholme areas 2019-2024</p> <p>The total number of properties that are required to be licensed is 2486 across all four designation areas. Of these, 1984 (80%) are currently licensed with work ongoing to ensure the remaining properties that require a licence are identified and processed.</p> <p>Action is being taken for those licensable properties where we have not received an application. A total of seven civil penalties have been served for the failure to apply for a licence. A landlord was also found guilty on 17th February 2022 for the failure to apply for a licence for four properties.</p> <p>There is one interim management order in operation in the Trinity area. This was made as there was no prospect of the property becoming licensed. The Council is managing the tenancy and dealing with all tenancy related matters. Work continues to ensure those properties without satisfactory management arrangements are supported and encouraged to improve. If this is not achieved refusals will be issued. Eight licenses have so far been refused.</p> <p>Private Rented Disrepair</p> <p>Since the start of April 2022, the Council has received and dealt with 80 new disrepair complaints from private rented sector tenants. The Enforcement Team has a current caseload of 215 ongoing private rented sector</p>

	disrepair/proactive inspection cases, which includes planned housing inspections.
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Strategic commitment	Progress update
<p>PL3- We will work with partners to improve quality and choice in the borough’s housing stock, and reduce the blight of empty properties</p>	<p>New Homes</p> <p>We are seeing a strong interest in housing development across the borough for both commercial housing and social housing and the planning team are engaging with developers to review plans and ensure that we achieve high quality developments that meet the housing need of our residents.</p> <p>New properties continue to come to the market across the borough offering residents a broad choice of homes and locations. McDermott Homes are progressing well with their development at Kiddrow Lane with over 80% of the homes due for development on the site now sold or reserved. Gleeson Homes are in a very similar position at their site off Manchester Road in Hapton and Miller Homes are progressing well with their current development at Red Lees Road with 45% of their planned homes sold or reserved.</p> <p>The land at Brownside Road Worsthorne is now well underway with the first phase of properties released for sale. This development will see 18, 3- and 4-bedroom family homes offering buyers a rare opportunity to acquire a new build property in this popular aspirational location.</p> <p>McDermott Homes have recent been granted permission on land at Harrogate Crescent, the former Isaac Centre site, that will see a disused building demolished to make way for 44 family homes.</p> <p>Calico’s affordable housing programme has had a very successful year with 42 affordable homes at Tay Street now complete. Calico’s latest development at the land off Sycamore Avenue is progressing well and will see 22 family homes and 12 apartments finishing off a stalled housing site improving the appearance of the land and making a positive contribution to the local area. The first phase of properties is anticipated to be released for occupation in August with a second phase in November. As expected demand has been very high for this popular location.</p>

Empty Homes Programme

So far this year, we have had 9 enquiries regarding loans. Information regarding the loans and the new maximum of £25k is going out in the next Selective Licensing newsletter to landlords. This will hopefully bring in more enquiries.

The compulsory purchase programme is progressing with a number of files being prepared for submission to the Secretary of State. A number of CPOs have just completed, including 27 Cleaver St which officers successfully defended at public inquiry.

These properties are now having schedules prepared and will be going out to tender soon. We currently have 3 properties under renovation with 3 more out to tender and more being prepared. Schedules are being prepared for the facelifting works to the rears of Windsor and Ivory (off Padiham Rd) and the fronts of Wytham and Albion St in Padiham.

Sales are still buoyant and we have accepted offers on 2 properties.

Strategic commitment	Progress update
<p>PE3- We will continue to work with partners to provide necessary support systems to reduce homelessness and to end rough sleeping in the borough.</p>	<p>We continue to accommodate rough sleepers who have a connection to the borough. We now have 16 ABEN accommodation spaces in the Borough providing accommodation and support for people sleeping rough or at risk of sleeping rough. The housing needs team manage 13 temporary accommodation units. This gives a total of 29 temporary units within Burnley with the flexibility to accommodate both families and single people. We also have access to a small B&B in Burnley if all our accommodation is full. We keep the demand and supply of temporary accommodation under review and are currently looking at all options for alternative or additional temporary accommodation in the borough.</p> <p>Multi- disciplinary team meetings chaired by housing needs continue to be held fortnightly bringing in other agencies and partners to assist with health, addiction, and housing. All people placed into temporary accommodation are referred to the MDT and referred for a full health assessment from a health care practitioner. We have been successful in securing funding through RSI (Rough Sleeper Initiative) for a further three years to fund the rough sleeper navigator service. This will allow us to continue to try to engage with rough sleepers and beggars in the borough and assist them to access support where needed. The funding will also provide a support worker to work with clients in temporary accommodation.</p> <p>Between 1st April 22 and 30th June 22 we have placed 53 households into temporary accommodation. We currently have 300 active cases for either homelessness prevention or homelessness relief. We continue to refer into the changing futures programme to assist people with multiple and complex needs. Navigators work with the service user to build trust and advocate on their behalf. Enhanced Service Hubs respond to</p>

	the diverse needs of the individual and provide integrated care across the whole spectrum of needs
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COUNCILLOR SHAH HUSSAIN, EXECUTIVE MEMBER FOR COMMUNITY AND ENVIRONMENTAL SERVICES

Progress against our strategic commitments

Strategic commitment	Progress update
<p>PL1- We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include community engagement and cleansing in 'hotspot' areas</p>	<p>Waste & Recycling Services</p> <p>An additional 3,000 properties have now moved over from our recycling box to recycling bin collection rounds. This completes phase 2 of the project. Across the borough there are now approx 23,500 properties on the wheeled bin recycling round and 18,500 remaining on the box and sack scheme. The next planned review will be once the Urbaser contract expires in 2025.</p> <p>Environmental Enforcement</p> <p>There has been a strong focus upon tackling waste dumped in back streets over the last 6 months, in an attempt to try and change the behaviour of those few that continue to blight our communities.</p> <p>Streetscene in partnership with LA Support have targeted problematic properties to educate and enforce where the problem persists. In total, 440 fixed penalty notices have been issued between 1st January 2022 and 30th June 2022 to those properties that continue to dump waste in the back streets.</p> <p>Electric Vehicle Charge Points</p> <p>A bid has been submitted by Officers to the Energy Saving Trust as part of the Government's On-Street Residential Chargepoint Scheme (ORCS). Should our bid be successful this will result in residents being able to charge their vehicles on Council owned car parks that are being selected due to the specifications of the grant and in vicinity to residential areas. This funding will assist the Council in delivering its Electric Vehicle Strategy for the Borough, support the growth in momentum of changes to cleaner vehicle emissions and support the Council's broader Climate Change commitments.</p> <p>Pavement Licences</p> <p>The temporary arrangements for district council licensing of pavement cafes brought in by the Business and Planning Act 2020 are due to cease at the end of September 2022. The Levelling Up and Regeneration Bill will make permanent the arrangements with a few changes including to the charging structure, the duration of new licence consultation and determination periods and provision of some enforcement</p>

powers. From 1st October 2023, it will be necessary to issue such licences using this legislation rather than the via the Highways Act. It is likely that there will need to be dialogue with Lancashire County Council around roles and responsibilities.

Anti-Social Behaviour (ASB) & Burnley Youth Panel

ASB reports to services have shown a positive direction of travel over the last few months. From May to June there was a reduction of 8.5% in the number of calls to the Police relating to ASB. This is especially encouraging as seasonal trends would tend to show an increase in reports as we approach warmer months. Comparing June with previous years also shows encouraging signs with 2022 showing reductions on both 2021 (23.9%) and 2020 (35.9%). While the elevated levels of both these years are, in part, due to Covid regulations, ASB reporting levels are now comparable to those of pre-pandemic 2019.

Youth ASB, which had seen significant increases in the early months of 2022 are also showing positive signs with June 2022 showing a reduction of 32.1% from the previous month. As with 'All ASB', youth related incidents are now back in line with those reported prior to the pandemic. These results are encouraging and recognises the hard work and focus that has been put in to address this matter as a priority by the Council's ASB Team, the Police, LF&R, LCC and diversionary services and other key partners as part of the multi-agency tasking and co-ordination (MATAC) Group that is well established in Burnley.

Council officers are continuing to support Police in the establishment of an ASB case management panel (ASBRAC) to address persistent ASB issues. The group will work in parallel to the Housing and Health panel. Group Membership is being confirmed with the aim of initial meeting taking place in the next month.

Community Safety & Domestic Abuse

The Community Safety Team has commissioned work by the group AFTA Thought to deliver training and awareness sessions on Domestic Abuse to staff and partners. The group use theatre as a medium for interactive training sessions that challenge staff to think about domestic abuse and the role of the council in addressing this issue. The work originally began in 2020 but was paused due to the Covid 19 pandemic. In May there was a launch and celebration event in Preston, organised by the County Council to promote local Domestic Abuse services – post Pandemic. This event was attended by Council Officers and County service providers. There are plans to deliver similar events at the district level in the near future.

In addition, Council Officers are working with the County Council and Safenet to strengthen local outreach and community services as part of the Central Government funding that has been made available for the delivery of the

Safe Accommodation strand (Part four Regulations of the 2021 Domestic Abuse Act). This work intends to raise awareness locally of the available support services across the Borough.

Community Safety Partnership (CSP) Communications Plans

The community safety team is leading on re-energising the partnership comms work to promote positive work and raise awareness of community safety issues. Through a combined Comms approach, we will be promoting some of the work that partners do in the Padiham area to work with young people and reduce ASB. There are currently three weekly sessions for young people in Padiham including an open access session Friday nights run by LCC's Target Youth Service. The CS Comms group will run through MATAC.

CSP Comms Group are also developing a project to improve accessibility to council and police reporting processes in harder to reach communities. We will work with crime stoppers, and community leaders, to develop a comms approach that 'demystifies' reporting processes and encourages greater engagement from communities on issues around community safety and ASB. The project will focus on areas of Daneshouse with Stoneyholme, Queensgate, and Bank Hall.

Alleygating

The process of scheme selection for the 2022/23 roll out of Alleygates has begun. There are currently 86 applications on file with funding that will provide approximately 6 new schemes.

COUNCILLOR MARK TOWNSEND, EXECUTIVE MEMBER FOR ECONOMY AND GROWTH

Progress against our strategic commitments

Strategic commitment	Progress update
<p>PR2- We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation.</p>	<p>Business Support The Business Team are currently working with 30 businesses looking to relocate to or expand in the Borough. The team is starting to see a number of significant property enquiries relating to future employment sites with demand for large, well accessed properties in excess of 100,000 Sq Ft. US headquartered SS&C began operations at B1 Business Centre in May of this year. The company have taken 12,000 Sq Ft of office accommodation and have currently created 24 jobs here in the Borough in the financial sector. This is the first phase of growth for the company here in Burnley with expected expansion over the next 2-3 years. The Business Support Team organised a free Low Carbon Seminar at Burnley Football Club in May. Burnley Businesses were invited to a breakfast seminar, the aim of which was to explain to companies what the low carbon agenda is and it's implications for businesses. At the seminar they were able to find out how to access free help and support with energy management, technology, low carbon strategy, renewable energy generation, training and more from from East Lancs Chamber of Commerce, Burnley College and UCLan. 23 attended on the day. The event was jointly funded by Burnley College, UCLan and the Chamber of Commerce.</p> <p>Community Renewal Fund In 2021 the Council was successful in securing circa £1m of the Community Renewal Fund from the government to support a business grant scheme across Burnley, Pendle and Rossendale. The scheme is delivered on our behalf by Growth Lancashire. 16 Burnley companies have successfully applied to the Community Renewal Fund to enable them to progress growth projects within their businesses. The combined projects will create Private Sector Investment within the Borough of £935,637 and xx jobs Businesses that have benefitted from the funding range from newly started ventures to long established companies covering a range of sectors including Manufacturing, Digital & Creative and Hospitality & Leisure</p> <p>Vision Park Vision Park remains full as of November last year. We still have live enquiries for space on site so we now have a reserve list in place. Council officers are looking at options to develop the remainder of the site, but viability is challenging due to the significant increase in building costs.</p> <p>Padiham Town Hall Business Hub Over the last two years extensive work has been carried out to refurbish the upper floor of Padiham Town Hall to create attractive managed and co-workspace. The 7 fixed offices at are either occupied or under offer. The Co-Working space</p>

was launched in May of this year with tours of the space during the Padiham Bondholder event and a subsequent coffee morning. We currently have three live users of the space with two graduating into a fixed office space this month. There are also 13 live enquiries relating to the Co-Working space which are ongoing.

Burnley Bondholders

Over the last three months there have been three bondholder networking events. The Bondholder network events are an opportunity for the business community to come together, to find out about key projects and about the wider business community. The Bondholder network currently has over 200 members who make a financial contribution towards promoting Burnley as a place to live, study, visit and invest.

On the 11th May over 100 Burnley Bondholders attended an event at Peter Scott Printers for a tour of their new facility and to hear from the Government initiative “Get Smarter” and the Advanced Manufacturing Research Centre NW (ARMC) how manufacturers can become more sustainable and efficient.

On the 19th May Over Burnley Bondholders packed the Padiham Town Hall ball room to hear from Burnley Council about the transformation of Padiham alongside inspirational stories from local businesses who have based themselves in Padiham. Attendees were also able to take part walking tours of some of the key improvements both inside the town hall and in Padiham town centre.

A third event took place on the 16th June Burnley Bondholders enjoyed an exclusive tour of Burnley College to see the £100m campus, including the new elite athlete gym and health and science block. The college also revealed the plans for the college expansion to the business audience. As a result, several businesses have contacted the college to work together. Neil Evans, MD at VEKA was also introduced as the new chair of Burnley Bondholders.

Burnley Business Awards

After a long wait of three years the Burnley Business Awards finally took place at Townley Hall on the 30th June. As always the awards were fiercely contested with over 80 entries for the 11 awards. Around 450 attendees from Burnley’s business community celebrated the achievements of the borough over the past two years at Townley Hall. Once again UCLAN were headline sponsor. Business of the Year, a special prize picked from all the entries by the Chief Executive of Burnley Council and the Vice Chancellor of UCLAN, went to the Calico Group

in recognition of the work that they undertook to support residents during the pandemic. The Council would like to thank all the following businesses and organisations for their sponsorship of the event; Paradigm, Crow Wood, Charter Walk, Burnley College, Rotherwood Recruitment, +24 Marketing, Barnfield Construction, SS&C, Eric Wright, Safran, AMS Neve, Forbes Solicitors, Veka, John Spencer Textiles, Peter Scott printers, Burnley Express, Holiday Inn and Impact Conferencing

Burnley Brand Activity.

The InBusiness Burnley Magazine issued at the end of May. The publication is distributed locally and nationally to showcase Burnley as a place to do business. This edition had a strong focus on education, featuring new and proposed developments at both Burnley College and UCLAN.

The Burnley Lifestyle Magazine was issued on the 18th July with 17,500 copies distributed locally and nationally to showcase Burnley as a place to live, study and explore. 17,000 copies distributed. This latest edition covers a range of interesting topics including features on arts and fashion, heritage and conservation, outdoor activities and rural economy, together with the best places to eat and drink.

Press

Since April 14 there have been 34 pieces of positive news on Burnley.co.uk and 4 on burnley.social. Burnley has featured in 1,774 pieces of online, print and broadcast news with a combined AVE of £1.34m and reach of 499m. The Burnley Express print edition was the largest outlet in terms of volume (174 articles).

Social media

Since April 14, Burnley.co.uk's social media posts have had 53% more impressions (this is the number of time our content is seen in their social media feed - over 3 million.) Social media followers increased by 2.2% over the period, with LinkedIn, Twitter, Facebook and Instagram at a combined 19,935. For burnley.social, social media followers increased by 1.6% over the period, with Twitter, Facebook and Instagram at a combined 5,252.

Strategic commitment	Progress update
<p>PR3- We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.</p>	<p>Burnley Town Centre Burnley Business Improvement District The Burnley BID is a business led initiative set up to deliver a programme of activity to improve the town centre, funded by a levy on business rate payers. In the last quarter the BID has installed new footfall counting system covering parts of the town centre outside of Charter Walk. The Counters will allow the partnership and the Council to better understand how and when the town centre is used. The BID has continued to support the Artisan markets and the footfall counters an uplift of 3,000 visits to the town on artisan market. The BID has also funded and installed flower planters along Manchester Road. BID levy payers are also able to benefit from improved internet speeds at a reduced price as a result of collective buying, together with a range of business support.</p> <p>Pioneer Place Work on site is progressing to programme comprising: car parking; groundwork; foundations; services; steelwork for the cinema. Good progress is being made securing tenants.</p> <p>Lower St. James Street Heritage Action Zone The scheme is funded by Historic England and aims to restore and bring back into use buildings along lower St James Street, alongside a program of cultural projects and community engagement activity. Work continues to 143 Lower St James’s Street with practical completion expected at the end of July. Planning permission has been approved for number 139/141 with works to commence over the summer. The HAZ Officer continues to work with property owners to help bring more projects forward. The Pop-up Shop on Lower St James Street continues to exhibit artwork by the Cultural Consortium.</p> <p>Town to Turf Levelling Up Fund Project The detailed design work has now been completed and consultation is planned to take place over the summer months. The scheme will be delivered by LCC with works on site commencing early in 2023. Burnley Manchester Road Access Levelling Up Fund Project This scheme is being delivered by LCC and Network Rail. NR have been instructed to commence detailed design work.</p> <p>Padiham Town Centre Town Centre Management Activity The Economy and Growth service has once again supported the Padiham business community to deliver a range of events aimed at bringing additional footfall into the Town Centre. Painting Padiham brought approx. 5,953 to the centre over the course of the one-day 14th May.</p>

Padiham Town Council Jubilee Event brought in 4897 visitors over the course of one day 4th June.

Padiham on Parade event brought approx. 15,890 people to the centre over 3 days 24/25/26 June.

All 3 events have been highly successful and really brought the town to life.

Fardella and Belle (Estate Agent) have relocated to the town and two new businesses have opened in the Townscape Heritage area of town (The Hill).

Padiham Public Realm Works

Installation of street furniture (seating, bins, planters, bollards) and outstanding areas of paving are complete. Works to rebuild the wall and installation of artwork within the northern node are on site, expected to complete end of July. Feedback on the scheme from businesses, residents and visitors has been positive. The new Piazza in front of the town hall has become the focal point for events.

Padiham Townscape Heritage Initiative

The Padiham Townscape Heritage Initiative has brought £1.4m investment from the Heritage lottery regenerating what was a run down part of the town centre. The scheme is now in its final year.

Works are on-going 33-35 Burnley Rd (Exemplar Project) with practical completion expected late July. Internal renovations to the former National School Building are completed and work is on-going to the shop front and front elevation and a planning application has been submitted for a scheme at 12-14 Burnley Rd

Plans to incorporate artwork to building gables within the town centre that represent the heritage and culture of the area are progressing. A steering group made up of local businesses and the town council has been established to take the initiative forward and two artists have been commissioned by Mid Pennine Arts to develop designs.

Flood Resilience Works

Since the last update the Environment agency has received permission to carry out works to the river wall adjacent to Bendwood Close under permitted development rights. Further ground investigation works to the Green Brook Area and former Baxi site have now been completed, with the information being used to inform detailed design. Trial digs have been undertaken at Padiham bridge to help with the design of strengthening the bridge to prevent failure if debris hits the bridge during a flood. The enabling works including the removal of invasive species have continued to the rear of

	<p>Padiham Town Hall and Bendwood Close to prepare for works to commence on site in August 2023. The EA has also developed some initial proposals on how the public realm area outside adjacent to Boyes and Padiham beach can be reconfigured to accommodate flood defence works – the EA will be consulting on these proposals.</p> <p>The first phase of construction works will commence in August to the section at the rear of the town hall, followed by Bendwood Close. Construction on the main section is scheduled to commence in Spring 23.</p> <p>The EA continue to monitor Gravel Padiham Bridge (River Calder) and at Shakespeare Street Bridge (Green Brook) against agreed trigger levels for removal. Clearance has and will continue to take place as required at these locations when the trigger levels are reached.</p>
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Strategic commitment	Progress update
<p>PR4- We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.</p>	<p>Supplementary Planning Documents:</p> <p>The Local List SPD and the Houses in Multiple Occupation and Small Flats SPD were adopted in April 2022.</p> <p>Formal public consultation on the draft Planning for Health SPD and Residential Extensions SPD commenced on 29 June 2022 for 6 weeks.</p> <p>Housing Monitoring:</p> <p>Pending the production of the 2021/22 AMR, an interim Housing Statistics Release has been issued showing the headline housing development statistics. This shows that 329 net additional dwellings were completed in 2021/22 against the indicative 194 annualized target set out in Policy SP2 of the Local Plan.</p> <p>Housing and Employment Sites:</p> <p>The Planning Policy Team remains busy assisting colleagues in Development Control in assessing and securing amendments to planning applications for major housing and employment schemes, particularly those involving allocated sites.</p> <p>Housing Sites:</p> <p>Build-out continues at HS1/1 Former Hambleton School site (Valour Park, McDermott Homes) and HS1/3 Former Blythes Site (Canal Walk, Gleeson) (around 80% of homes on these</p>

	<p>sites are now reserved or sold), site HS1/8 Red Lees Road (The Calders, Miller Homes c45% reserved or sold) and site HS1/26 Land adj 250 Brownside Road, Worsthorne (Millers Green, Boyes Homes) 4 properties reserved or sold. Calico's development at site HS1/13 Tay Street has been completed and work is well underway at its site HS1/19 Land NE of Sycamore Avenue. An application to discharge conditions has been received for its site for 93 Extra Care flats at HS1/10 Land at Burnley General Hospital (CND/2022/0375)</p> <p>Employment Sites:</p> <p>The revised planning application at site EMP1/2 Burnley Bridge has been refused (REM/2021/0735). The outline application at site EMP1/5 Land south of Network 65 (OUT/2020/0366) has been approved (subject first to the signing of a section 106 Agreement.)</p>
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Strategic commitment	Progress update
<p>PR5- We will support UCLan's expansion, transforming Burnley into a University Town</p>	<p>Newtown Mill – Considerable progress has been made in terms of the detailed design for Sandygate Mill and a planning permission has been submitted. Enabling work including asbestos removal and internal strip out have commenced and the main contract should commence in August subject to planning permission.</p> <p>Sandygate Halls – Terms have been agreed with a tenant to occupy the lower ground floor offices and to operate a coffee shop one of the retail units on the square, due to open in September 2022.</p>
<p>PR6- We will delivery our COVID-19 economic recovery plan.</p>	<p>Youth Employment and Skills Hub</p> <p>An event took place at Thrive, to connect all partners in Burnley that deliver employability type support and to provide updates to each other on how they can support each other's customers. This was organised with Lancs County Council and 50 people attended including L.C.C staff that work with care leavers, NEET, youth workers etc. 13 partners had an exhibition stand and feedback was excellent.</p> <p>There are now 19 partners actively participating and collaborating</p> <p>Appointments booked at the youth hub have increased by 11.63%, although appointments attended has decreased slightly by 2.8% to the end of April 2022.</p> <p>The number of unemployed 18 – 24-year-olds, actively seeking work in Burnley for May 2022 is 540, in May 2021, 2021, this figure was 910 a reduction of 59% over the last 12 months for this age group.</p> <p>UK SPF Page 143</p>

Burnley has been allocated £3,488,102.00 for a 3-year period to March 2025. This funding replaces previous European funds, at a reduced level. An Investment Plan is being developed outlining how the funding will be spent across 3 themes of: -

- Community & Place
- Supporting Local Business
- People & Skills

Officers have engaged with stakeholders to understand the impact in the reduction of European funding and how the 41 interventions within the above 3 themes could support local need, aligned with Council priorities, the Economic Recovery Plan and Community Recovery Plan.

Projects will include some locally delivered support around employment & skills, capital/revenue funding for local small community projects/grants and a Pan-Lancashire wide business support project.

The Growth & Prosperity Board and the Executive will approve the Investment Plan for submission to government by the end of July 2022. Delivery is anticipated to start from October 2022.

Economic Recovery – key performance data

In terms of unemployment, the claimant rate peaked at 9.2% (4950) in February 2021 and has continued to decline since then and in May 2022 was 5.6% (2,995) which is comparable with the pre-covid rate. In the later part of 2021 there was a slight increase in claimants in older age groups, although not to the extent that had been expected following the end of the Furlough scheme in October and the figures have fallen in line with all age groups in the first quarter.

It was expected that young people would be most badly affected by the economic impact of the pandemic. Burnley had a very high pre-pandemic youth (18 – 24) unemployment rate at 8.9% in February 2020 compared with 5.2% in the North West and 4.3% in Great Britain. The 18-24 claimant count rose to over 15% in May 20 and remained at these levels until May 21 when it started to decline, reflecting the national trend. In May 2022 the Youth Employment rate had reduced to 8.3% slightly lower than the pre-pandemic level but remains persistently high in comparison to the North West and Regional figures.

Universal Credit claims peaked at 13,719 in August 21. Figures have continued to fall to 12,275 claimants in April 2022 of which 61% are not in work.

Data from Lancashire LEP below shows a significant increase in job vacancies each month since January 2021 compared to the previous two years. This trend has continued into 2022 and is common across all sectors. but the high number of vacancies in Professional Occupations and in education is notable.

Gross Value Added is a key measure of economic performance. Recently released data shows that GVA in Burnley fell by 0.53% during 20/21 compared to -3.83% across Lancashire and -3.36% in the UK.

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Annual Governance Statement 2021/22

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	22/09/2022
PORTFOLIO	Resources and Performance Management
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PURPOSE

1. To present the Annual Governance Statement to the Audit and Standards Committee for approval.

RECOMMENDATION

2. That the Committee approve the Annual Governance Statement 2021/22 (Appendix 1).

REASONS FOR RECOMMENDATION

3. The Accounts and Audit Regulations 2015 states that the Annual Governance Statement must be approved by a committee. This responsibility is undertaken by the Audit and Standards Committee under their terms of reference, as those charged with governance.

SUMMARY OF KEY POINTS

4. The production of an Annual Governance Statement is a statutory requirement of the Council. In January 2022 the Audit & Standards Committee was informed that the Annual Governance Statement would be produced in accordance with proper practice using guidance from CIPFA (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives).
5. All Heads of Service and key officers have provided signed Assurance Statements to the Chief Operating Officer and the Chief Executive in accordance with the organisational management structure. These have been supported by a control and risk self-assessment questionnaire, updated to consider any impact of the pandemic. The Chief Operating Officer has considered his statements and signed an Assurance Statement to the Chief Executive.
6. All Executive Members and Chair of Scrutiny were asked to complete a self-assessment questionnaire and provide a signed Assurance Statement to the Leader of the Council.
7. The strategic partner, Liberata is also required to submit a Certificate of Assurance

covering the services they provide on behalf of Burnley Borough Council. This has been received and no issues have been reported.

8. This process allows the identification of the key elements of governance and internal control for incorporation into the Annual Governance Statement and is designed to assist the identification of significant control and governance issues. Minor weaknesses in governance have been identified and actions to address these issues have been put in place.
9. Management Team have reviewed the Annual Governance Statement. The Statement was then signed by both the Council Leader and the Chief Executive as the final assurance to the public. These signatures will be updated once again as it is presented alongside the externally audited Statement of Accounts 2021/22.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

10. None

POLICY IMPLICATIONS

11. None

DETAILS OF CONSULTATION

12. None

BACKGROUND PAPERS

13. None

FURTHER INFORMATION

PLEASE CONTACT:

Ian Evenett Ext 7175

ALSO:

Annual Governance Statement 2021/22

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INTRODUCTION

1. SCOPE AND RESPONSIBILITY

- 1.1 Burnley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Burnley Borough Council has also a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Burnley Borough Council is responsible for putting in place proper arrangements for the governance of its affairs; facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Burnley Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA¹/SOLACE² Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at:

[Part 5.8 Local Code for Corporate Governance 2019 LP251119.pdf \(moderngov.co.uk\)](#)

Or can be obtained from:

Legal & Democratic Services
Burnley Borough Council
Town Hall
Manchester Road
Burnley
BB11 9SA.

- 1.4 This statement explains how Burnley Borough Council has complied with the Code and also meets the requirements of regulation 6(1)[a] of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The Governance Framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

¹ Chartered Institute of Public Finance and Accountancy

² Society of Local Authority Chief Executives

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Burnley Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The Governance Framework has been in place at Burnley Borough Council for the year ended 31st March 2022 and up to the date of approval of the Annual Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. Some of these features of the Governance Framework are explained in the following paragraphs.
- 3.2 The **Strategic Plan** sets out the contribution we will make to enabling communities in Burnley to thrive now and in the future. The Strategic Plan is linked to the revenue and capital budget, ensuring that the aspirations in the plan are realistic in the context of the funding constraints placed on the Council. The Strategic Plan is reviewed on an annual basis. The review takes account of **feedback** from surveys conducted with the public in Burnley.
- 3.3 Delivery of the Strategic Plan is supported by **Service Plans** and individual's **Performance Development Reviews**. These include competencies, targets and, where appropriate, service standards against which service quality and improvement can be measured. Officers attend staff conferences and participate in job chats amongst other means to keep informed of organisational and service development.
- 3.4 Burnley Borough Council's **Constitution** sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. It establishes the roles and responsibilities for members of the Executive, Regulatory and Standards Committees, together with officer functions. It includes the Scheme of Delegation, codes of conduct and protocols for member/officer relations. The Constitution is regularly reviewed to ensure that it continues to be fit for purpose.
- 3.5 The Constitution also contains **procedure rules** including Standing Orders and Financial Procedure Rules that define how decisions are taken and where authority rests for decision making. The **statutory roles** of Head of Paid Service, Chief Finance Officer and Monitoring Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by the Head of Paid

- Service (the Chief Executive) and the Chief Finance Officer (Head of Finance and Property) is backed by the post-holders' membership of the Management Team.
- 3.6 The **Chief Financial Officer (CFO)** has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Procedure Rules to ensure they remain fit for purpose and submitting amendments to Full Council for approval. The Chief Financial Officer is also responsible for reporting, where appropriate, breaches of the Rules to the Executive and/or the Council. The Chief Financial Officer reports directly to the Chief Operating Officer.
- 3.7 The role of the CFO has been defined by CIPFA in its document titled, 'The Role of the Chief Financial Officer, in Local Government'. The Council's financial management arrangements conform to these governance requirements, and this is explained in the constitution.
- 3.8 The Head of Finance and Property fulfils the role of **Head of Internal Audit**. This includes championing best practice and assessing adequacy in governance, management, and risk, providing an opinion on these aspects, and leading an effective Internal Audit service.
- 3.9 The **Full Council** and the **Executive** are the decision-making bodies of the Council. **Regulatory Committees** including Development Control and Licensing Committees undertake decisions delegated to it under the Constitution. The Council's **Scrutiny Committee** works to improve service delivery and to review the Executive decisions. The **Audit and Standards Committee** oversees the review of the Council's audit and governance arrangements and the production of this statement.
- 3.10 In recognition of the exposure to fraud, the Council has adopted an **Anti-Fraud Bribery and Corruption Policy** which is part of the Constitution. This is relevant to all members, officers and its partners. Fraud risks are considered as part of strategic and service risk management. Fraud awareness training is made available to further raise awareness of the matter.
- 3.11 To complement the anti-fraud policy, Council has a **complaints procedure** and a **whistle-blowing policy** that is maintained and regularly reviewed, which provide the opportunity for members of the public and staff to raise concerns when they believe that appropriate standards have not been met. The **Audit and Standards Committee** is responsible for overseeing the investigation of complaints against members and promotion and maintenance of high standards of conduct in the authority.
- 3.12 The Council has an embedded **risk management** function. The Risk Management Policy and Strategy are reviewed regularly. The Risk Management Group draws together risk issues from across the authority to ensure that issues and concerns are shared and that a consistent approach is adopted throughout the organisation.
- 3.13 **The Data Protection Act 2018 (UK General Data Protection Regulation GDPR)** came into force in 2018. It is recognised that the data protection requirements present a

significant risk to the Council, however controls and measures are in place. While significant, the risk is considered acceptable at this time.

- 3.14 **Training** needs of members and officers are identified through appraisal and review processes. Appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs. All newly elected members undertake an induction programme so that they can make an effective contribution to the work of the authority. Specific committee training is given to members so that they may discharge their responsibilities more effectively along with general member development training such as on finance and conduct. The Council is committed to continue to embed best practice within our organisational development and Health and Wellbeing work.
- 3.15 The Council is committed to **partnership** working. The Strategic Partnerships with Urbaser, Liberata and Burnley Leisure will ensure that vital services will continue to be delivered in these financially challenging times. The **Burnley Bondholders** work to promote Burnley in the region and wider area.
- 3.16 The council declared a **climate emergency** in 2019 and has since committed to making the borough carbon neutral by 2030. It set out its **climate change strategy** in 2021/22 and has started to implement the commitments it made.

Impact of the Covid-19 Pandemic

- 3.17 In February 2020, the Council activated its business continuity plans and adopted approaches to maintain critical business activities. A Business Response Group was in operation between the Council and some of its partners. Regular meetings were place until October 2021.
- 3.18 The Council maintained engagement with Lancashire Resilience Forum and still follows the national guidelines for local authorities.
- 3.19 **The Community Recovery Strategy** continues to demonstrate how the Council, and its partners meet the challenges of the pandemic and will build on the opportunities it has created.
- 3.20 The Council has continued during 2021/22 to meet the Pandemic challenges through the provision of emergency accommodation for the Homeless, supporting the community Hub (including volunteers and partner organisations and food banks), and the funding for the local economy through the Business Support Grants scheme.
- 3.21 The organisation has adopted hybrid home working arrangements for applicable staff. Services that were closed have been reopened or adapted to comply with national guidelines covering living with Covid.
- 3.22 Committee meetings and other meetings have returned to face-to-face arrangements.

- 3.23 The main areas of the Council's Governance Framework, and key evidence of delivery, are set out next, under the headings of the seven **CIPFA/SOLACE Core Principles of Good Governance**.

BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF THE LAW.

- Codes of Conduct exist for both officers and members
- Statutory Officers are in post:
 - the Chief Executive as Head of Paid Service,
 - Chief Operating Officer as the Monitoring Officer
 - the Head of Finance and Property as the Section 151 Officer.
- The Constitution and Scheme of Delegation define the roles and responsibilities of officers and members, and sets out the rules on how the Council conducts its business
- TEAM values are in place.

ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT.

- Council meetings are conducted in public; decisions have been properly recorded and are in the public domain.
- Public consultations have been carried out:
 - Gambling Policy
 - Supplementary Planning Documents (SPD):
 - Shopfront & Advertisement Design SPD (adopted)
 - Developer Contributions SPD (adopted)
 - Air Quality Management: Protecting Health and Addressing Climate Change SPD (adopted)
 - Local List SPD (adopted)
 - Houses in Multiple Occupation and Small Flats SPD (adopted)
 - Selective licensing extensions:
 - Leyland Road
 - Burnley Wood and Healey Wood
- Partnership boards for the strategic partners:
 - Liberata
 - Urbaser

DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS.

- The Strategic Plan is in place and is underpinned by Service Plans.
- The Community Recovery Strategy and Climate Change Strategy are in place.
- Balanced Scorecards are used to monitor the achievement of stated outcomes.

- The Council makes best use of resources by always considering options for the way services are delivered.

DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF INTENDED OUTCOMES.

- Balanced Scorecards exist to monitor progress on intended outcomes.
- Decision makers receive analysis of options to achieve intended outcomes. This includes risk analysis associated with making key decisions.
- The Council is continually reviewing how services are provided.

DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT.

- Member training programmes are in place. Training during 2021/22 included several finance related training events.
- Officer training is identified during Performance Development Reviews which is linked to the Service Plan.
- New officers receive corporate and service unit induction. Training is also provided to new members.
- Arrangements are in place to maintain the health and wellbeing of the workforce.
- There are regular meetings between the Chief Executive and the Leader of the Council. Similar meetings take place between Heads of Service and Executive Members.

MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG FINANCIAL MANAGEMENT.

- There is a risk management framework in place that identifies and reports risk and how it is managed.
- The system on Internal Control is reviewed on an on-going basis by Internal Audit.
- The Head of Finance and Property Services is responsible for the financial management of the council and is the Section 151 Officer.
- Robust budget monitoring arrangements for both capital and revenue with budget reporting to management team and members.
- The council has an appropriate anti-fraud and corruption culture.

IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY.

- Information on the decision-making process is readily available to all stakeholders.
- Internal Audit will review the internal control framework on an on-going basis, particularly the key financial systems.
- Internal Audit have provided an objective opinion on the internal control framework that was in place for 2021-22

- External Audit (Grant Thornton) will review the arrangements that the Council has in place to secure value for money. This will also provide an opinion on the accuracy and completeness of the Statement of Accounts.

THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

4. REVIEW OF EFFECTIVENESS

- 4.1 Burnley Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework, including the system of internal control. The review of effectiveness is informed by the work of the Management Team, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and the findings and reports issued by the external auditors.
- 4.2 Burnley Borough Council's Internal Audit section, via specific responsibility assigned to the Head of Internal Audit, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Head of Internal Audit's report for 2021/22 concluded that the Council's internal controls continue to operate effectively.
- 4.3 The review of compliance with the Governance Framework has involved:
- Heads of Service and key officers (Chief Finance Officer, Monitoring Officer and Health & Safety Officer) providing signed Assurance Statements to Management Team. These have been supported by a control and risk self-assessment questionnaire and were collated by Internal Auditors. Additional questions relating to the impact of the pandemic were included in the questionnaire. Management Team considered these statements and the signed Assurance Statement from the Chief Operating Officer.
 - Liberata providing a signed Assurance Statement to the Chief Operating Officer.
 - Executive Members and Chair of Scrutiny completing a self-assessment questionnaire and providing a signed Assurance Statement to the Leader of the Council and Chief Executive.
 - Internal Audit completing a review of the corporate documents and evidence for the key elements of Governance and Internal Control. The Internal Audit Opinion (draft) is included as part of the consideration, as are external audit reports etc.
 - A draft of the Annual Governance Statement is prepared and provided to Management Team.
 - An Annual Governance Statement is then provided to the Chief Executive and Leader to sign.
 - Work is currently ongoing with the Financial Management Code.

- 4.4 Governance arrangements continue to be regarded as fit for purpose in accordance with the Governance Framework. The review process has highlighted no significant issues.
-

5. FUTURE CHALLENGES

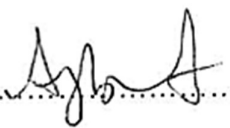
- 5.1 Burnley Council has recognised current and future financial challenges in its strategic risk register and medium-term financial strategy. The authority will continue to meet these challenges as it has done in the past; taking steps to manage this by considering modernisation and rationalisation.
- 5.2 Burnley Council will continue to deal with and respond to the issues arising from coronavirus pandemic. This includes involvement with the economic recovery in the local community and dealing with the financial impact of the pandemic.
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6. ACTION TAKEN TO ADDRESS PREVIOUS ISSUES

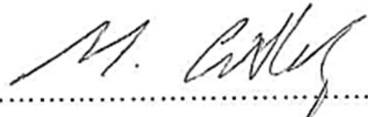
- 6.1 No significant issues had been identified on the previous (2020/21) governance statement.

7. CERTIFICATION

7.1 The Council has governance procedures that contain comprehensive systems, cultures and values by which it is controlled, and through which it engages with the community in a timely, inclusive, open, honest and accountable manner.

Signed: 

Leader of the Council

Signed: 

Chief Executive

Date: 22/07/2022

Date: 22/07/2022

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AUDIT & STANDARDS COMMITTEE

Work Programme 2022/23 – as at 12th September 2022

DATE OF MEETING	AREAS TO BE CONSIDERED
6 th July 2022	<ul style="list-style-type: none"> • Approval of 2020/21 Statement of Accounts (Audited SoA, Letter of Representation, External Audit Findings and Signed AGS 2020/21) • Internal Audit Opinion 2021/22 • CIPFA Audit Committee Position Statement 2022 • Standards Complaints Update • Work Programme 2022/23
22 nd September 2022	<ul style="list-style-type: none"> • External Audit Plan 2021/22 – Grant Thornton • External Audit Annual Report – Grant Thornton • External Audit Progress Report & Sector Update • Internal Audit Progress Report 2022/23 Q1 • Strategic Risk Register • Annual Governance Statement 2021/22 • Work Programme 2022/23
26 th January 2023	<ul style="list-style-type: none"> • Approve Audited Accounts 2021/22 • External Audit Progress Report 2021/22 • External Audit Plan 2022/23– Grant Thornton • Annual Governance Statement 2022/23 Arrangements • Internal Audit Progress Report 2022/23 Q2 • Fraud Risk Assessment 2022/23 • Strategic Risk Register • Regulation of Investigatory Powers Act – Annual Return • Standards Complaints Update • Work Programme 2022/23
16 th March 2022	<ul style="list-style-type: none"> • External Audit Plan 2022/23-Grant Thornton • External Audit Progress Report 2022/23 • External Audit Annual Audit Letter • Audit Findings 2021/22 and Annual Statement of Accounts 2021/22 • Annual Governance Statement 2021/22 • Internal Audit Progress Report 2022/23 Q3 • Strategic Risk Register 2022/23 • Terms of Reference of Audit and Standards Committee – Refresh (tbc) • Work Programme 2022/23

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