

## **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.