



## Audit and Standards Committee

Date and Time - **Monday 2 October 2023 – 6:30pm**

Venue - **Council Chamber, Town Hall, Bexhill-on-Sea**

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### **Councillors appointed to the Committee:**

B.J. Drayson (Chair), J. Barnes (MBE) (Vice-Chair), A.E. Biggs, Mrs V. Cook (ex-officio), P.J. Gray, A.P. Hayward, S.B. McGurk, C. Pearce and R.B. Thomas.

**Audit Independent Person:** Mr Patrick Farmer

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## **AGENDA**

### **1. MINUTES**

To authorise the Chair to sign the Minutes of the meeting of the Audit and Standards Committee held on 26 July 2023 as a correct record of the proceedings.

### **2. APOLOGIES FOR ABSENCE**

### **3. ADDITIONAL AGENDA ITEMS**

To consider such other items as the Chair decides are urgent and due notice of which has been given to the Head of Paid Service by 12 Noon on the day of the meeting.

### **4. DISCLOSURE OF INTERESTS**

To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

## **PART A - STANDARDS REPORTS - NONE**

## **PART B - AUDIT REPORTS**

**5. REPORT OF THE EXTERNAL AUDITOR GRANT THORNTON - AUDIT PROGRESS REPORT AND SECTOR UPDATE (Pages 3 - 16)**

**6. STATEMENT OF ACCOUNTS 2022/23 (Pages 17 - 20)**

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**For all enquiries – please contact [louise.hollingsworth@rother.gov.uk](mailto:louise.hollingsworth@rother.gov.uk) (Tel: 01424 787815)**

**Rother District Council putting residents at the heart of everything we do.**

7. **INTERNAL AUDIT REPORT TO 30 JUNE 2023** (Pages 21 - 30)
8. **TREASURY MANAGEMENT UPDATE** (Pages 31 - 40)
9. **RISK MANAGEMENT UPDATE** (Pages 41 - 64)
10. **WORK PROGRAMME** (Pages 65 - 66)

Lorna Ford  
Chief Executive

Agenda Despatch Date: 22 September 2023

# Rother District Council Audit Progress Report and Sector Update

September 2023



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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

Your key Grant Thornton team members are:

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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 where appropriate 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.

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# Progress at September 2023

## Financial Statements Audit 2021-22

Our work on your financial statements for 2021-22 is complete except for the following:

- Assurance from East Sussex Pension Fund auditor on the testing of the triennial valuation – this work has been delayed due to staff availability.
- Remaining testing on PPE revaluation – we are challenging the valuation on land in Blackfriars specifically the land area used in the valuation. Management confirmed that the land area used in the revised valuation was not updated and therefore a revised valuation will again be requested from the valuer using the correct land area. The signed options agreement for the subsequent sale of land in Mount View Street is still outstanding.

These works are in progress and we will provide an update to the Committee upon completion.

## Financial Statements Audit 2022-23

We undertook our initial planning for the 2022/23 audit in April and presented our audit plan to the Audit and Standards Committee. August 2023.

Our final accounts visit is due to start in the near future.

## Value for Money

Under the 2020 Code of Audit Practice, for local government bodies auditors are required to issue their 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.

NOA have issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 2022/23 audits.

The ongoing delays in local audit continue to significantly impact audited bodies and the financial reporting and auditing process and may therefore affect the timing of when the work on VFM arrangements set out in AGN03 is performed and reported.

Our work on assessing the Council's arrangements for VFM is in progress.

We anticipate issuing our Auditor's Annual Report for 2022/23 by December 2023.

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# Audit Deliverables

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## 2022/23 Deliverables

	Planned Date	Status
<b>Audit Plan</b> 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 2022/23 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report	July 2023	Completed
<b>Audit Findings Report</b> The Audit Findings Report will be reported in January 2024.	January 2024	Not yet due
<b>Auditors Report</b> This includes the opinion on your financial statements.	January 2024	Not yet due
<b>Auditor's Annual Report</b> This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	30 December 2023	Not yet due

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# 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:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local  
government



# Exploring the reasons for delayed publication of audited local authority accounts in England – Grant Thornton

Recent performance against target publication dates for audited local authority accounts in England has been poor. There are some reasons for optimism that there will be an improvement in the timeliness of publication of audited accounts as foundations are being laid for the future.

In this report we explore the requirements for publication of draft and audited accounts and look at some of the reasons for the decline in performance against these requirements over time. Only 12% of audited accounts for 2021/22 were published by the target date of 30 November 2022. There is no single cause for the delays in completing local authority audits, and unfortunately there is no quick solution in a complicated system involving multiple parties. We consider a variety of factors contributing to delays, note the measures which have already been taken to support the local audit system and make recommendations for further improvement.

There are some reasons for cautious optimism that the system will begin to recover and there will be a gradual return to better compliance with publication targets. However, we consider that these are outweighed by a number of risk factors and that the September deadline for audited accounts set by DHLUC is not achievable in the short term and also not achievable until there is further significant change in local audit and local government.

We note the following matters that are yet to be tackled:

- clarity over the purpose of local audit
- the complexity of local government financial statements
- agreement on the focus of financial statements audit work
- an improvement in the quality of financial statements and working papers

- an agreed approach to dealing with the backlog of local government audits
- Government intervention where there are significant failures in financial reporting processes

All key stakeholders including local audited bodies, the audit firms, the Department for Levelling Up Housing and Communities, PSAA, the NAO, the FRC and its successor ARGA, CIPFA and the Institute of Chartered Accountants in England and Wales will need to continue their efforts to support a coherent and sustainable system of local audit, acknowledging that it will take time to get things back on track.

We make recommendations in our report for various stakeholders, including Audit Committees and auditors, and include a checklist for consideration by management and Audit Committees within an Appendix to the report.

Read the full report here:

[Report: key challenges in local audit accounting | Grant Thornton](#)



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# Current local audit deadline ‘unachievable’- Grant Thornton

Low capacity in council finance teams and the failure to deal with historic accounting issues mean the current September audit deadline is unlikely to be met.

The firm said the changes in recent years to council investment strategies have seen annual accounts become increasingly complex.

In [evidence](#) to a Public Accounts Committee inquiry, Grant Thornton said the increased workload and pressure on resources have complicated recruitment and compounded delays.

The auditors said it is unlikely firms will be able to meet the 30 September deadline for publishing opinions on 2022-23 financial statements, because they are still working on previous years’ accounts.

The firm said one of the key issues causing delays is the lack of consensus over areas of audit focus, specifically over how land and buildings are audited.

“Too much audit resource is absorbed in dealing with longstanding financial reporting issues at poorly performing bodies,” the firm said.

In certain instances, audits are open as far back as 2017-18.

Perhaps more importantly, there has not been enough debate with the sector on the purpose of local audit and the enhanced audit scrutiny it faces.

This is particularly the case with the audit of property. Until these matters are resolved we do not consider that the September deadline is achievable.”

Grant Thornton said that while audit firms can be sanctioned by the Financial Reporting Council for failing to comply with regulations, there are currently no punishments for public bodies that fail to meet requirements.

It said there should be interventions for audited bodies that show “significant failures in financial reporting and an unwillingness to improve”.

In its evidence the firm blamed a lack of council funding to bolster finance teams for a reduction in the quality of reporting, causing further delays.

“Unfortunately, the quality of too many financial statements and working papers are not adequate,” Grant Thornton said.

“Improvement in accounts preparation, and recruitment and investment in finance teams is essential if local government is to prepare consistently high-quality draft accounts and respond to the challenges presented by an enhanced audit regime.”

In December, local audit procurement body Public Sector Audit Appointments revealed that [only 12% of local government audits](#) for 2021-22 were completed by the 30 November deadline.

PSAA said that an alarming 630 opinions were outstanding from both 2021-22 and previous years, and the level of opinions completed on time has declined significantly from the 45% in 2019-20.

Read full report here

[committees.parliament.uk/writtenevidence/118580/pdf/](https://committees.parliament.uk/writtenevidence/118580/pdf/)

# DLUHC to implement its new proposals to clear audit backlog by year-end

A range of proposals and actions to address the backlog of local audits in England has been set out by the Department for Levelling Up, Housing and Communities (DLUHC).

These include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

[The proposals](#) have been agreed in principle with key partners across the local audit system, DLUHC said. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes, the department added.

In addition, DLUHC is considering whether legislative change is needed to set new statutory deadlines for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice.

Legislative change may also be needed to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years, the department said.

Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

Read full proposal here

[committees.parliament.uk/publications/40932/documents/199432/default/](https://committees.parliament.uk/publications/40932/documents/199432/default/)



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# LGPS valuation gives ‘cause for optimism – Hymans Robertson

Many Local Government Pension Schemes are in a stronger position than three years ago to meet future member benefits, pension advisors have said following the most recent valuations.

Despite market instability brought on by Covid-19 and exacerbated by Russia’s invasion of Ukraine, the overall funding level rose to 107% of past service in March 2022, compared to 98.5% in 2019, Hymans Robertson said in a [report](#).

Analysts reviewed the triennial valuations of 73 of the 86 LGPS funds, and said that on average fund asset values rose by 27.5% up to March 2022.

Hymans Robertson said the better-than-expected funding outlook has prompted a reduction in employer contributions, from 21.9% of pay in 2019 to 20.8% now.

Robert Bilton, head of LGPS valuations at Hymans Robertson, said: “Our analysis gives cause for optimism that the outlook for the long-term funding sustainability of the LGPS is robust, not least due to the hard work that has taken place across all funds over the last decade and longer.

While the good news is welcome, the hard work doesn’t stop, and it is important that funds use the next two years to continue to systematically review their risks to keep them in the best place possible ahead of the valuations in 2025.”

The report said funding levels rose by the most for schemes that were already better-funded in 2019, but balances increased “across the board” in all funds that were reviewed.

Researchers said higher asset values mean funds will only need to deliver real investment returns of about 1.5% per year over the next 20 years to ensure they are fully funded.

Hymans said it expects more than three-quarter (77%) of funds to be able meet the annual level of investment returns by 2040.

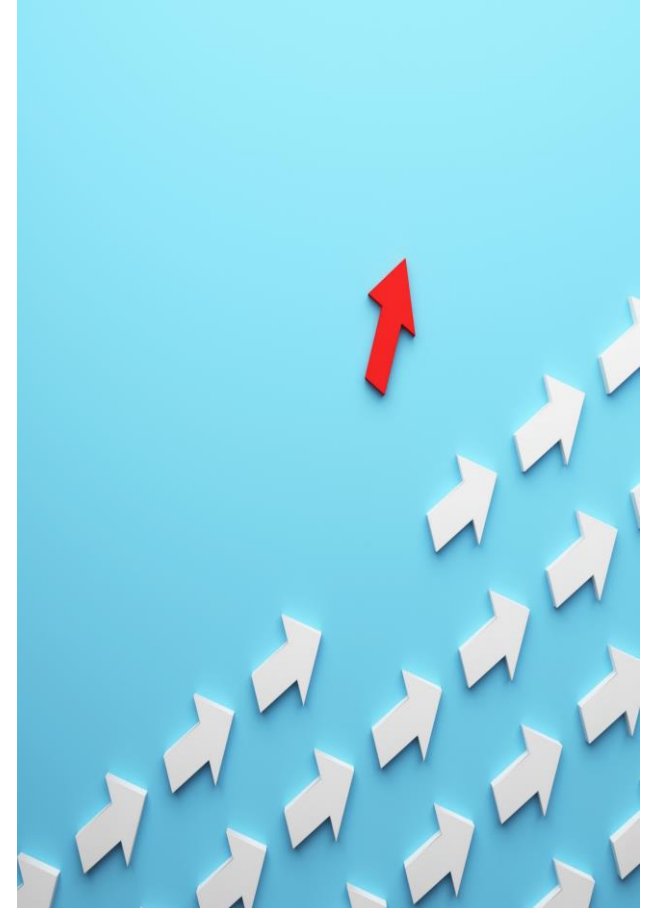
“This is a very positive funding position for the LGPS,” the report said.

“Considering that, not so long ago, the Scheme Advisory Board had set up a ‘deficit working group’ and the significant market events that the LGPS has had to navigate in recent years.

“Being in such a strong position is a testament to the diligent and hard work of administering authorities over the last decade.”

Read full report here

[LGPS 2022 Valuation - the big picture.pdf \(hymans.co.uk\)](#)



# Sustainability reporting in the public sector – CIPFA

Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later.

Sustainability reporting is the recording and disclosure of an organisation's environmental impact caused by its activities. It has been widely adopted in the private sector, but in the public sector it is not the same story.

Having a clear understanding of the overall carbon footprint of the public sector is vital if we are to tackle climate change, find solutions and encourage sustainable development.

Public sector sustainability reporting: time to step it up' provides answers and positive steps to addressing the most pressing challenges around public sector sustainability questions. The current patchwork of public sector sustainability reporting frameworks are inconsistent and confusing. The report draws on already existing standards and frameworks that are relevant and useful to the public sector, rather than trying to reinvent the wheel.

## Alignment to financial reporting

The report recommends an approach that aligns sustainability reporting with the wider practice of financial reporting. The four key areas in this approach are governance, the management approach, performance and targets, and strategy. 'Public sector sustainability reporting: time to step it up' provides public finance professionals with a good understanding of what information needs to be disclosed and the process in producing a high quality report.

Read full report from CIPFA here

[Sustainability Reporting \(cipfa.org\)](#)



# Local government procurement and contract management-

## Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector<sup>1</sup>. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

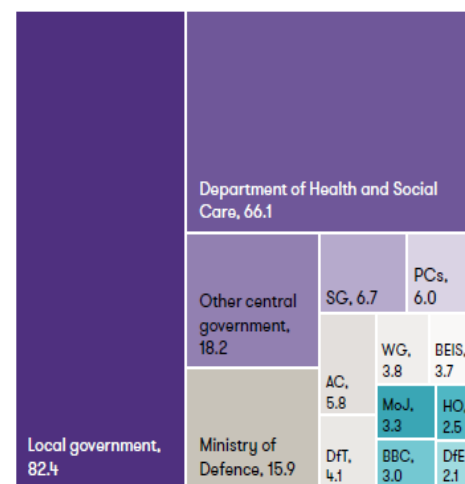
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

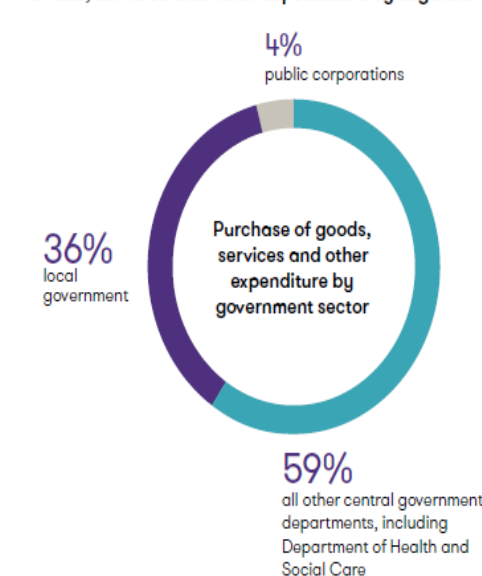
## UK public spending

Public spending on goods and services, £ billions - analysis by segment and department<sup>2</sup>



PCs Other Public Corporations AC Academies  
 DfT Department for Transport MoJ Ministry of Justice  
 WG Welsh Government BBC British Broadcasting Corporation  
 HO Home Office  
 DfE Department of Education BEIS Department of Business, Industry Strategy  
 SG Scottish Government

Goods, services and other expenditure by segment<sup>4</sup>



<sup>1</sup> HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022  
<sup>2</sup> Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021  
<sup>3</sup> HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022  
<sup>4</sup> HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022



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**Rother District Council**

<b>Report to:</b>	Audit and Standards Committee
<b>Date:</b>	2 October 2023
<b>Title:</b>	Statement of Accounts 2022/23
<b>Report of:</b>	Aleksandra Janowicz – Interim Chief Finance Officer
<b>Purpose of Report:</b>	This report asks Members to note the draft Statement of Accounts ahead of the external audit, discusses the main issues affecting the Statement and provides a commentary on the core financial statements.
<b>Officer Recommendation(s):</b>	It be <b>RESOLVED</b> : That the Council's draft 2022/23 Statement of Accounts be noted.

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**Introduction**

1. This report discusses the main issues affecting the Council's draft Statement of Accounts 2022/23 and provides a commentary on the core financial statements. ([The full draft Statement](#) is published on the Council's website and will be circulated separately to Members). At the time of writing this report, the Council's external auditors, Grant Thornton, are yet to commence their work on the accounts for 2022/23. Grant Thornton will report on the outcome of their work later in the year in line with the revised national timescales, if possible. The draft accounts include the Annual Governance Statement, as amended, and approved by the Committee at its meeting on 26 July 2023 (Minute AS23/21 refers).

**Changes to the Format of the Statement of Accounts**

2. The Code of Practice has required no major changes in the presentation of the accounts.

**Statement of Accounts (circulated separately)**

3. Detailed below is a brief description of the core financial statements and the issues relating to them.
4. **Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority, analysed into Useable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and Un-useable reserves, such as the revaluation reserve for land and property. The deficit of £3.014m (£0.680m surplus in 2021/22) on the provision of services line shows the true economic cost of providing the authority's services, and these are shown in greater detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net change of £1.578m before transfers from Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers from Earmarked Reserves were made by the Council to balance the accounts.

At the same time, a review of Earmarked Reserves was undertaken and £4.0m was transferred from Treasury Investment Earmarked Reserve to the General Fund to increase its balance to £5.0m and reinforce the long-standing message that the reserves balance should not go below that level.

5. **Comprehensive Income and Expenditure Statement** – this shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. It therefore does not show the "cash" position for the Council and is intended to reflect private sector accounting practice in presenting a profit and loss account. Figures within this statement are significantly different from those presented in budget monitoring reports, both due to differences in layout and inclusion of various items which are ignored for council tax setting purposes (depreciation, impairments, amortisation, movements in the value of investment properties, gains and losses on financial assets etc).
6. **Balance Sheet** – this is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, the net current assets employed in its operations and summarised information on the fixed assets held. The net worth of the Council has increased by £26.909m (increase of £9.376m in 2021/22 accounts restated for Pension Fund revaluation) as shown in the total reserves line. This is largely due to a £28.525m change in the Pension Fund Liability which shifted from a £18.051m liability into a £10.474m asset, set off by the decrease in the value of investment in property funds (£1.452m). Other reserves movements (£4m increase to Capital receipts and capital grant reserve and £2.3m decrease in unusable reserves) have largely offset the £1.578m transfer from Earmarked Reserves to support the revenue budget in 2022/23. A detailed analysis of the Council's earmarked reserves is shown in the notes to the accounts (Note 10).
7. **The Pension Fund liability** of £18,0513m shown in the Balance Sheet at the end of 2021/22 has now changed into an asset of £10.474m. This entry represents a long-term financial assessment of a possible shortfall or surplus on the Fund, based on the current situation and performance. Just as in previous years there was no immediate action that was required to manage the deficit, the asset is not something that we have control over or can use to support the revenue budget and its value is reflected in the Unusable Reserves section of the Balance Sheet.
8. **Cash Flow Statement** – this brings together in a single statement the inflows and outflows of cash arising from the Council's transactions with third parties for revenue, investment and capital purposes. Under International Financial Reporting Standards, the statement only reflects those flows of funds directly related to the Council. Where the Council acts as an agent, as in the case of collecting the council tax on behalf of precepting authorities, these inflows and outflows of cash are excluded.
9. **Collection Fund Income and Expenditure Account** – this reflects a statutory requirement for the Council, which collects the local taxes, to maintain a separate account in relation to business rates and the council tax and their distribution. Overall, the Collection Fund balance at year end was a deficit of £3.676m (a reduction in deficit by £0.418m from £4.094m last year). This balance is made up of the council tax fund surplus of £2.600m, the majority of

which will be shared with East Sussex County Council. For business rates, the Fund balance was in deficit of £6.276m, with the Government sharing its highest proportion followed by this Council. The majority of the NNDR deficit relates to the additional rate relief for businesses provided by the Government in 2020/21, due to the COVID-19 pandemic, which at the time halved the amount collectable. That deficit was spread over three financial years and is still part of the 2022/23 accounts. The impact has been mitigated through the additional Government grants received and accounted for in year through the General Fund. £1m worth of those grants was used this year to create a Business Rates Volatility Reserve to help towards the impact of the deficit in future years.

## Conclusion

10. The Balance Sheet shows that, overall, the financial position of the Authority still remains sound with an adequate amount of reserves in place to meet short term needs. However, the impact of high inflation on operational costs and the worsening economic climate have added to the previous financial pressures of the COVID-19 pandemic and the level of Usable Reserves continued to go down in the year, despite efforts to minimise it. The next Medium Term Financial Plan needs to address that through a robust and ambitious plan of achievable savings to stop the trend, reduce the reliance on reserve balances to support the revenue budget and, in time, replenish these reserves.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Lorna Ford
Report Contact Officer:	Aleksandra Janowicz, Principal Accountant
e-mail address:	<a href="mailto:aleksandra.janowicz@rother.gov.uk">aleksandra.janowicz@rother.gov.uk</a>
Appendices:	A – <a href="#">Draft Statement of Accounts 2022/23</a>
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	Local Government Accounting Code of Practice 2022/23 and associated guidance

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**Rother District Council**

<b>Report to:</b>	Audit and Standards Committee
<b>Date:</b>	2 October 2023
<b>Title:</b>	Internal Audit Report to 30 June 2023
<b>Report of:</b>	Gary Angell, Audit Manager
<b>Purpose of Report:</b>	To report on Internal Audit activity in the first quarter of 2023/24 and to provide a progress update on the implementation of audit recommendations made in earlier periods.
<b>Officer Recommendation(s):</b>	It be <b>RESOLVED</b> : That the Internal Audit report to 30 June 2023 be noted.

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**Introduction**

1. The Council is required to ensure that it has reliable and effective internal control systems in place. The adequacy of these systems is tested by both Internal and External Audit.
2. The Council's Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards. It is a requirement of these Standards that we report to the Audit and Standards Committee on audit matters and any emerging issues not only in relation to audit, but also to risk management and corporate governance.

**Summary of Activity in Quarter 1**

3. Three audit reviews were completed in the first quarter of 2023/24 although two of these related to audits brought forward from the previous financial year. All provided substantial assurance. An overview of the findings arising from these audits is given in Appendix A.

**Implementation of Audit Recommendations**

4. Each quarter, Members are updated on the progress made on implementing the audit recommendations reported at previous meetings. Appendix B shows a summary of the current position.
5. Five of the 'old years' recommendations now remain. This is a reduction of two since the previous quarter and progress is now being made in most of the remaining cases. The only recommendation that has not moved forward this quarter is the Procurement recommendation. The Interim Deputy Chief Executive has provided the following progress update on this recommendation.

*“Although a meeting was held between the Interim Deputy Chief Executive and the Procurement Business Partnership Manager on 24 May 2023, unfortunately the expected draft agreement was not shared at that point as the form of the agreement is potentially being changed from a Service Level Agreement (SLA) to an Inter Authority Agreement (IAA) as the Wealden legal team feel that is*

*more appropriate for the way the services are provided. There were however a number of agreements reached at that meeting that will inform and shape the IAA. At the time of writing the Wealden legal team are in the process of finalising the draft agreement and are hoping to share it with us for review by mid-September 2023 so a further update might be available by the time the Committee meets on 2 October 2023.”*

6. Good progress continues to be made on the 2022/23 recommendations, with over three quarters of the issues raised now resolved.

## Conclusion

7. All audits completed in the first quarter of 2023/24 provided substantial assurance.
8. Progress is now being made on most ‘old years’ audit recommendations.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive:	Lorna Ford
Report Contact Officer:	Gary Angell, Audit Manager
e-mail address:	<a href="mailto:gary.angell@rother.gov.uk">gary.angell@rother.gov.uk</a>
Appendices:	A – Audit Reports issued during Quarter to 30 June 2023 B – Summary of Progress on Recommendations Made up to 31 March 2023
Relevant Previous Minutes:	AS23/11
Background Papers:	None.
Reference Documents:	None.

**DEBTORS AUDIT 2022/23**

Service Manager: Chris Watchman

Officer(s) Responsible for Implementing Recommendations: Wendy Swain

Overall Level of Assurance: **SUBSTANTIAL****Purpose and Objectives**

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

**Control Objectives**

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

<b>Billing Arrangements</b> – Debtor invoices are promptly and correctly raised for all sums owed to the Council.	<b>P</b>
<b>Collection, Debt Recovery and Refunds</b> – Procedures for the recovery of unpaid debts are documented and implemented. Direct debit income is collected on time. Refunds and write-offs are properly authorised.	<b>M</b>
<b>Suspense Account</b> – Unallocated payments are posted to a suspense account and promptly investigated and cleared.	<b>M</b>
<b>Monitoring of Arrears</b> – Debt collection performance is monitored.	<b>P</b>

**Level of Assurance**

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The main issue found relates to the need for better communication with the Estates section regarding the billing of commercial rents. Regular meetings used to be held to discuss rent review and lease end dates, but these have stalled in recent months due to resourcing issues in Estates. Action has since been taken to schedule further meetings to ensure that the debtors are correctly billed.

The report also highlights a number of supervisory checks that have not been carried out for many months due to the absence of the Revenues Team Leader. These include checking the validity of credit notes, reviewing debts where recovery action is on hold, and monitoring arrears. No specific issues were found at the audit as result of these checks not taking place, but Management may wish to consider preparing a list of Sundry Debtor management duties to aid in providing alternative cover in the event of another long term absence.

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## Executive Summary

Overall, the control objectives are considered to have largely been met but we have made one medium risk recommendation to management to further enhance the governance arrangements.

Internal Audit Service  
May 2023

Levels of Assurance:	
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.



**ICT GOVERNANCE AUDIT 2022/23**

Service Manager: Mark Adams

Officer(s) Responsible for Implementing Recommendations: Graham McCallum

Overall Level of Assurance: **SUBSTANTIAL**

**Purpose and Objectives**

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

**Control Objectives**

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

<b>Access Control</b> – ICT access security arrangements are adequate.	<b>M</b>
<b>Security of Data</b> – Data is held securely and can be recovered in the event of a disaster.	<b>P</b>
<b>Change Control</b> – Software updates and change controls are properly managed.	<b>M</b>

**Level of Assurance**

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The Rother ICT network is generally well controlled and protected, and the overall assurance rating would have been higher had it not been for the fact that a longstanding audit recommendation to produce a new IT Disaster Recovery (DR) Plan has still not been fully implemented.

NB - A draft DR plan was produced shortly prior to the issuing of this report but the document seen was incomplete and further work will be required before it can be relied upon in the event of a disaster.

**Executive Summary**

Overall, the control objectives are considered to have largely been met and we have only made one low risk recommendation to management to further enhance the governance arrangements.

Internal Audit Service  
July 2023

**Levels of Assurance:**

Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

## RISK MANAGEMENT AUDIT

Service Manager: Anna Evett

Officer(s) Responsible for Implementing Recommendations: Anna Evett/Jo Harrison

Overall Level of Assurance: **SUBSTANTIAL**

### Audit Comment

*The Audit Manager had responsibility for co-ordinating risk management at the Council until April 2023 when the Corporate Programme and Improvement Manager took over this role. In order to comply with the Public Sector Internal Audit Standards, the Audit Manager has had no involvement in writing or reviewing the report or this executive summary. The work has been carried out independently by the Senior Auditor. The Audit Manager has, however, been contacted as an “audit client” so that information can be obtained to help evaluate the effectiveness of the controls in place.*

### Purpose & Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

### Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

<b>Policy and Responsibilities</b> – Management takes ownership of the risk management process and its responsibilities have been clearly defined.	<b>M</b>
<b>Risk Assessment</b> – Procedures are in place to ensure all risks that could impact on the achievement of Council objectives have been identified.	<b>M</b>
<b>Risk Mitigation</b> – Appropriate management action is being taken to reduce risk to an acceptable level.	<b>P</b>
<b>Monitoring Performance</b> – Risk management activity is monitored and reviewed on a regular basis.	<b>M</b>
<b>Audit and Standards Committee</b> – Risk management, control and governance processes are overseen by the Audit & Standards Committee.	<b>M</b>

### Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements subject to the comments made below. The main issues found relate to:

- the need for Service Managers and Heads of Service to maintain up to date service risk registers in their area of responsibility,
- the need to remind risk managers that mitigating measures detailed in the Corporate Risk Register should be in place rather than aspirational or assumed.

It should be noted that project risk registers have not been reviewed as part of this audit. Instead, these will be reviewed as part of the Corporate Project Management audit to be undertaken later this year.

The overall risk management framework in place was found to be good and effective. However, some managers need to further engage in the process to effectively mitigate against risks for which they are responsible.

**Executive Summary**

Overall, the control objectives are considered to have largely been met but we have made two low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service  
June 2023

<b>Levels of Assurance:</b>	
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

## Summary of Progress on Recommendations Made up to 31 March 2023

### Old Years: Audit recommendations made in 2018/19 (2) and 2021/22 (4)

Previous quarter's performance shown in brackets.

Risk	Issued		Implemented		Work-in-Progress		Not Started	
High	4		4	(4)	0	(0)	0	(0)
Medium	64		60	(58)	4	(6)	0	(0)
Low	46		45	(45)	1	(1)	0	(0)
<b>Total</b>	<b>114</b>		<b>109</b>	<b>(107)</b>	<b>5</b>	<b>(7)</b>	<b>0</b>	<b>(0)</b>
			<b>95.6%</b>	<b>(93.9%)</b>	<b>4.4%</b>	<b>(6.1%)</b>	<b>0%</b>	<b>(0%)</b>

Note – All audit recommendations made in 2019/20 and 2020/21 have been resolved.

Breakdown of long outstanding audit recommendations by Service Manager:

#### Mark Adams (Head of Digital and Customer Services)

- ICT Governance (2018/19) – issued 12/04/19. Recommendation to produce a new ICT Disaster Recovery Plan (Medium).
- Data Protection (2021/22) – issued 25/06/21. (1) Recommendation to determine which Council systems hold special category data and to confirm that there is a lawful basis for processing such data (Medium) and (2) Recommendation to establish if privacy notices still need to be produced for certain processes (Low).

#### Aleksandra Janowicz (Interim Chief Finance Officer) \*

- Procurement (2018/19) – issued 05/10/18. Recommendation to formalise an SLA for the service provided by the East Sussex Procurement Hub (Medium).

#### Joe Powell (Head of Housing and Regeneration)

- Estates Income (2021/22) – issued 30/06/21. Recommendation to update the tenancy details stored on the ePIMS asset register database to correct the discrepancies found at the audit and to ensure it is properly maintained from now on (Medium).

\* The Procurement recommendation is still being managed by Duncan Ellis, the Interim Deputy Chief Executive.

### Last Year – Audit Recommendations 2022/23

Previous quarter's performance shown in brackets.

Risk	Issued		Implemented		Work-in-Progress		Not Started	
High	2	(2)	1	(1)	1	(1)	0	(0)
Medium	35	(29)	29	(21)	6	(6)	0	(2)
Low	26	(17)	19	(14)	5	(2)	2	(1)
<b>Total</b>	<b>63</b>	<b>(48)</b>	<b>49</b>	<b>(36)</b>	<b>12</b>	<b>(9)</b>	<b>2</b>	<b>(3)</b>
			<b>77.8%</b>	<b>(75.0%)</b>	<b>19.0%</b>	<b>(18.8%)</b>	<b>3.2%</b>	<b>(6.2%)</b>

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**Rother District Council**

<b>Report to:</b>	Audit and Standards Committee
<b>Date:</b>	2 October 2023
<b>Title:</b>	Treasury Management Update
<b>Report of:</b>	Aleksandra Janowicz – Interim Chief Finance Officer
<b>Purpose of Report:</b>	To note the Council's treasury activities for the first financial quarter ending the 30 June 2023.
<b>Officer</b>	
<b>Recommendation(s):</b>	It be <b>RESOLVED</b> : That the report be noted.

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**Introduction**

1. The Council's Investment Strategy requires regular reports to be presented to this Committee on its treasury management activities. In managing these, the Council has implemented the Department of Levelling Up, Housing and Communities (DLUHC) investment guidance and followed the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.
2. The investment activity to date conforms to the approved strategy and the Council has had no liquidity difficulties. Members are reminded that investment activity is also reported through the Members' Bulletin. This report focuses on the financial period ending the 30 June 2023 and is based on the latest available data.
3. Members will note that the figures quoted within the report are either actuals or estimates as stated and the outturn position at year end is draft subject to change following completion of the audit of 2022/23 accounts.

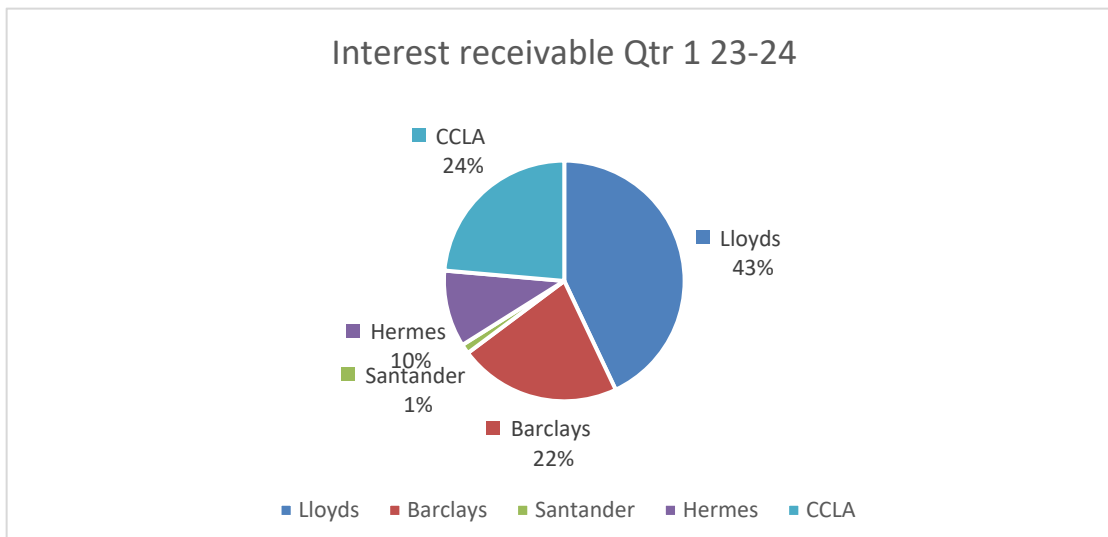
**Financial Investments review**

4. As of 30 June 2023, the Council's total investments were around £22.5 million with £14.5m invested in short term call accounts (£20.6m and £12.6m respectively at Quarter 4 2022/23) and £8 million in Property Funds (no change from Quarter 4). Funds managed internally are mainly in call accounts, but we are reviewing rates available on the market to invest in fixed term deposits to benefit from higher rates. We have engaged with the market via an online platform to open MMF (liquidity) funds. Members will note that a significant element of the £14.5m balance relates to cash owed to public bodies, e.g. council tax precepts, shares of business rates.
5. The Council's investments are currently predicted to have yielded interest income of £232,000 in Quarter 1 of this financial year, including income generated by the property funds (CCLA and Hermes). The budget for the year is £586,000 so we likely have already achieved 39% of it. This is mainly due to

an increased focus on treasury management activities and the incremental Bank of England interest rates increases. This amount could be inflated by a further £38,000 for the interest accruing on the loan provided so far to the Rother DC Housing Company Ltd.

6. Forecasting into the future to arrive at the annual outturn figure is difficult as it depends on a variety of factors and assumptions. It is highly likely that the budget will be achieved, but the range of possible outcomes is expected to be in excess of £510,000 surplus as we look to diversify our treasury deposits. Whereas we had enjoyed exceptionally good call account rates from our bankers, these fell significantly late in July. To mitigate this, we opened a new Lloyds Treasury Call Account with rates similar to those we had previously benefitted from and where we now invest any excess cash daily. In order to maintain the yield, we need to assess opportunities and risks in other products which we are exploring and preparing for.
7. The possible outcomes for the variance are dependant, amongst others, on:
  - any further movement in Bank of England rate and its impact on what banks are prepared to offer as a result;
  - the level of funds available to invest, which will in turn be heavily dependent on cashflows relating to capital expenditure. As the capital programme is being reviewed and borrowing rates from the Public Works Loan Board (PWLB) are at very elevated levels (5.64% interest rate for a new 50-year annuity loan as at September 2023), there is a high level of uncertainty around this; and
  - on activity levels at the Rother DC Housing Company Ltd which will determine how much loan funding is required from the Council.
8. The total variance (surplus) estimated in the Revenue and Capital Monitoring report for Quarter 1 is £710,000, as it includes interest accruing on the Housing Company loan (estimated to be around £200,000 for the year).
9. Officers will apply the principles of security, liquidity and yield in their treasury decisions, both when continuing with the current products and exploring others. Advice will be sought from Link Treasury Services as appropriate.
10. The investment portfolio and Property Fund values as at Quarter 1 are detailed in Appendix A.
11. Estimated Quarter 1 interest receivable breakdown is depicted in the graph overleaf:





## Borrowing

12. The Council's Capital Financing Requirement (CFR) shows how much of its capital expenditure is financed by borrowing and is summarised in Appendix B. The capital programme budget has been reviewed during Quarter 1 in view of the complexity of several of the proposed schemes and the rapidly changing financial landscape in terms of inflationary pressures, interest and borrowing rate changes. The CFR position has changed as a result. The forecast outturn for the year is now £57.0 million. Members will also note that the capital programme continues to be reviewed for affordability as part of ongoing monitoring of the capital programme and a revised budget for the CFR will be developed as part of this work.
13. The value of outstanding loans as at the 30 June 2023 was £31.8m and the borrowing portfolio is also shown in Appendix B. This is £11.6m lower than the CFR, which means the Council has 'under-borrowed' and effectively borrowed internally using up its cash balances, rather than borrowing when interest rates are high.
14. Officers will continue to keep borrowing policy under review and use internal balances where possible to minimise borrowing costs.

## Treasury and Prudential Indicators

15. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. During the financial year to date, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.
16. The current prudential and treasury indicators, such as the Council's Authorised and Operational external borrowing limits, were approved by Cabinet on the 27 February 2023 as part of the Council's Treasury Management Strategy and are shown in Appendix C. Members will note that the current borrowing levels

shown in Appendix B are comfortably within both limits. No amendments to the Treasury Management Strategy are proposed as a result of this report.

17. The ratio of Net Financing Costs (NFC) to the Net Revenue Stream in the original budget was to be 5.06%, but is now predicted to be -0.99%. This is both due to the review of and subsequent delay in the capital programme delivery referred to above and the additional investment income received, which reduces the NFC. The Prudential Indicators are shown in Appendix C.

### Non-Treasury Investments

18. The table below shows property rental income for the year against the approved budget and is split between existing assets and those purchased through the Property Investment Strategy (PIS):

Property Type	Net Budget 2023/24 (Rent income and expense)	Qtr 1 Estimate for annual Net Rent Income and expense	Variance	Return on Investment	Notional interest	Return on Investment after notional interest applied
	£000	£000	£000	%	£000	%
Non-PIS	(669)	(665)	4	5.26	n/a	5.26
PIS	(1,536)	(1,573)	(37)	5.29	586	3.33
<b>Total</b>	<b>(2,205)</b>	<b>(2,238)</b>	<b>(33)</b>	<b>5.27 (ave)</b>	<b>586</b>	<b>4.29 (ave)</b>

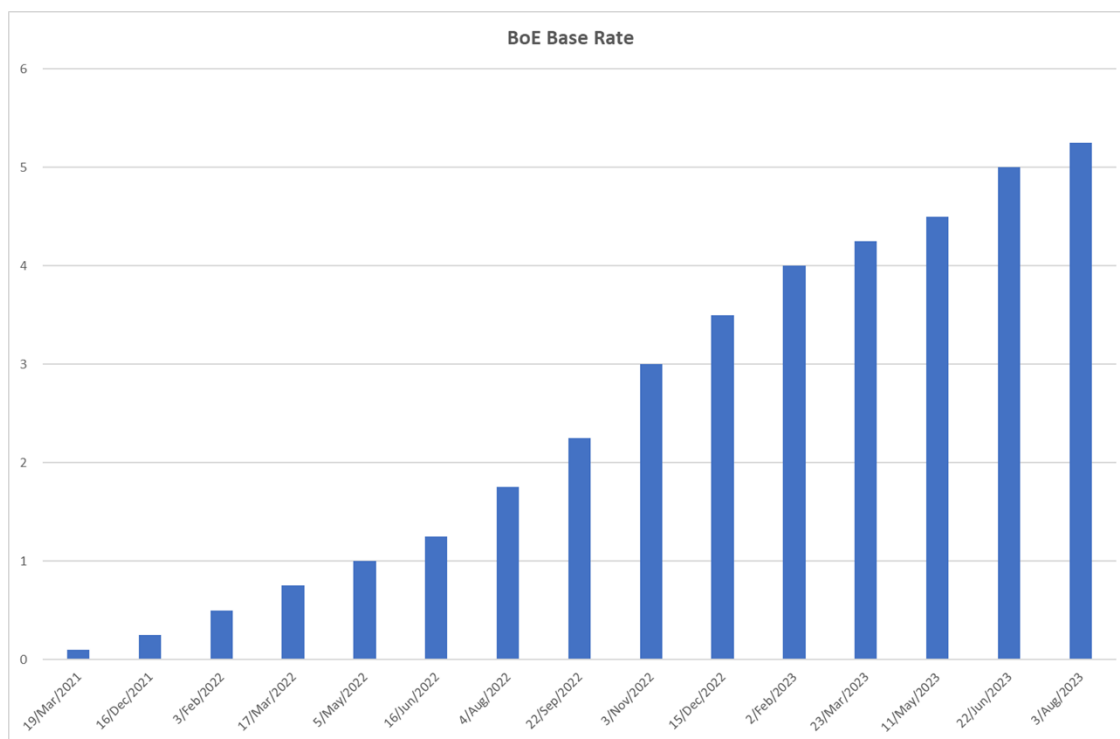
19. The above table shows the return on investment on all PIS properties, including notional borrowing costs. Appendix D shows detail including the total cost of purchase as well as net income predicted to be achieved by year end.

### Economic Update and Outlook

20. The ongoing impact on the UK from the war in Ukraine, together with the highest inflation for the last 40 years, rising interest rates, uncertainties over government policy and an uncertain economic outlook continue to impact on current treasury management activities.
21. Inflation is significantly eroding the Council's spending power. At its 2 August 2023 meeting, the Bank of England's Monetary Policy Committee (MPC) has updated projections which show the annual Consumer Price Index inflation rate falling back from its very high level, of around 10% since the summer of 2022 up to March 2023, to around 8.7% in May and 7.9% in June, but the fall was not as sharp as previously hoped for. It is predicted to fall further by the end of this calendar year to around 5% and come back closer to the target of 2% only in three years' time. However, previous such projected falls have not always materialised as inflation is proving stubborn in the UK, whilst being in decline elsewhere in other major economies (the June reading was the highest in the G7). Past increases in energy and other goods prices falling out of the calculation of the annual rate, have not yet materially changed the situation and the country seems to be feeling the combined effect of remaining high energy

and food prices as well as worker shortages, which do not allow for the inflationary pressures to ease. To the contrary, the recent reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.

22. At the recent meeting of the Bank of England's MPC in August 2023, it was agreed to increase the bank base rate by a further 0.25% to 5.25% to help control inflation. For comparison, in December 2021 it was 0.1%. It was the fourteenth rise in interest rates since then (see graph below).



The Council's Treasury advisers predict that the Bank rate is likely to peak between 5.50% and 6%.

23. The UK economy grew by 0.2% between January and June 2023 according to the Office for National Statistics, and the Bank of England forecasts Gross Domestic Product (GDP) will be around the same in the second quarter of the calendar year (back in February it was predicted to record a 0.7% decline), reflecting more resilient household income and retail sales volumes than previously thought. Some more recent indicators, however, show signs of weakening, with less resilient growth and lower consumer confidence.
24. Credit rating agencies have reflected the difficult UK position by affirming its AA- rating with a Negative Outlook as of 2 June 2023, citing rising government debt, weak growth and the risk of more persistent inflation, rising borrowing costs, pressures due to cost-of-living crisis and the proximity of general elections (Fitch).
25. Forecasting economic activity in the current climate is fraught with difficulties. Officers will continue to monitor closely any future changes and will factor them into the Council's next update of the Medium Term Financial Plan in due course.

26. The impact on the Council of all of the above is higher costs of providing services, higher potential borrowing costs (PWL 50-year loan rate rose from under 2% at the end of 2021 to 5.64% at the time of writing) which may render some capital projects unviable and have a possible negative impact on council tax collection rates, as the cost-of-living crisis hits thousands of families across the district.

### Other issues

27. The value of investments in Property Funds has remained stable since the end of the last financial year and is £7.457m. The value is therefore currently £542,596 less than originally invested. Members will be reminded that any gains or losses on such long-term investments will only be realised at the point of withdrawal from the fund. Property funds still provide a healthy income stream in the form of quarterly distributions and are expected to contribute £296,000 in the financial year to 31 March 2024.
28. It is also worth mentioning again that, following a consultation on the IFRS9 statutory override, the government announced an extension of the override for a further two years until 25 March 2025. This allows councils to override fair value movements on pooled investments (like this Council's CCLA and Hermes) in order to protect themselves from market volatility. Such movements are still being reversed from the General Fund and into unusable reserves and as such, they do not have an impact on budget setting. Without the override, negative movements in their value would cause a budget deficit and require more funds to be withdrawn from reserves.

### Conclusion

29. The investment activity conforms to the approved strategy and the Council has no liquidity difficulties.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive:	Lorna Ford
Report Contact Officer:	Aleksandra Janowicz
e-mail address:	<a href="mailto:aleksandra.janowicz@rother.gov.uk">aleksandra.janowicz@rother.gov.uk</a>
Appendices:	Appendix A – Investments Portfolio Appendix B – Capital Financing Requirement & Borrowing Portfolio Appendix C – Prudential Indicators Appendix D – Performance of PIS properties
Relevant Previous Minutes:	None
Background Papers:	Capital, Investment and Treasury Management Strategy Report to Cabinet, 27 February 2023
Reference Documents:	None

Investments Portfolio

Deposit	Type of account	Maturity Date	Amount Invested £	Interest Rate 30 June 2023 %	Share %
Lloyds - General (RFB)	Call	N/A	9,329,329	4.9	41.53%
Bank of Scotland (RFB)	Call	N/A	46	0.01	0.00%
Barclays - Call Account (NRFB)	Call	N/A	5,136,797	3.60	22.86%
Santander - Call Account	Call	N/A	214	2.93	0.00%
CCLA Local Authority Property Fund	Long Term	N/A	5,000,000	0	22.26%
HERMES Property Fund	Long Term	N/A	2,999,998	0	13.35%
<b>Total</b>			<b>22,466,384</b>		<b>100.00%</b>
Total managed in-house			14,466,386		
Total managed externally			7,999,998		
<b>Total Treasury Investments</b>			<b>22,466,384</b>		

Property Funds

Name of Property Fund	Original Investment Value	Value 31/03/2023	Value 30/6/2023	Change since start of financial year	Change since original investment made
	£	£	£	£	£
CCLA Property Fund	5,000,000	4,733,177	4,726,609	(6,568)	(273,391)
HERMES Property Fund	2,999,998	2,732,630	2,730,892	(1,738)	(269,105)
<b>Total</b>	<b>7,999,998</b>	<b>7,465,808</b>	<b>7,457,501</b>	<b>(8,306)</b>	<b>(542,496)</b>

**Capital Financing Requirement**

Capital Financing Requirement (CFR)	2023/24 Original Budget £ (000)	2023/24 Quarter 1 Forecast £ (000)
Opening Balance	31,896	43,469
Add unfinanced capital expenditure	108,764	13,998
Less Minimum Revenue Provision (MRP)	(224)	(515)
<b>Closing Balance</b>	<b>140,436</b>	<b>56,952</b>

**Capital programme – revised at Quarter 1**

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Capital Expenditure	27,696	68,045	23,503	8,694	28,183	156,121
Funded by:						
Capital Receipts	3,004	117	-	-	-	3,121
Grants and contributions	9,752	6,615	14,927	7,589	1,625	40,508
CIL	513	1,484	1,321	850	-	4,168
Borrowing	8,997	20,699	125	125	125	30,071
Capital Expenditure Charged to Revenue	230	130	130	130	130	750
Borrowing and Loan for RDC Housing Company Ltd	5,000	39,000	7,000	-	26,303	77,303
Section 106	200	-	-	-	-	200
<b>Total</b>	<b>27,696</b>	<b>68,045</b>	<b>23,503</b>	<b>8,694</b>	<b>28,183</b>	<b>156,121</b>

**Current Borrowing Portfolio**

Borrowing position at 30 June 2023					
Properties	Amount o/s	Interest Rate	Term	Type	Full Year Repayments (capital and interest)
PWLB 507499	£426,423	2.59%	50	Annuity	£16,102
PWLB 507503	£426,358	2.58%	50	Annuity	£16,070
PWLB 509130	£1,577,860	2.39%	50	Annuity	£56,729
PWLB 509131	£1,000,000	2.24%	50	Maturity	£22,400
PWLB 509165	£8,137,470	2.48%	50	Annuity	£297,572
PWLB 387276	£6,180,951	1.78%	50	Annuity	£190,804
PWLB 455425	£9,117,859	1.65%	50	Annuity	£273,881
Market	£5,000,000	1.70%	2	Maturity	£85,349*
<b>Total Borrowing</b>	<b>£31,866,920</b>				<b>£958,907</b>

**Treasury Indicators (Borrowing Limits)**

<b>Treasury Indicators</b>	<b>2023/2024 £ (000)</b>
Authorised Limit for External Debt	192,833
Operational boundary for External Debt	183,833
Gross External Debt (actual) at Quarter 1	31,867
<b>Remaining Authorised Limit for External Debt</b>	<b>160,966</b>

**Prudential Indicators**

<b>Prudential Indicators</b>	<b>2023/24 Original Budget</b>	<b>2023/24 Quarter 1 Forecast</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Capital Financing Requirement (CFR)	140,436	56,952
Annual Change in CFR	108,540	13,483
In-Year Borrowing Requirements	108,764	13,998
Ratio of Financing costs to Net Revenue Stream (%)	5.06	-0.99

**Properties purchased through the Property Investment Strategy**

<b>Property Investment strategy</b>	<b>Total Cost of Purchase</b>	<b>Budgeted Net Surplus 2023/24</b>	<b>Forecast Net Surplus at Quarter 1</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
14 Terminus Road Filling station	887,605	(79,800)	(79,800)	0
14 Terminus Road Garage /Showroom				0
16A Beeching Road	861,000	(32,350)	(32,350)	0
16B Beeching Road				0
18-40 Beeching Road	861,000	(78,850)	(78,850)	0
1-7, Wainwright Road	407,305	0	(3,798)	(3,798)
Glovers House, Bexhill	7,843,952	(473,820)	(473,820)	0
Land at Barnhorn Green, Bexhill	1,640,309	(194,980)	(194,980)	0
Market Square, Battle	3,256,184	50	(33,282)	(33,332)
35, Beeching Road, Bexhill (headlease)	695,359	(8,960)	(8,960)	0
64, Ninfield Road, Sidley	121,945	(577,900)	(577,900)	0
Sainsburys, Buckhurst Place	10,182,055	1,000	1,000	0
Land at Mount View Street, Bexhill	4,492,599	(17,500)	(17,500)	0
16 Beeching park Estate	427,875	(17,000)	(17,000)	0
18 Beeching park Estate				0
<b>Total</b>	<b>31,677,188</b>	<b>(1,536,460)</b>	<b>(1,573,590)</b>	<b>(37,130)</b>



**Rother District Council**

- Report to:** Audit and Standards Committee
- Date:** 2 October 2023
- Title:** Risk Management Update
- Report of:** Anna Evett, Corporate Programme, Risk & Improvement Manager
- Purpose of Report:** To consider the updated Corporate Risk Register and review the Risk Management Policy and risk appetite (contained within the Policy).
- Officer**
- Recommendation(s):** It be **RESOLVED**: That:
- 1) the report be noted; and
  - 2) the Risk Management Policy updated in line with the recommendations contained in the report.

**Introduction**

1. This report provides a position update on Risk Management processes and the key strategic risks currently facing the Council.
2. Risk refers to the uncertainty that surrounds future events and outcomes. It is essential that the Council adopts a strong approach to risk management to ensure good governance, especially given the current backdrop of significant financial pressures.
3. The Corporate Programme, Risk and Improvement Manager is now responsible for facilitating all strategic risk management activity, including maintaining the Risk Management Policy and collating and reporting on updates to the Corporate Risk Register. The responsibility for identifying and managing risks, however, remains with Senior Management.

**Risk Management Policy**

4. A new Risk Management Policy (Appendix B) was approved by this Committee in September 2022 (Minute AS22/27 refers).
5. This policy should be reviewed on an annual basis and the risk appetite statements within it should be revisited and amended each year (where appropriate) to ensure that they continue to meet the Council's requirements.
6. The Senior Management Team has reviewed the Policy and recommends amendments to the risk appetite (target) scores as follows:
7. **Environmental/Climate Change** – risk appetite is currently Minimal/Low risk with a target score of 3-4. The target score has been exceeded since the Policy

was approved in September 2022 and seems to be too low. The proposal is to amend this to Low/Medium risk with a target score of 3-10.

8. The associated **Risk Appetite Statement** (Appendix 3, page 13 of the Policy) to be amended as follows (changes in italics): In some circumstances, we are prepared to accept a risk of increasing our environmental impact or delays to our strategic objectives in this area where there is a clear, demonstrable benefit of increased social value, cost savings or revenue that is essential to the Council *and to be open to innovation and initiatives which are proven to work.*
9. There is one small amendment needed to Section 9 **Responsibility and Reporting** section of the policy at 9.5 to reflect the change in responsibility of the Risk Management Coordinator from Audit Manager to Corporate Programme, Risk and Improvement Manager

### **Corporate Risk Register**

10. The Corporate Risk Register (CRR) (Appendix A) has been reviewed and updated by the Corporate Management Team. No changes to the format of the risk register have been made.
11. Several existing risks have been amended as stated on the register, most notably:
  - a. Risk 4 – Economic/Financial – *Failure to operate within a sustainable budget.* The score has increased from 12 to 20 and exceeds the risk appetite. This reflects the financial pressures facing the Council even with the current mitigations in place and planned. This risk will be closely monitored to assess whether the mitigations are reducing the level of risk.
  - b. Risk 11 – Political – *National fuel shortage*, de-escalate but monitor as the risk score has decreased.
  - c. Risk 14 – Partnership/Contractual – *Failure of a neighbouring authority or partner.* This risk has increased from 9 to 12 and reflects the problems facing one of our close neighbour authorities.
12. Two new risks have been added to the register at numbers 17 and 18. Both these risks concern partner organisations.

### **Service Based Risk Registers**

13. Service Plans have recently been introduced which require all Heads of Service / Service Managers to record and monitor their operational risks in a risk register. The Service based risks are reviewed by the Senior Leadership Team and form part of the new draft Performance Framework and will be monitored at the new Performance Boards. These internal, Senior Leadership Team led Boards meet quarterly to monitor all aspects of performance with a particular emphasis on risk. This should improve the identification and mitigation of the day-to-day risks in the service areas.

## Conclusion

14. The CRR has been reviewed and the latest version is included for Members' consideration.

## Risk Management

15. The failure to adequately monitor and respond to an ever-changing risk environment could have serious negative consequences for the Council.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	Yes	Exempt from publication	No

Chief Executive:	Lorna Ford
Report Contact Officer:	Anna Evett, Corporate Programme, Risk & Improvement Manager
e-mail address:	<a href="mailto:anna.evett@rother.gov.uk">anna.evett@rother.gov.uk</a>
Appendices:	A – Corporate Risk Register B – Risk Management Policy
Relevant Previous Minutes:	AS22/27
Background Papers:	None.
Reference Documents:	None.

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No.	Category	Risk Description	Effect	Resulting In	Caused By	Mitigations and Controls	Acceptable Risk Score	Mitigated Risk			This Review	Actions/Comments	Next Review	Owner
								Likelihood	Impact	Score				
#	Risk category	Situation or event (real or perceived) that exposes us to risk	The negative impact. How big? How bad? How much? Consider worst likely scenario	What wider impacts may the risk effect have?	Circumstances that could lead to the risk being realised	Controls and other mitigations already in place	Max. risk appetite score	1-5 (refer to Risk Scoring Matrix)	1-5 (refer to Risk Scoring Matrix)	Likelihood x Impact	Date	Further action required to reduce risk	Date	Person managing risk
1	Political	Political changes impact delivery of Council services	Negative impact on finances and increased demand for services such as housing benefits	Less money to deliver services and lessening quality of services	<ul style="list-style-type: none"> <li>Changing government policy</li> <li>Government spending review</li> <li>Interest rate rises</li> <li>Business Rate reset</li> </ul>	<ul style="list-style-type: none"> <li>Medium term financial plan well developed and regularly reviewed</li> <li>Use of reserves as short term financial support</li> <li>Regular budget/financial updates to Members</li> <li>Senior officer involvement with national bodies (e.g. LGA, Rural Services Network, Solace)</li> <li>Regular meetings with/lobbying of MPs</li> <li>East Sussex Lobbying priorities</li> <li>Proactive involvement with national consultations</li> </ul>	10	3	3	9	11-Sep-23	This risk score has reduced from 16 to 12 following review and reflects inability to address the cause of the risk but mitigations in place: <ul style="list-style-type: none"> <li>Ongoing focus and refresh of the Financial Stability Programme to ensure delivery of programme objectives</li> <li>Ensure 'horizon scanning' continues through involvement in national bodies</li> <li>The support of the LGA/Rural Services Network can play an important role in lobbying the government on behalf of district councils</li> <li>Policy update to CMT</li> </ul>	11-Dec-23	LF
2	Social	The Council cannot meet its housing objectives: 1) supply of affordable houses 2) housing list reduction 3) five-year housing supply	<ul style="list-style-type: none"> <li>Increased levels of homelessness</li> <li>Increased TA cost</li> <li>Pressure from partner agencies to provide housing</li> </ul>	<ul style="list-style-type: none"> <li>Significant revenue costs in temporary accommodation</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Rising cost of living, house prices &amp; rent costs</li> <li>National &amp; local planning policy</li> <li>Southern Housing (LSVT) failing to build new housing locally, relative to neighbouring areas</li> <li>AONB and lack of viable land for development</li> <li>Local resistance to development</li> <li>Lack of resources to effectively prevent homelessness</li> </ul> <p><i>NB - Many of the causes of this risk are outside LA control and we may have to tolerate some increase in costs.</i></p>	<ul style="list-style-type: none"> <li>Rother Tenant Finder (RTF)</li> <li>TA investment and Temporary Accommodation Support Scheme (TASS)</li> <li>Housing First and RSI</li> <li>CIL review</li> <li>Competent managers</li> </ul>	10	4	4	16	11-Sep-23	<ul style="list-style-type: none"> <li>Deliver expanded RTF following authorised investment from SLT</li> <li>Continue service improvement through delivery of the Service Plan</li> <li>Continued investment in our own TA stock</li> <li>Housing Strategy Task &amp; Finish Group work</li> <li>LUP deep dive for TA imminent</li> </ul> <p><i>Aware that risk appetite is exceeded - SLT to discuss further options about homelessness as part of mitigation plan</i></p>	11-Dec-23	JP
3	Technology	IT Failure	Failure to deliver (all) services	<ul style="list-style-type: none"> <li>Long term failure</li> <li>Significant financial loss</li> <li>Rebuilding due to successful attack</li> </ul>	<ul style="list-style-type: none"> <li>Successful cyber attack                             <ul style="list-style-type: none"> <li>user error/lapse</li> <li>failure of defences</li> </ul> </li> <li>Infrastructure failure                             <ul style="list-style-type: none"> <li>power outage</li> <li>flooding</li> <li>fire</li> <li>hardware issues</li> </ul> </li> <li>Understaffing IT department</li> </ul>	<ul style="list-style-type: none"> <li>Key services now managed in the cloud</li> <li>Active antivirus protection</li> <li>Secure configuration, threat monitoring and vulnerability testing</li> <li>Data backups are maintained</li> <li>Robust patching schedule</li> </ul>	10	2	5	10	11-Sep-23	Risk score reduced from 15 to 10 following business continuity advice from Zurich <ul style="list-style-type: none"> <li>Regular phishing awareness training</li> <li>Confirm budget arrangements for emergency expenditure</li> </ul>	11-Dec-23	MA
4	Economic/Financial	Failure to operate within a sustainable budget	Failure to deliver corporate objectives	This score has increased from 12 to 20 to reflect the financial pressures the Council is under <ul style="list-style-type: none"> <li>Actively manage and monitor delivery of the Financial Stability Programme (FSP)</li> <li>Continue regular monitoring reports to SLT/CMT</li> <li>Quarterly budget monitoring reports</li> <li>Respond to central government Settlement consultation</li> </ul>	<ul style="list-style-type: none"> <li>Failure to achieve savings/income targets</li> <li>Increase in homelessness</li> <li>Reduction in business rates income</li> <li>Reduction in Council Tax income</li> <li>Budgets being exceeded and inadequate reserves</li> </ul>	<ul style="list-style-type: none"> <li>Strong partnership between Members and Officers</li> <li>Regular monitoring of the Medium Term Financial Plan (MTFP)</li> <li>Reporting on performance against targets</li> <li>Dedicated resources to lead delivery of targets</li> <li>Quarterly budget monitoring</li> <li>Refresh of the Financial Stability Plan</li> </ul>	16	5	4	20	11-Sep-23	This score has increased from 12 to 20 to reflect the financial pressures the Council is under <ul style="list-style-type: none"> <li>Actively manage and monitor delivery of the Financial Stability Programme (FSP)</li> <li>Continue regular monitoring reports to SLT/CMT</li> <li>Quarterly budget monitoring reports</li> <li>Respond to central government Settlement consultation</li> </ul>	11-Dec-23	DE
5	Project/Programme	Project delivery compromised	<ul style="list-style-type: none"> <li>Project failures or inadequate delivery to budget, deadlines or specifications</li> <li>Failure to secure external funding to make project financially viable</li> </ul>	<ul style="list-style-type: none"> <li>Significant financial loss</li> <li>Reputational damage</li> <li>Loss of, or inadequate return on, investment</li> </ul>	<ul style="list-style-type: none"> <li>Strain on resources from competing priorities</li> <li>Staff turnover/loss of knowledge</li> <li>Lessons not learned from previous projects</li> <li>Scope creep</li> <li>Inadequate project governance including lack of review of business case</li> <li>High risk appetite within Corporate Plan</li> </ul>	<ul style="list-style-type: none"> <li>Adequate project resources</li> <li>Capable project managers</li> <li>Training and support</li> <li>Robust risk management practices</li> <li>New internal governance structure implemented in conjunction with draft Projects Toolkit document; monthly internal SLT Programme Board to monitor projects.</li> </ul>	16	2	4	8	11-Sep-23	<ul style="list-style-type: none"> <li>Ensure that the business case for each project is robust prior to approval and reviewed regularly</li> <li>Undertake skills transfer from contractors to officers</li> <li>A review of all projects is being undertaken to test financial viability and alignment with corporate priorities, with the cost of borrowing high it's prudent to take the opportunity of project delays to pause some projects and focus resources on priority projects</li> </ul>	6-Jan-24	BH
6	Partnership/Contractual	Significant service contract falls to RDC - e.g. Waste and Street Sweeping, Grounds Maintenance, Leisure Centres, toilet cleaning etc.	<ul style="list-style-type: none"> <li>Pressure on staff to manage the transition</li> <li>Lack of staff to do the work in-house</li> <li>Lack of skills &amp; knowledge</li> <li>Lack of equipment/vehicles</li> <li>Poor quality of service</li> </ul>	<ul style="list-style-type: none"> <li>Financial Implications</li> <li>Major service disruption</li> <li>Reputational damage</li> <li>Inability to meet regulatory &amp; statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Contractor failure due to financial issues and lack of staff</li> <li>Changes in government regulatory requirements</li> <li>Lack of practised BCP</li> <li>Lack of contract partnership management and support (Waste Contract &amp; Grounds Maintenance)</li> </ul>	<ul style="list-style-type: none"> <li>Close working relationship with contractor and regular operational meetings</li> <li>Rehearsed BCP Action Card with this scenario</li> <li>Three authority BCP for Waste Collection contract</li> <li>Separate Waste Contract Risk Register (MG)</li> </ul>	10	2	5	10	11-Sep-23	<ul style="list-style-type: none"> <li>Review legal aspects</li> <li>Create waste and street sweeping response plan</li> <li>Consider other response plans</li> <li>Three authority review needed -budget arrangements for managing financial cost</li> <li>Open book accounting review?</li> <li>Service risk register in place for each contractor</li> </ul> <p><i>This high risk score relates to the Waste</i></p>	11-Dec-23	DK

7	Legal/ Compliance	Significant breach of Data Protection	<ul style="list-style-type: none"> <li>Reputational damage/legal</li> <li>Financial damage</li> <li>Resources drained</li> <li>Leakage/theft</li> </ul>	Wider issue of Data Protection and consequences of data theft	<ul style="list-style-type: none"> <li>Cyber attack/Ransomware</li> <li>Internal breach</li> </ul>	<ul style="list-style-type: none"> <li>Regular training for staff</li> <li>Learning from incidents</li> <li>IT security measures</li> <li>Data Risk log</li> </ul>	10	3	3	9	11-Sep-23	Targeted training	11-Dec-23	MA
8	Legal/ Compliance	Significant legal case against the Council	<ul style="list-style-type: none"> <li>Resources drained</li> <li>Project delays</li> <li>Corporate objectives not met</li> </ul>	<ul style="list-style-type: none"> <li>Financial damage</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Failure to follow process and procedures</li> <li>Failure to update policy to reflect legislative changes</li> </ul>	<ul style="list-style-type: none"> <li>Early Legal Service plan &amp; advice</li> <li>Budget arrangements for managing this <ul style="list-style-type: none"> <li>Horizon Scanning and training to understand new duties and requirements</li> </ul> </li> </ul>	10	2	3	6	11-Sep-23	<ul style="list-style-type: none"> <li>Work to Identify where service failure is in a legal case</li> <li>Take steps to mitigate. Is it covered by liability insurances?</li> <li>Legally qualified Monitoring Officer contracted to review policies and offer specialised legal support</li> </ul>	11-Dec-23	LF
9	People	Lack of quality/quantity of staff to deliver services	<ul style="list-style-type: none"> <li>Difficulties in recruiting key posts</li> <li>Lack of professional skills</li> <li>Financial impact - recruiting is expensive</li> </ul>	<ul style="list-style-type: none"> <li>Service failure or lower quality</li> <li>Higher cost</li> <li>Legal liability</li> <li>Stress on existing/remaining staff</li> <li>Reduction in staff wellbeing</li> <li>Loss of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Skills shortage</li> <li>Staff turnover - competing on both salary and wider location within LA sector and private sector</li> <li>Lack of workforce plan</li> </ul>	<ul style="list-style-type: none"> <li>Allow staff greater flexibility where possible</li> <li>Remote working facilities</li> <li>Use of agencies/outourcing companies</li> <li>Exit process to include full role analysis and capture of unique duties/knowledge</li> </ul>	10	3	3	9	11-Sep-23	<ul style="list-style-type: none"> <li>Produce Workforce and People Plan</li> <li>Regular review of well-being policies</li> <li>Regular attendance at HR Officers countywide group</li> <li>Participation in surveys with SEEMP and LGA</li> <li>Participation in local data capture events</li> <li>Investment in training, both professional and general</li> </ul>	22-Jan-24	MB
10	People	Significant loss of staff due to pandemic/industrial action etc	<ul style="list-style-type: none"> <li>30%+</li> <li>Flu etc.</li> <li>Across all services</li> <li>Particular note of cover for significant posts</li> </ul>	<ul style="list-style-type: none"> <li>Unavailability of staff</li> <li>Reduction in service provision</li> </ul>	<ul style="list-style-type: none"> <li>Staff absence through illness</li> <li>Travel/access restrictions</li> <li>Industrial Action</li> </ul>	<ul style="list-style-type: none"> <li>Contacts with local, national &amp; professional agencies</li> <li>Homeworking facilities</li> <li>Immediate medical prevention supplies available</li> <li>Priority list for staff vaccinations</li> <li>Priority Grid for Service staffing</li> <li>Local Authority duty to cooperate</li> </ul>	10	3	3	9	11-Sep-23	The risk description has been amended to include staff absence for all reasons including industrial action <ul style="list-style-type: none"> <li>Guidance to staff on precautions</li> <li>Minimise officer travel</li> <li>Close receptions</li> <li>Comms plan</li> <li>Move to online meetings only (subject to legislation for committees)</li> <li>Close working relationship and regular meetings with Trade Union Side</li> </ul>	11-Dec-23	MB
11	Political	National fuel shortage	<ul style="list-style-type: none"> <li>Loss of main services</li> <li>Staff committed to emergency</li> <li>Travel problems</li> </ul>	<ul style="list-style-type: none"> <li>Staff unable to travel to work</li> <li>Contractors unable to provide key services (e.g.. refuse collection)</li> </ul>	<ul style="list-style-type: none"> <li>Fuel distribution problems</li> <li>Conflicts abroad</li> </ul>	<ul style="list-style-type: none"> <li>Fuel priority grid including key staff &amp; contractors</li> <li>Homeworking facilities</li> <li>Priority grid for Service staffing</li> </ul>	10	1	3	3	11-Sep-23	This risk is recommended for removal from the Corporate Risk log due to the low risk score but will continue to be monitored <ul style="list-style-type: none"> <li>Communications Plan needed</li> <li>Recent work on Brexit plans helps inform actions required of RDC</li> </ul>	6-Jan-24	BH
12	Environmental/ Climate Change	Coastal/river flooding	<ul style="list-style-type: none"> <li>Loss of office accommodation</li> <li>Major issues with transport</li> <li>Staff diverted to emergency</li> <li>Staff committed to recovery programme</li> </ul>	<ul style="list-style-type: none"> <li>BCP issue for services such as waste, car parking and coastal management (beach management)</li> <li>Cessation of visiting officers travel</li> <li>Could have an impact on transport</li> </ul>	Extreme weather	<ul style="list-style-type: none"> <li>RDC Emergency Plan</li> <li>Local Authority duty to cooperate</li> <li>Existing flood plans</li> <li>Flood network to cascade information</li> <li>BCP plan for affected services.</li> <li>Membership of East Sussex Emergency Planning Partnership and Sussex Resilience Forum</li> </ul>	4	2	3	6	11-Sep-23	Recommend that the risk appetite for Environmental matters is increased <ul style="list-style-type: none"> <li>Social media alerts</li> <li>Communication - PR implicit</li> <li>Manage impact of staff reallocation to rest facilities</li> </ul>	6-Dec-23	BH
13	Environmental/ Climate Change	The intended outcomes from the RDC 2030 net zero target will not be achieved.	Reputation damage (part of bigger issue of not doing our part)	<ul style="list-style-type: none"> <li>Lack of trust in Council</li> <li>Disenfranchisement</li> <li>Lower community morale</li> </ul>	<ul style="list-style-type: none"> <li>Lack of plan with achievable, measurable outcomes.</li> <li>Current outcomes are unachievable - in part because of unclear goals and pathway forward</li> </ul>	Corporate Plan milestones	4	3	3	9	11-Sep-23	Recommend that the risk appetite is increased <ul style="list-style-type: none"> <li>Ensure regular reporting of Corporate Plan and other milestones to Members</li> <li>Refresh of Environment Plan</li> </ul>	6-Dec-23	BH
14	Partnership/ Contractual	Failure of a neighbouring authority or other partner	<ul style="list-style-type: none"> <li>Impact on RDC services including shared services</li> <li>Financial loss</li> <li>Service failure - shared services</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Inability to provide services</li> <li>Reduction in service quality</li> </ul>	<ul style="list-style-type: none"> <li>Inability of residents to access advice services</li> <li>Reduced availability of specialist advice to the Council</li> </ul>	<ul style="list-style-type: none"> <li>SLAs to set out process in the event of partner failure</li> <li>Quantify the impact on individual shared services</li> <li>Access to software and assets</li> </ul>	10	4	3	12	11-Sep-23	This score has increased from 9 to 12 in light of the financial difficulties facing neighbour authorities <ul style="list-style-type: none"> <li>The Council has a number of key partnerships including shared services.</li> <li>For shared services where the Council is not the lead authority need to ensure the inter-authority agreement sets out the process/deliverables in the event of a partner failure. This would need to include access to software and assets as well as staffing.</li> </ul>	17-Dec-23	BH
15	Partnership/ Contractual	Failure of a significant system supplier	<ul style="list-style-type: none"> <li>Service Specific</li> <li>Unit4 Business World, Ocella, Academy, CRM, Whitespace</li> <li>Customer Service</li> </ul>	<ul style="list-style-type: none"> <li>Impact on business continuity</li> <li>Reduction in service quality</li> </ul>	<ul style="list-style-type: none"> <li>Poor relationship management with suppliers</li> <li>Essential system improvements delayed/not possible</li> <li>Supplier goes out of business</li> </ul>	<ul style="list-style-type: none"> <li>Contingency for simple alternative e.g. Excel</li> <li>ESCROW agreements</li> </ul>	10	2	3	6	11-Sep-23	<ul style="list-style-type: none"> <li>Consider neighbour council back up system or data transfer</li> <li>Rights of user software</li> <li>Contingency for alternatives</li> <li>Web based systems need checking</li> <li>System to be replaced if supplier no longer exists</li> <li>Corporate direction - similar to Link data and voice, encourage use of county wide systems for the future/future purchase, which will reduce risk</li> <li>ESCROW agreements will reduce short term impact</li> </ul>	2-Dec-23	DE

16	Economic/ Financial	Financial shutdown of RDC	<ul style="list-style-type: none"> <li>Bank shutdown</li> <li>Loss of Income stream/assets</li> <li>Build up of backlog</li> </ul>	<ul style="list-style-type: none"> <li>Impact on payments to suppliers and residents</li> <li>Increase in the amount needed to be drawn down from Reserves to fund costs</li> </ul>	<ul style="list-style-type: none"> <li>Adverse weather conditions</li> <li>Software failures</li> <li>Hackers</li> </ul>	<ul style="list-style-type: none"> <li>Rehearsed BCP Action Card with this scenario</li> <li>Budget arrangements for managing this</li> <li>Three authority BCP for Waste</li> </ul>	4	1	3	3	11-Sep-23	<p>Recommend removing this risk from the Corporate Risk Register as it is well mitigated</p> <ul style="list-style-type: none"> <li>Consider neighbour council back up</li> <li>Hastings are able to provide back up and support so that cheques can be produced</li> <li>Customer advice and information to be put on website and telephone systems</li> </ul>	18-Dec-23	DE
17	Economic/ Financial	Project delays and increased costs to external/partner programme budgets	Negative impact on finances	Less money to deliver services, reputational damage, programme delivery compromised	Increased costs of borrowing, lack of clarity over roles and responsibilities of both entities, differing expectations and risk appetites. Demanding timeline for implementation to comply with funding obligations. Economic volatility in wider economy.	Improved project governance and controls, improved project management, increased member briefing, robust financial and risk management, RDC representation on Board.	16	4	4	16	11-Sep-23	<p>This is a new risk concerning RDCs relationship with Blackfriars and the LUF projects</p> <ul style="list-style-type: none"> <li>Learn lessons from previous experience and implement audit recommendations in relation to Blackfriars.</li> </ul>	11-Dec-23	BH
18	Legal/ Compliance and Partnership	Ineffective governance arrangements of Blackfriars	Non-compliance with relevant legislation	Reputational damage, financial implications and delays to decision making	Lack of clarity about RDC's legal position as shareholder	Trowers and Bevan Brittan providing advice about Articles of Association and Shareholders Agreement. Further clarity required over delegations, powers and how RDC should govern the Housing Co (role of Audit Committee, Overview & Scrutiny Committee and powers of the Chief Executive). Oversight from internal and external audit	16	4	4	16	11-Sep-23	<p>This is a new risk</p> <ul style="list-style-type: none"> <li>Seek RDC specific legal advice and interpretation</li> </ul>	11-Dec-23	LF

**Risk Scoring Matrix**

Likelihood	Impact				
	Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Rare (1)	1	2	3	4	5

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# Risk Management Policy

<b>Contents</b>
<ul style="list-style-type: none"><li>- Introduction</li><li>- Definition and Purpose of Risk Management</li><li>- Risk Management Strategy</li><li>- Risk Framework</li><li>- Responsibility and Reporting</li><li>- Risk Management Methodology</li><li>- Risk Appetite</li></ul>



**September 2022**

# Risk Management Policy

## Introduction

1. This is the Rother District Council Risk Management Policy. It sets out the Council's approach to Risk Management and how this will be monitored.

## Definition and Purpose of Risk Management

2. Risk Management is the process by which the Council continuously and methodically addresses the risks which could hinder the achievement of its corporate priorities, planned service delivery or the fulfilment of its statutory obligations.
3. The focus of good risk management is the identification of risks, assessment of them, and mitigation where necessary, in order that success is achieved. Risk management increases the probability of success and reduces the probability of failure.
4. Risk management allows the Council to:
  - Identify risks in the context of corporate objectives, including potential opportunities.
  - Assess risks to determine the impact and likelihood of each risk.
  - Determine the response to each risk individually – i.e. either treat, tolerate, transfer or terminate the risk.
  - Develop the necessary actions, controls and processes to implement the chosen response to each risk.
  - Communicate the approach to risk management and the results of risk management activity.

## Risk Management Strategy

5. The aim of the policy is to facilitate effective risk management throughout the Council so that risks are identified, evaluated, mitigated, and monitored to enable the Council to achieve its corporate priorities, deliver services as planned and fulfil its statutory duties.
6. This will be achieved through:
  - Awareness of the risks faced by the Council.
  - Clearly defined responsibilities for risk management activity.
  - Ensuring that the Council's priorities, planned service delivery and statutory duties are the focus of risk management.
  - Considering not just the present but also the medium and long term.
  - Managing risks at an appropriate level.
  - Clear ownership of risks.
  - Establishing mitigation measures to reduce risks to an acceptable level
  - Regular monitoring and reporting on the effectiveness of risk management activities.

7. The Council cannot be risk averse if it is to achieve its corporate objectives, and the principles contained within this policy should help strike the right balance in its approach to business opportunity and risk management.

## **Risk Framework**

8. The Council's risk framework is based on a three-tier approach, namely:
  - **Corporate Risks** – Strategic risks that potentially impact on the whole Council. These are recorded and monitored in the Corporate Risk Register.
  - **Service Based Risks** – Operational risks that impact on a specific service area. All key operational risks are required to be recorded and monitored in a service based risk registers by the relevant Heads of Service/Service Manager and escalated to the Corporate Risk Register where appropriate.
  - **Project Based Risks** – Risks that are specific to Corporate Plan projects. Individual risk registers are required to be kept for all Corporate Plan projects and these form part of their project management plan.

## **Responsibility and Reporting**

9. The responsibilities within this policy are outlined below:

### **9.1 Council**

Any policy decisions on Risk are fed through to full Council, via the Audit and Standards Committee. Policy updates will be brought forward as required.

### **9.2 Audit and Standards Committee**

The Audit and Standards Committee is responsible for monitoring the Council's strategic risk management. The Committee will receive six-monthly progress updates on Risk Management matters.

### **9.3 Senior Leadership Team**

The Senior Leadership Team share overall responsibility for risk management at Rother District Council. The Senior Leadership Team specific responsibilities include:

- Implementing the Risk Management Policy.
- Reviewing the management of strategic risk.
- Monitoring the effectiveness of the controls developed to mitigate risk (including desktop exercises to check their resilience).
- Integrating risk management into project and service planning process.
- Ensuring that appropriate training is provided for officers and Members.

#### 9.4 **Heads of Service and Other Service Managers**

Heads of Service and other service managers are key in maintaining our ability to manage risk. Their responsibilities include:

- Working with the Senior Leadership Team to maintain the Corporate Risk Register and to manage the risks identified.
- Maintaining a service based risk register for key operational risks within their service area.
- Ensuring that project-specific risk registers are kept and closely monitored for all corporate projects within their remit.

#### 9.5 **Audit Manager**

The Audit Manager acts as Risk Management Coordinator and has the following responsibilities:

- Maintaining the Risk Management Policy.
- Encouraging regular reviews of Corporate Risk Register (i.e. whenever specific risk issues arise, and at least six monthly).
- Facilitating and collating updates to the Corporate Risk Register.
- Reporting progress to the Audit and Standards Committee.

Note – All responsibility for the content of the Corporate Risk Register remains with the Senior Leadership Team and/or the officers designated as risk owners.

### **Risk Management Methodology**

10. The risk management methodology describes the way in which risks are managed by the Council.

#### 11. **Part 1 – Setting our objectives**

11.1 A risk is the effect of uncertainty on objectives. So, before we can identify our risks, we need to know the objectives. To understand the context in which we are undertaking the risk assessment it is important to know:

- What are we seeking to achieve?
- by When? and
- Who is responsible?

11.2 This includes understanding what the Council wants to achieve and the resources it has available to deliver. The Council has set out its corporate objectives in the Corporate Plan. Individual services set objectives in their service plans.

11.3 The link between Council objectives and service objectives is often called the golden thread. When everyone is pulling in the same direction we will have a much greater chance of being able to achieve our shared goals.

## 12. **Part 2 – Identifying the risks**

12.1 The purpose of any risk identification exercise is to identify those things that could prevent us from achieving what we set out to do. As time passes, the things we need to do will inevitably change. As such this step has two principal elements:

- **Initial risk identification** - for example when embarking on a new project, following a major service change or creating a new service plan, and
- **Continuous risk identification** - required to identify new risks, changes to existing risks, including those which become irrelevant over time.

### 12.2 **Risk categories**

There is no one right way of identifying risks but it can help to use prompts which identify different sources of risk. The following nine risk categories are currently used in the Corporate Risk Register:

- Political
- Economic / Financial
- Social
- Technology
- Legal / Compliance
- Environmental / Climate Change
- Partnership / Contractual
- People
- Project / Programme Risk

12.3 A detail description of the activities encapsulated by each risk category is provided in Appendix 1.

12.4 Common techniques used across the Council to identify risks are horizon scanning, brainstorming, workshops and facilitated discussions. The following questions can help identify risks to your objectives:

- What could prevent us from achieving this objective? What could realistically go wrong?
- What do we need in order to achieve this objective? Do we depend on others to succeed?
- What opportunities might arise?

12.5 The risks generated from the identification exercise should be recorded in a risk register so that they can then be evaluated.

## 13. **Part 3 – Evaluating the risks**

13.1 The purpose of this step is to understand the threat posed by the risks identified and whether or not we need to take action to mitigate them.

13.2 Risk evaluation incorporates two principal elements:

- **Impact** – This is a consideration of how severely the Council would be affected if the risk transpires.
- **Likelihood** – This is a consideration of how likely it is that the risk will occur. In other words the probability that the risk will happen and become an event that needs to be managed.

13.3 A scale of 1-5 is used to assign a score to both the impact and likelihood. The bands and criteria used to assess impact and likelihood are shown in the risk scoring matrix below. This should be used to guide your evaluation of each risk identified.

13.4 **Risk Scoring Matrix**

Likelihood	Impact				
	Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Rare (1)	1	2	3	4	5

13.5 Risk impact is considered across a number of different criteria, financial and non-financial. The highest potential impact score should be taken as your overall impact score. This means that the overall score for the highest level risk will be 5 x 5 (25) and the lowest 1 x 1 (1).

13.6 This initial scoring of risks is known as the inherent risk. This refers to the risk as it exists currently but ignoring any controls already in place to mitigate it.

Note – This step is no longer documented in the Corporate Risk Register. All risk scores are now shown after mitigation.

14. **Part 4 – Managing and mitigating risks**

14.1 There are four principal ways in which we can respond to risks, these are known collectively as ‘the Four Ts’ – Treat, Tolerate, Transfer and Terminate.

<b>Treat</b>	This is the most common way of managing risks. The purpose of treating the risk is to continue with the activity, but at the same time take action to bring the risk score down to a lower, more acceptable level.
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<b>Tolerate</b>	This means accepting the likelihood and consequences of the risk. You would typically take this approach when it is not cost effective to act, because the likely impact of the risk, should it occur, is minimal.
<b>Transfer</b>	This means shifting the risk, in whole or part, to a third party. The transfer of risk to another organisation can be used to reduce the financial exposure of the Council and/or pass the risk to another organisation which is more capable of effectively managing it (e.g. insurance). However, it is important to note that transferring the risk does not always provide full mitigation, especially against reputational risk.
<b>Terminate</b>	This means stopping an activity altogether or doing things differently so that the risk is removed.

14.2 Addressing risks involves taking actions to reduce the likelihood of the risks occurring or limiting their impact should they materialise. One of the key ways in which a risk can be addressed is through implementation or enhancement of internal controls.

14.3 The costs of managing risks should be understood and be proportionate to the risk being addressed. Resources should be prioritised to the higher-level risks that need active management.

15. **Part 5 – Assessing the residual risk**

15.1 Once action has been taken to control or mitigate the risks, the next stage is to re-evaluate the impact and likelihood again using the same risk scoring matrix shown in 13.4.

15.2 The managed risk score is referred to as the residual risk. This gives a better indication of whether the action taken to date is sufficient, and if the overall score is within the Council's risk appetite.

16. **Part 6 – Recording and reviewing risks**

16.1 It is necessary to monitor risk mitigation action plans to regularly report on the progress being made in managing risk. Alternative action will be needed if the mitigations taken prove ineffective.

16.2 All the information relating to the identified risks should be recorded in a risk register. As a minimum, this information should include:

- a description of the risk
- its potential outcome should it occur
- the mitigations in place or being put in place
- the residual risk score, and
- the risk owner

16.3 Specifying the root cause of each risk can also be beneficial as it helps to identify risk interdependencies and opportunities for mutually beneficial actions to mitigate common risk areas.

16.4 Each risk register needs to be reviewed and approved at the right level of management. The Corporate Risk Register should be reviewed and approved by Senior Leadership Team and reported to the Audit and Standards Committee. Service based risk registers/corporate project risk registers should be reviewed and approved by the relevant Head of Service/Service Manager.

## Risk Appetite

17. Risks must be assessed against the Council's risk appetite. Risk appetite can be defined as the level of risk that an organisation is willing to accept, tolerate, or be exposed to in pursuit of its objectives.

18. A risk appetite has been formalised in this policy to provide clear guidance to all officers, Members and partners on the level of risk which can be accepted. It should be used to ensure consistency in, and accountability for:

- The reporting and management of existing or emerging risks.
- The extent of governance arrangements and controls required.
- Assessments of the suitability of proposals (savings, strategies, policies etc).

## 19. Risk appetite levels

19.1 The risk appetite levels are specified as follows:

Risk Appetite	Risk Level	Risk Score
<b>Averse</b>	Very Low Risk	1-2
<b>Minimal</b>	Low Risk	3-4
<b>Cautious</b>	Medium Risk	5-10
<b>Open</b>	High Risk	12-16
<b>Eager</b>	Very High Risk	20-25

19.2 The colour scheme used acts as a good visual tool for communicating and understanding risk – i.e. green for low or very low risk, yellow/amber for medium/high risk, and red for very high risk. The same colour scheme is also used in the risk scoring matrix.

19.3 These risk appetite levels are explained in more detail in Appendix 2.

## 20. Risk appetite statements

20.1 A high level summary of the Council's current risk appetite is shown overleaf.



## 20.2 Summary Risk Appetite Statement

Risk Appetite	Statement
<b>Cautious/Open</b> (Medium/High Risk)	The Council's ambitions makes it necessary to be open to a certain level of risk. However, we will be cautious not to jeopardise our ability to sustainably deliver social value and our political promises to our community. In this effort, we will only accept minimal risk to our environmental goals and to our technology infrastructure.

20.3 Risk appetite statements have also been produced for each of the nine risk categories specified in 12.2. A full breakdown of the risk appetite statement by risk category is provided in Appendix 3 and an overview of the risk landscape in Appendix 4.

20.4 The risk appetite statements will need to be reviewed annually to ensure that they continue to meet the Council's requirements.

## Appendix 1: Risk Categories

Nine of categories of risk are currently used to quantify the Council's strategic risk exposure. These are:

Risk Category	Description
<b>Political</b>	These risks include both the influence of the external political environment - such as changes in UK government policies that impact the Council, national strikes/fuel shortages, grass roots activism and political criticism - and risks that influence the political priorities of the Council and could lead to failure to deliver on election manifestos of either local or central government.
<b>Economic / Financial</b>	These risks could impact on the ability of the Council to meet its financial commitments or result in a failure to meet expected returns on investment. It covers both internal budgetary pressures, external macro level economic changes and risks associated with insufficient or non-compliant reporting. Examples: Cost of living crisis, interest rates, inflation, budget overspend, investment failures, reserve depletion.
<b>Social</b>	These risks arise from not meeting social needs as a result of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives. These risks could lead to a loss of credibility or trust from the community. Examples could include housing supply shortages and failure to meet housing needs, decisions or actions involving treatment of people, staff levels from available workforce; not meeting the needs of an ageing population, not being prepared for bringing all people along when changes occur.
<b>Technology</b>	Risks arising from the use or ineffective use of technology resulting in the inadequate delivery of services whether the failure is due system, process or performance. It also includes breaches of data security or system integrity as well as the capacity of the Council to deal with technological advancements and changing demands. Examples: Change agenda; IT infrastructure; staff/client needs, security standards, digital poverty and (lack of) access to digital services.
<b>Legal / Compliance</b>	Risk related to legal challenges and being subjected to litigation including non-compliance with legal frameworks whether that is in regard to employment, delivery of statutory services, etc. It also includes risks of changing national and international regulations that would threaten the Council's operations and processes, Data Protection breaches, and failure to comply with Health and Safety regulations.

Risk Category	Description
<b>Environmental / Climate Change</b>	These risks arise from the impact of Council services and investment. Risks should be identified from both current operations and projects on how they might impact on both the local environment in terms of resilience to extreme weather (flood defences, drought resistance), the wider context of contributions to climate change (carbon emissions etc.) and the ability to adapt to future needs of the population.
<b>Partnership / Contractual</b>	Risks arising from failures of partners or contractors and weaknesses in the process for management of joint ventures and commercial endeavours including supply chains. Examples: Contractor fails to deliver; partnership agencies have no common goals, insufficient return on investment, service failure, lack of cost control.
<b>People</b>	Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.
<b>Project / Programme Risk</b>	Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.

Note

These risk categories are based on the PESTLE model (i.e. Political, Economic, Social, Technical, Legal, Environmental) plus a few additional areas to handle those areas not specifically covered elsewhere. Reputational risk is not included in the above list as it is considered to be secondary risk that may result from failure in any of other categories.

## Appendix 2: Risk Appetite Levels

The Council uses the following risk appetite levels. At each level there is a balance between risk and reward, with 'eager' risk appetite offering the highest risk and reward and 'averse' offering the lowest.

Risk Appetite	Typical Organisational Attitude or Behaviours
<b>Averse</b> (Very Low Risk)	<p>Our preference is for ultra-safe actions that will not result in a loss of reputation, credibility or money.</p> <p>We would rather abandon projects and initiatives than assume risk.</p> <p>Innovation is avoided unless it's forced upon us.</p> <p>We avoid any action that could lead to a legal challenge or breach of regulatory framework.</p>
<b>Minimal</b> (Low Risk)	<p>We accept that risk is unavoidable but will minimise risks as much as possible.</p> <p>All reasonable steps will be taken to manage the risk; we are prepared to be bureaucratic and to tightly control processes.</p> <p>Innovation is generally avoided and will only be entered into if all stakeholders are committed, and success is virtually guaranteed.</p>
<b>Cautious</b> (Medium Risk)	<p>Our preference is for actions that are unlikely to result in a loss of reputation or credibility.</p> <p>We are only prepared to accept the possibility of limited financial loss.</p> <p>We will remain open to innovation but prefer to only engage in initiatives proven to work in similar organisations.</p>
<b>Open</b> (High Risk)	<p>We are willing to be bold and risk our reputation but only if steps have been taken to reduce the risk.</p> <p>Innovation is supported, but only if clear benefits are demonstrated and we are confident in our success.</p> <p>We are prepared to invest for reward and accept moderate financial losses are possible.</p> <p>The likelihood of this risk happening, and the consequences are such that we are happy to live with it.</p>
<b>Eager</b> (Very High Risk)	<p>We are willing to accept increased scrutiny from stakeholders and a loss of credibility if things go wrong.</p> <p>Innovation is pursued - we are willing to break the mould to deliver organisational goals even if failure is a possibility.</p> <p>We are prepared to invest knowing significant financial losses are possible, or that innovation may fail to deliver the anticipated benefits.</p>

### Appendix 3: Risk Appetite Statement by Risk Category

Risk Category	Risk Appetite	Statement
<b>Political</b>	<b>Cautious</b> (Medium Risk)	We will be cautious in accepting risks that could result in political challenge or prevent us from achieving elements of Council strategy or manifestos. In some cases, we are open to push the boundaries in order to deliver on our ambitions.
<b>Economic / Financial</b>	<b>Open</b> (High Risk)	The Council possesses a willingness to think about investment, even where losses could be realised that would impact the Councils reserves, if clear benefits can be expected. Both financial and social benefits should be considered.
<b>Social</b>	<b>Cautious</b> (Medium Risk)	We exist to create social value and to be able to deliver sustainable results we will accept some risk to the short-term resilience of the organisation and meeting of community needs, when longer term benefits are deemed to outweigh short term risk
<b>Technology</b>	<b>Minimal/Cautious</b> (Low/Medium Risk)	We will focus on proven new technology solutions, where investment in, and adoption of, technology is only be considered after careful analysis of costs, benefits and potential risks. We will accept some risk in systems used in services, but only minimal risk regarding Council technology infrastructure
<b>Legal / Compliance</b>	<b>Cautious</b> (Medium Risk)	We are willing to work widely within regulatory frameworks and explore opportunities even if we are exposed to some challenge, but not, knowingly, exposed to breaches.
<b>Environmental / Climate Change</b>	<b>Minimal</b> (Low Risk)	In some limited circumstances, we are prepared to accept a risk of increasing our environmental impact or delays to our strategic objectives in this area where there is a clear, demonstrable benefit of increased social value, cost savings or revenue that is essential to the Council.
<b>Partnership / Contractual</b>	<b>Cautious</b> (Medium Risk)	We will seek out beneficial partnerships where risks can be managed to only impact some elements of strategic objectives and have limited financial downside. We are willing to be slightly flexible with the conditions of our supplier background checks.

Risk Category	Risk Appetite	Statement
<b>People</b>	<b>Open (High Risk)</b>	We will entrust our people with decision making within the guidelines set out by leadership. Services can operate autonomously in some instances, even where there's some risk of detachment from culture with resulting inappropriate behaviours. We will mitigate this risk by establishing expectations and encourage an organisation wide understanding of values.
<b>Project / Programme Risk</b>	<b>Open (High Risk)</b>	We support innovation and initiative, where risks are identified and reasonably managed. Oversight from senior management on critical decisions

## Appendix 4: Overview of Risk Landscape

Risk Category	Averse (Very Low Risk) Risk score 1-2	Minimal (Low Risk) Risk score 3-4	Cautious (Medium Risk) Risk score 5-10	Open (High Risk) Risk score 12-16	Eager (Very High Risk) Risk score 20-25
Political					
Economic / Financial					
Social					
Technology					
Legal / Compliance					
Environmental / Climate Change					
Partnership / Contractual					
People					
Project / Programme Risk					

### Note

Most strategic risks will fall within the yellow (medium risk) or light green (low risk) zones once mitigated, but the Council’s risk appetite also allows for certain categories of risk (i.e. Economic / Financial, People and Project / Programme Risk) to reach scores that put them in orange (high risk) zone. However, anything in the red zone (very high risk) or any of the area shaded in grey would exceed the Council’s risk appetite and further action would be needed to reduce the risk to an acceptable level.

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## AUDIT AND STANDARDS COMMITTEE

<b>WORK PROGRAMME 2023 – 2024</b>	
<b>DATE OF COMMITTEE</b>	<b>SUBJECT</b>
<b>Monday 2 October 2023</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Grant Thornton – Audit Progress Report and Sector Update</li> <li>• Statement of Accounts 2022/23</li> <li>• Internal Audit Report to 30 June 2023</li> <li>• Treasury Management Update</li> <li>• Risk Management Update</li> </ul>
<b>Monday 4 December 2023</b>	<p><b>Part A – Standards Reports</b></p> <ul style="list-style-type: none"> <li>• Local Government and Social Care Ombudsman Complaints Monitoring</li> <li>• Code of Conduct Complaints Monitoring and other Standards Matters</li> <li>• Self-Assessment of Rother District Council Owned/Leased Accommodation Complaints Handling</li> <li>• Debate Not Hate: Ending Abuse in Public Life for Councillors</li> <li>• Dispensation Policy</li> </ul> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Grant Thornton – Audit Findings Report 2022/23</li> <li>• Internal Audit Report to 30 September 2023</li> </ul>
<b>Monday 25 March 2024</b>	<p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Grant Thornton – Audit Progress Report and Sector Update</li> <li>• Grant Thornton – Annual Audit Report 2022/23</li> <li>• External Auditor - External Audit Plan 2023/24</li> <li>• Internal Audit Report to 31 December 2023</li> <li>• Internal Audit Plan 2024/25</li> <li>• Review of Internal Audit 2023/24</li> <li>• Risk Management Update</li> <li>• Property Investment Strategy Update</li> <li>• Treasury Management Update</li> <li>• Self-Assessment Annual Review</li> </ul>

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