

TO:- Council

Councillor Meg Barrow , Councillor Andrew Adams , Councillor Helen Adams , Councillor Penny Allen , Councillor Jeff Ashley , Councillor Barry Bond M.B.E. , Councillor John Brindle , Councillor Gary Burnett , Councillor Val Chapman , Councillor Bob Cope , Councillor Mike Davies , Councillor Philip Davis , Councillor Steph Dufty , Councillor Robert Duncan , Councillor Sue Duncan , Councillor Christopher Evans , Councillor Mark Evans , Councillor Warren Fisher , Councillor Sam Harper-Wallis , Councillor Dr Paul Harrison M.B.E. , Councillor Rita Heseltine , Councillor Diane Holmes , Councillor Fiona Hopkins , Councillor Matthew Jackson , Councillor Victor Kelly , Councillor Dan Kinsey B.E.M , Councillor Roger Lees J.P. , Councillor Vincent Merrick , Councillor John Michell , Councillor Rob Nelson , Councillor Kath Perry M.B.E. , Councillor Martin Perry , Councillor Ray Perry , Councillor Robert Reade , Councillor Gregory Spruce , Councillor Christopher Steel , Councillor Wendy Sutton , Councillor Sue Szalapski , Councillor Bernard Williams , Councillor David Williams , Councillor Kath Williams , Councillor Victoria Wilson

Notice is hereby given that a meeting of the Council will be held as detailed below for the purpose of transacting the business set out below.

Date: Tuesday, 12 December 2023

Time: 19:00

Venue: Council Chamber, Council Offices, Wolverhampton Road, Codsall, South Staffordshire, WV8 1PX
Community Hub, Wolverhampton Road, Codsall, South Staffordshire, WV8 1PX



D. Heywood
Chief Executive

A G E N D A**Part I – Public Session****1 Priority Business (if any)**

To dispose of any business required by statute or by the Council's Procedure Rules to be brought before the Council before any other business.

2 Minutes of 5 September 2023**1 - 4**

To approve the Minutes of the meeting of Council held on 5 September 2023.

3 Minutes of Special Council 5 September 2023**5 - 6**

To approve the Minutes of the meeting of Special Council held on 5 September 2023.

4	Apologies	
	To receive any apologies for non-attendance.	
5	Declarations of Interest	
	To receive any declarations of interest.	
6	Questions pursuant to Council Procedure Rule 11.4	
	Note: A Councillor may ask the Chairman of the Council, a member of the Cabinet or the Chairman of any Committee, Sub-Committee or Panel a question on any matter in relation to which the Council has powers or duties or which affects the District of South Staffordshire provided that:-	
	(a) they have given at least seven working days' notice in writing of the question to the Chief Executive; or	
	(b) the question relates to urgent matters, they have the consent of the Cabinet Member to whom the question is to be put, and the content of the question is given to the Chief Executive by 11.00 a.m. on the day of the meeting. Every question shall be put and answered without discussion but the person to whom the question has been put may decline to answer.	
7	Leader's Report	7 - 16
	Report of the Leader of the Council	
8	Committee Updates	17 - 20
	Report of the Committee Chairmen	
9	Motion - Proposed by Councillor Harper-Wallis	21 - 22
	Recognising the importance of public engagement and transparency in local governance, this motion proposes the introduction of a dedicated Public Questions Agenda Item at each Ordinary meeting of South Staffordshire District Council.	
10	Annual Audit Letter 2022/23	23 - 86
	Report of the Chairman of the Audit and Risk Committee	
11	Integrated Performance Management (IPM) Report - Quarter 2	87 - 124
	Report of the Leader of the Council	
12	Annual Report on the Capital Strategy	125 - 134
	Report of the Director of Finance (Section 151 Officer)	
13	Chairman's Announcements	
	To receive any announcements which the Chairman wishes to bring to the attention of the members.	

Note: Members, officers, and the public are requested to stand at the conclusion of the meeting whilst the Chairman and Vice-Chairman leave the Council Chamber.

RECORDING

Please note that this meeting will be recorded.

PUBLIC ACCESS TO AGENDA AND REPORTS

Spare paper copies of committee agenda and reports are no longer available. Therefore should any member of the public wish to view the agenda or report(s) for this meeting, please go to www.sstaffs.gov.uk/council-democracy.

Minutes of the meeting of the **Council**
South Staffordshire Council held in the
Council Chamber Community Hub,
Wolverhampton Road, Codsall, South
Staffordshire, WV8 1PX on Tuesday, 05
September 2023 at 19:00

Present:-

Councillor Andrew Adams, Councillor Helen Adams, Councillor Penny Allen, Councillor Jeff Ashley, Councillor Meg Barrow, Councillor John Brindle, Councillor Gary Burnett, Councillor Val Chapman, Councillor Bob Cope, Councillor Mike Davies, Councillor Philip Davis, Councillor Steph Dufty, Councillor Robert Duncan, Councillor Christopher Evans, Councillor Mark Evans, Councillor Warren Fisher, Councillor Dr Paul Harrison, Councillor Rita Heseltine, Councillor Fiona Hopkins, Councillor Victor Kelly, Councillor Dan Kinsey, Councillor Roger Lees, Councillor Vincent Merrick, Councillor Rob Nelson, Councillor Kath Perry, Councillor Martin Perry, Councillor Ray Perry, Councillor Robert Reade, Councillor Christopher Steel, Councillor Wendy Sutton, Councillor Bernard Williams, Councillor David Williams, Councillor Kath Williams, Councillor Victoria Wilson

6 PRIORITY BUSINESS (IF ANY)

There was no priority business.

7 MINUTES OF 27 JUNE 2023

RESOLVED: The minutes of 27 June 2023 were approved.

8 MINUTES OF 25 JULY 2023

RESOLVED: The minutes of 25 July 2023 were approved.

9 APOLOGIES

Apologies were received from Councillors B Bond MBE, S Duncan, S Harper-Wallis, D Holmes, M Jackson, J Michell, G Spruce and S Szalapski,

10 DECLARATIONS OF INTEREST

The Monitoring Officer confirmed that members of the Corporate Leadership Team would leave the Chamber during consideration of Agenda Item 12.

There were no declarations of interest.

11 QUESTIONS PURSUANT TO COUNCIL PROCEDURE RULE 11.4

There were no Questions pursuant to Council Procedure Rule 11.4.

12 REPORT OF THE LEADER OF THE COUNCIL

Members received and noted the report of the Leader of the Council.

13 COMMITTEE UPDATES

Members received and noted the report of the Committee Chairmen.

14 APPOINTMENTS TO COMMITTEES

It was Proposed by Councillor R Lees and Seconded by Councillor V Wilson
and

RESOLVED: (a) To remove Councillor S Szalapski from Licensing and Regulatory Committee and replace with Councillor C Evans for the remainder of the 2023/24 Municipal Year. (b) To elect Councillor D Holmes as Chairman of the Standards and Resources Committee until Councillor B Bond MBE returns following his period of absence due to ill-health and (c) To elect Councillor P Davis as Vice-Chairman of the Standards and Resources Committee until Councillor D Holmes reverts to this position following the return of Councillor B Bond MBE.

15 **APPROVAL OF ABSENCE**

It was Proposed by Councillor R Lees and Seconded by Councillor V Wilson and

RESOLVED: That Council approves the reason of absence, namely that of serious ill-health, for Councillor B Bond MBE.

16 **INTEGRATED PERFORMANCE MANAGEMENT (IPM) REPORT - 2022/23 QUARTER 4 AND OUTTURN**

It was Proposed by Councillor R Lees and Seconded by Councillor V Wilson and

RESOLVED: that Members review and note the Quarter 4 Integrated Performance Management (IPM) Report.

17 **SENIOR PAY REVIEW**

It was Proposed by Councillor R Lees and Seconded by Councillor V Wilson and

RESOLVED: (a) That Council note the independent senior pay review findings and approve a new pay scale of £97,012 - £99,012 for Corporate Director pay, noting the progression criteria set out in para 3.10, with effect from 14 September 2023.

(b) Provide authorisation to the Council's Monitoring Officer to make any necessary staffing changes to the Constitution arising from this report.

(c) Provide authorisation to the Assistant Director Organisation & People Development to make any necessary amendments to the Council's Pay Policy Statement arising from this report.

18 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman of the Council, Councillor Meg Barrow, congratulated Kath Tunnicliffe of Kinver who won 6 gold medals representing Great Britain at the World Aquatics Championship. The Chairman attended an event at Baggeridge Country Park recently and recommended a visit to all. The Chairman is holding charity event on Friday 13th October a Chairman's Bingo Evening at Codsall Community Hub and invited all members to support her.

The Meeting ended at: 19:43

12 September 2023

CHAIRMAN

Minutes of the meeting of the **Council**
South Staffordshire Council held in the
Council Chamber Community Hub,
Wolverhampton Road, Codsall, South
Staffordshire, WV8 1PX on Tuesday, 05
September 2023 at 18:00

Present:-

Councillor Andrew Adams, Councillor Helen Adams, Councillor Penny Allen, Councillor Jeff Ashley, Councillor Meg Barrow, Councillor John Brindle, Councillor Gary Burnett, Councillor Val Chapman, Councillor Bob Cope, Councillor Mike Davies, Councillor Philip Davis, Councillor Robert Duncan, Councillor Christopher Evans, Councillor Mark Evans, Councillor Rita Heseltine, Councillor Fiona Hopkins, Councillor Victor Kelly, Councillor Dan Kinsey, Councillor Roger Lees, Councillor Vincent Merrick, Councillor Rob Nelson, Councillor Kath Perry, Councillor Martin Perry, Councillor Ray Perry, Councillor Robert Reade, Councillor Wendy Sutton, Councillor Bernard Williams, Councillor David Williams, Councillor Kath Williams, Councillor Victoria Wilson

6 APOLOGIES

Apologies were received from Councillors B Bond MBE, S Dufty, S Duncan, S Harper-Wallis, Dr P Harrison MBE, D Holmes, M Jackson, J Michell, G Spruce and S Szalapski.

7 DECLARATIONS OF INTEREST

There were no declarations of interest.

8 APPOINTMENT OF HONORARY ALDERMEN

Four nominations to the position of Honorary Alderman were received by Council. Each nomination was Proposed by Councillor R Lees and Seconded By Councillor V Wilson. By unanimous vote it was:

RESOLVED: That Len Bates, Brian Cox, Janet Johnson and Christine Raven be appointed as Honorary Aldermen of South Staffordshire Council.

The Meeting ended at: 18:26

CHAIRMAN



Council Plan 2020 – 2024

“Shaping South Staffordshire’s future”

Report of the Leader of the Council

Date: 12 December 2023

Introduction and Overview

The Council Plan 2020-2024 sets the Council's vision of “Shaping South Staffordshire's future” and within this prioritises “Prosperous Communities” and “Vibrant Communities”.

A number of key performance measures and targets have been set in order to monitor delivery against this vision. These ‘hard’ measures and targets are monitored and reported through the Council’s Integrated Performance Management Report.

This report provides a commentary on matters which are not covered within the Integrated Performance Management Report, but which are nevertheless important activities and developments within each Cabinet area.



Council Plan 2020 – 2024

“Shaping South Staffordshire’s future”

CORPORATE SERVICES

Lead Cabinet Member: Councillor Roger Lees, Leader

1. Activities and Developments

Extra Layer Campaign

South Staffordshire Community Safety Partnership is encouraging residents to add an extra layer of peace of mind this winter. With the onset of darker nights and mornings we’re asking residents to stay one step ahead with one of our free personal alarms for an extra layer of security.

Alarms will be available from Codsall Community Hub, between Monday, November 27th - Friday 22nd December 10am and 4pm. Alarms are limited to one per South Staffordshire resident.

Anti-Social Behaviour – Community Resilience Fund

The Council has received £10,000 funding from the Staffordshire Commissioners Office to assist in supporting anti-social behaviour reduction across South Staffordshire. This funding is earmarked to support several targeted initiatives across the district.

Polling Districts and Polling Places Review

South Staffordshire District Council is conducting a review of Polling Districts and Polling Places. The review will take place between November 2023 and January 2024. Changes will then be implemented in time for the next UK Parliamentary Elections scheduled to take place before 28 January 2025.

This review is to help ensure all residents have the best chance to vote. More details can be found on our website by clicking on this link [Polling Districts and Polling Places review | South Staffordshire District Council \(sstaffs.gov.uk\)](https://www.sstaffs.gov.uk/polling-districts-and-polling-places-review)

South Staffordshire Residents’ Survey 2023

We are delighted that 1,143 residents responded to our invitation to tell us about their experiences of living in South Staffordshire and their priorities for the area.

89% of respondents would recommend it as a place to live – similar to figure from previous surveys and well above the national figure for this measure of 76%

The most popular choice for why people feel that South Staffordshire is a good place to live is access to nature. They also identify low crime rates as a positive feature.

Residents were asked to rank a series of issues relating to local priorities. For Climate change the highest priority chosen was protection of green spaces. For Prosperous Communities the highest priority was cost of living. For Working Better Together the highest priority was tackling crime.



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The 2023 survey will feed into the development of the next Council Plan for 2024-2028. The information has also been split into locality data to help provide better insight for the different areas across the district.

BUSINESS ENTERPRISE & COMMUNITY INFRASTRUCTURE

Lead Cabinet Member: Councillor Victoria Wilson

1. Activities and developments

Finalists in National RTPI Awards

Following on from the planning team’s double win in the RTPI West Midlands regional awards, the council was a finalist in the national Royal Town Planning Institute (RTPI) awards for planning authority of the year. It was among just seven authorities across the country to be in the running for the prestigious national accolade from the RTPI. The award recognises planning excellence on a national scale and acknowledges the positive contribution that planning professionals make to the communities they serve.

The Lead Planning Manager, Kelly Harris, was also shortlisted for the RTPI Inspirational Leader of the Year award.

The ceremony was held in London on Tuesday, November 21st and unfortunately, up against some very stiff competition from bigger local planning authorities, we are extremely proud to have achieved the regional awards this time round.

[RTPI | RTPI Awards for Planning Excellence 2023](#)

Local Plan Review

Work continues to update the evidence underpinning the Local Plan review with a view to undertaking a further Regulation 19 public consultation in spring 2024. Strategy options are being considered and will be dependent on the outcomes of the government’s proposals to make changes to the national planning policy framework. Members will be appraised of the national policy when it is published and will discuss and decide on a way forward for the Local Plan.

Summaries of the comments made to the previous Regulation 19 consultation held in late 2022 have now been published and can be viewed here: <https://sstaffs.oc2.uk/document/3>

Development Management

Progress is being made to improve systems for processing planning applications which will further streamline the process and make it more efficient to use with a new system being implemented in March 24, including an online contact form enabling queries to be directly logged with the team.



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Work has now commenced at WMI, the nationally consented strategic rail freight interchange site. A site visit with local members is proposed in the future.

Planning Enforcement

The unauthorised demolition of the Crooked House in August has generated a significant amount of work behind the scenes for Planning Enforcement. That work is continuing with a number of internal and external colleagues involved in gathering information and investigating the case. It is important that all the correct legal procedures are followed, and we are therefore ensuring that as always full diligence is applied to our investigations.

The bi-annual Gypsy and Traveller Caravan Count was undertaken by the team at the end of the Summer. While this is a statutory requirement of central government, it gives the team the opportunity to visit all Gypsy and Traveller sites and build stronger relationships with this community.

The long-standing case of the unauthorised event marquee at Hilton Hall has been resolved with events now ceased. The marquee is in the process of being removed in accordance with the court order that was successfully obtained by the council. Another successful result was achieved for an Enforcement Notice that was served for a large unauthorised two storey side and single storey rear extension as a house in Stourton. The Planning Inspectorate dismissed the subsequent appeal. The owners will now have to comply with the Notice which will result in demolition of significant unauthorised development.

Warmer Homes

During the second quarter of working with Beat The Cold, South Staffordshire has received 85 advice line enquires and supported 61 households. This funding provided additional support for extremely vulnerable residents within the district.

South Staffordshire has managed to help residents with an estimated £4,900 bill savings, as well as providing an additional £8,100 household support fund through the Staffordshire Community Fund. In addition to supporting households with energy support, £1,148 worth of food vouchers were provided to extremely vulnerable households.

The Staffordshire Partnership successfully secured £10.5 million through Home Upgrade Grants which is an extension of the Staffordshire Warmer Homes Scheme, and which will run until 2025. The scheme aims to provide households not connected to the gas mains with air source heat pumps, insulation and solar panels. Staffordshire County Council is managing the scheme in collaboration with Community Homes Solutions. Due to limited availability of allocated funding, applications will be processed on a first-come, first served basis, therefore we advise any residents who are interested to apply promptly to determine their eligibility.

For more information please see: [Staffordshire secures £10.5 million for home energy efficiency improvements - Staffordshire County Council Newsroom](#)



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Business Enterprise

The Council kicked off the launch of the UK Shared Prosperity funded (UKSPF) Enterprise in South Staffs programme at an event in October. The event, organised in partnership with Stoke and Staffordshire Growth Hub took place at the Community Hub and attracted more than 60 businesses. The event served as a one-stop shop for businesses of all size, sector and age to find out about financial, strategic, growth, start-up and practical support on offer. The video can be viewed at: <https://youtu.be/TVSjM98Nuto>



Delivery of UKSPF business-related support has now commenced with the first cohort of the ‘Strive for Success’ business growth programme taking place in September and October. Ten businesses completed the 2-day workshops, delivered by an expert growth professional and will be invited to apply for financial support to help implement their growth plans.

The Council has awarded two contracts for delivery of UKSPF business support. Staffordshire University will deliver a research and innovation scheme whilst Good2Great, based in Bridgnorth, will deliver a start-up scheme for businesses trading up to two years. Both programmes will commence delivery in December. The start-up scheme is complemented by specialist consultancy support delivered by Staffordshire County Council.

Expressions of interest are invited for a share of £489,391 of the UKSPF Rural England Prosperity Fund and for the UKSPF Residual fund to deliver projects which meet the Council’s priority interventions. Interest is strong and further projects are invited from across the district. Further information regarding both schemes is available on the website. [UK Shared Prosperity Funding | South Staffordshire District Council \(sstaffs.gov.uk\)](#).



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REGULATORY SERVICES

Lead Cabinet Member: Councillor Rita Heseltine

1. Activities and developments

Private Water Supplies

The Council has a duty to ensure that water for human consumption from private supplies (i.e. not provided by the statutory undertakers, Severn Trent Water and South Staffordshire Water), is safe and wholesome. Typically, these are small supplies, from boreholes, springs and wells, providing water to outlying properties where a mains piped supply is not available. During 2023, officers from the Environmental Health and Licensing Team have been visiting the supplies serving more than one property, carrying out new risk assessments and undertaking sampling of the water to meet the requirements of the legislation.

We will be reporting back to the Drinking Water Inspectorate in January 2024 on our work and generally, we are finding a good level of compliance with the requirements of legislation. Where samples have failed to meet these requirements, we are revisiting the supplies to investigate the cause and require the owners to take remedial action.

Envirocrime

On the 31st July 2023, Central Government increased the fee associated with a fly tipping fixed penalty notice that can be imposed by a local authority to £1000, littering offences to £500 and Household waste duty of care to £600. In response to this the Council reviewed current fixed penalty fees and increased all to the maximum allowed in law with the option of a discount for early payment of 20% for littering offences.

Currently we have two active prosecutions with the court for alleged fly tipping offences. These are expected to be heard in November 2023 and January 2024 respectively.

DIGITAL TRANSFORMATION & ESTATE MANAGEMENT

Lead Cabinet Member: Councillor David Williams

1. Activities and developments

Digital Transformation

Customer Experience Improvement Programme: A new website portal was released to residents during October. The portal, My Login, is accessible from every page on the council’s website and



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“Shaping South Staffordshire’s future”

can be accessed using the link <https://www.sstaffs.gov.uk/MyLogin>. Residents are being encouraged to sign up to the My Login portal where they will be able to access a range of online services, such as paying bills and viewing their council tax account, as well as a new suite of ‘Report It’ type services, which were also released in October.

Digital Services: During September and October, in preparation for the annual assessment by the Department for Levelling Up, Housing and Communities (DLUC), Digital Services completed the health check of the council’s cyber security defences. Accreditation and continued connection of the Public Services Network (PSN) for a further 12 months was awarded by DLUC in November.

Commercial Assets and Estates

Major Projects



Unit 4E: The project includes rebuilding the fire damaged unit, securing a new tenant in advance and purchasing the adjacent factory site. The main contractor has confirmed the programme of work is both on schedule and within expected budgets. The new steel structure is in place and replacement roof is nearly complete. The new tenant for Unit 4E has agreed Heads of Terms and is due to commence the lease when the building is complete in Spring 2024. Purchase of the adjacent factory is underway, and Heads of Terms are under negotiation with a prospective tenant.

Wombourne: Following the insolvency of Quantum Construction, a new Contractor Interclass PLC won the tender to complete site works including building the Lidl store, retail unit and car parks. A start date is imminent, this will take Practical Completion into Summer 2024 for the site. To



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keep progress with the project; installing and making live a new site substation was completed by a directly awarded sub-contractor in November 2023.

Landywood: Units at Landywood Industrial Estate are benefitting from roofing works, at the same time grants from the UK Shared Prosperity Fund are funding new Solar Panels and replacement insulated roller shutter doors, all helping to reduce the carbon footprint of this council owned commercial site. Work is due to start in the New Year and co-ordination with all tenants is underway in preparation for commencement.

Wolverhampton Road: 2 houses located adjacent to Codsall Community Hub are undergoing improvement works, creating new accommodation for a family and 5 people seeking ongoing permanent housing. Work is due to start in November 2023, with one house complete in March and the other April 2024.

Hinksford

The park and its residents will be benefitting from Age UK taking residency in the old caretaker's house. Conversion works are underway, and services will be running shortly where residents will benefit from organised clubs and events. An application is also underway to improve the buildings green credentials and reduce carbon as part of the fit out works.

WELFARE SERVICES

Lead Cabinet Member: Councillor Robert Reade

1. Activities and developments

Creating Brighter Futures

The UKSPF People and Skills programme is progressing well in meeting the interventions set by DWP. Since April, 74 residents have joined the programme and of these, 37 are Economically Inactive and are sustaining engagement with their Caseworker. We are providing employment support to 14 of these residents to look for suitable employment.

We have supported 17 residents to attend training courses that will improve their career prospects and are working with local employers to identify the skills they are looking for and sourcing training to match these.



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COMMUNITY SERVICES & CLIMATE CHANGE

Lead Cabinet Member: Councillor Kath Perry

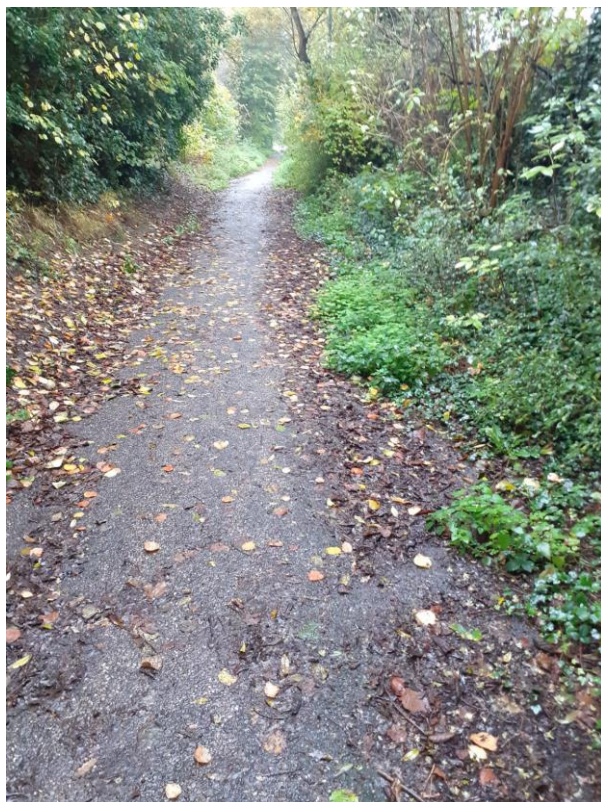
1. Activities and developments

Bereavement

Our community bulb planting events were held on Saturday 18th November at Sytch Lane Cemetery in Wombourne and on Saturday 25th November at Strawberry Lane Cemetery in Great Wyrley. A variety of bulbs including tulips, bluebells, snowdrops and daffodils were planted and families were able to take away a free bag of bulbs as well as trees donated by the Forest of Mercia to plant in their own gardens.

Street Scene

The Street Scene team are currently completing a number of environmental improvement projects on behalf of Staffordshire County Council. This work follows the work successfully completed on behalf of the county council last year. The work on several sites across the district includes footpath clearances and cutting back of overgrown vegetation. Below are before and after images of work completed on Old Lane, Featherstone.





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Leisure Services

Christmas opening arrangements for each leisure centre are now confirmed and can be found on the Council’s website: [Leisure Centre Opening Times | South Staffordshire District Council \(sstaffs.gov.uk\)](#)

To enable the replacement of the pool hall ventilation systems at Cheslyn Hay Leisure and Wombourne Leisure Centres. The swimming pool will be temporarily closed from Monday 4th December. It is anticipated that both swimming pools will reopen around the end of December/beginning of January. All other facilities at both centres will be open as usual.

SOUTH STAFFORDSHIRE COUNCIL

COUNCIL – 12 DECEMBER 2023

COMMITTEE UPDATES

REPORT OF THE COMMITTEE CHAIRMEN

1. SUMMARY OF PROPOSALS

To update Council on the work undertaken by the Council's Committees for the period from 5 September 2023 to 12 December 2023.

2 INFORMATION

2.1 Audit and Risk Committee

3 October 2023

The Committee considered the following items:

- Annual Governance Statement
- Quarterly Treasury Management Report Quarter 1
- Internal Audit Progress Report
- Approval of the Counter Fraud and Corruption Policy
- Confidential Report – Debtors and Debt Recovery

The agenda papers can be seen [here](#).

28 November 2023

The Committee considered the following items:

- External Audit Annual Audit Letter
- Statement of Accounts 2022/23
- Quarterly Treasury Management Report Quarter 2
- Confidential Report – Codsall Leisure Centre
- Confidential Update – Debtors and Debt Recovery

The agenda papers can be seen [here](#).

2.2 Licensing and Regulatory Committee

26 October 2023

The Committee considered the following items:

- Quarter 2 Update on Taxi Licensing
- Food Safety Service Plan
- Regulation of Investigatory Powers Act – Update Annual Report

The agenda papers can be seen [here](#).

There has been one meeting of the Licensing Sub-Committee to determine a Licensing Act application and details can be seen [here](#).

2.3 **Overview and Scrutiny Committee**

26 September 2023

The Committee considered the following items:

- Council's Medium-Term Financial Strategy 2024/25 – 2028/29 and 2024/25 Budget Outlook and Indicative Figures
- Members Update on Climate Change Actions
- Work Programme 2023/24

The agenda papers can be seen [here](#).

14 November 2023

The Committee considered the following items:

- Customer Experience Improvement Programme Update
- Customer Experience – Our Customer Promise to You
- Peer Review Progress Update
- Member Working Groups Update
- Work Programme 2023/24

The agenda papers can be seen [here](#).

2.4 **Wellbeing Select Committee**

10 October 2023

The Committee considered the following items:

- South Staffordshire Community Safety Partnership Plan 2023/2026 – Update on Progress
- Air Quality
- Work Plan 2023/24

The agenda papers can be seen [here](#).

5 December 2023

The Committee is due at the time of writing to receive the following items:

- Health Inequalities Funding, South Staffordshire Partnership, Community Wellbeing Plan
- Health Watch Staffordshire Update
- Work Plan 2023/24

The agenda papers can be seen [here](#).

2.5 **Planning Committee**

19 September 2023

The Committee considered the following items:

- Determination of 2 planning applications
- Monthly Update Report

The agenda papers can be seen [here](#).

17 October 2023

The Committee considered the following items:

- Determination of 5 planning applications
- Monthly Update Report

The agenda papers can be seen [here](#).

21 November 2023

The Committee considered the following items:

- Determination of 4 planning applications
- Monthly Update Report

The agenda papers can be seen [here](#).

2.6 **Standards and Resources Committee**

14 September 2023

The Committee considered the following items:

- Outcome of the 2023 Combined Local Elections
- Local Government Ombudsman Annual Review Letter
- Data Protection Policy Update

- Work Programme/Complaints 2023/24

The agenda papers can be seen [here](#).

23 November 2023

The Committee considered the following items:

- Corporate Health and Safety Policy
- Elections Act Update
- Review of Parliamentary Polling Places and Polling Stations 2023/24
- Customer Feedback Policy
- Work Programme/Complaints 2023/24

The agenda papers can be seen [here](#).

3. BACKGROUND PAPERS

Reports to Committees on the above dates.

4. RECOMMENDATION

- 4.1 That Council notes the contents of the report.

Report prepared by: Lorraine Fowkes – Corporate Director of Governance

Motion Details

Proposed by: Cllr Harper-Wallis

Subject: Introduction of Public Questions Agenda Item for South Staffordshire District Council Full Council Meetings

Motion Text:

Recognising the importance of public engagement and transparency in local governance, this motion proposes the introduction of a dedicated Public Questions Agenda Item at each Ordinary meeting of South Staffordshire District Council.

Key Provisions: (information to appear on website)

- **Submission of Questions:** Anyone who lives, works or owns/leases land in the district can submit a question to be answered at a council meeting. Members of the public wishing to submit questions must do so in writing, at least seven clear days prior to the scheduled full council meeting. Submissions must be made to the Monitoring Officer and must include:
 - name and address
 - contact details
 - name of member to whom the question is put

Address and contact details will not be made public; only the name of the person submitting the question will be published. This can be anonymised with the consent of the Monitoring Officer.

- **Review and Selection:** The Council's Monitoring Officer will review all submitted questions. The officer will select questions deemed to be within the public interest for presentation during the meeting and can exclude any questions deemed to be vexatious, repetitious or defamatory. Members of the public can only submit one question per meeting.
- **Presentation Duration:** The presentation of selected public questions by the Monitoring Officer or a member of the public if they wish to present their own question verbally during the meeting. Total time for question presentations will not exceed 15 minutes.
 1. Members of the public must at the time of submitting the question indicate if they wish to present in person.
 2. In the event the member of the public, having elected to ask their question in person, does not attend, the question is not asked.
 3. The member of the public will not be allowed to reply.
 4. The member of the public cannot ask follow-up questions.
- **Documentation:** All questions, including those not selected for presentation, will be included in the accompanying meeting documents for councillors' review.
- **Response Opportunities:**
 1. Councillors: The Member to whom the question was put may, at their discretion, respond verbally, by reference to a published document or in writing.

2. Councillors: Other Members of the Council may, at the discretion of the Chairman, speak to provide clarification in respect of a question. For the avoidance of doubt, further questions from Members and entering into debate on Public Questions is not permitted.
3. Council Officers: Officers of the council are also permitted to provide comments or responses to the questions should they wish to do so.
4. Any questions that remain unanswered at the end of the 15-minute period will be responded to in writing.
5. If the member of the public submitting the question is not present at the meeting, a link to the meeting recording will be provided or a written response will be issued.

Proposed Council Procedure Rules change (to be inserted in the Constitution)

New Rule 12 with subsequent rules being renumbered accordingly.

12.0 QUESTIONS ON NOTICE FROM MEMBERS OF THE PUBLIC

- 12.1 A member of the public or organisation may only ask one question per meeting which cannot be more than 50 words long. Questions can only be taken at Ordinary meetings of the council (excluding the Annual General Meeting and any Extraordinary meetings).
- 12.2 All questions pursuant to 11.3.1 above must be submitted to the Monitoring Officer by 5:00pm at least 7 clear working days before the meeting and will be included in the Council Agenda in the order in which they are received.
- 12.3 The Monitoring Officer may rule any question out of order if questions do not meet the requirements detailed in 11.3.1 and 11.3.2 or in their opinion it would risk the defamation of any individual, relates to confidential or exempt information, relates to an individual or personal dealings with the Council or is considered to be frivolous, vexatious or repetitious. The Monitoring Officer may require any person submitting a public question to amend their question so as to comply with these rules, failing which the question will not be considered at the meeting.
- 12.4 An answer will be provided by the person to whom the question was put or their nominee and can be either a direct oral answer, a reference to an already existing publication or, if the reply cannot be conveniently be given orally, or the relevant time period has expired before the question is put (15 minutes for public questions), a written answer will be sent to the person who asked the question and circulated to all Members via e-mail within five clear working days.
- 12.5 Other Members, with the consent of the Chairman, can provide comment upon a question to give clarification in respect of the question asked. Members cannot ask questions in respect of the Public Question nor can they enter into debate.

Consequential amendment needed (with subsequent rules and references being amended accordingly):

2.0 ORDINARY MEETINGS

New (vii) questions from members of the public pursuant to Council Procedure Rule 12

SOUTH STAFFORDSHIRE COUNCIL**COUNCIL – 12 DECEMBER 2023****EXTERNAL AUDIT REPORTS 2022/23****REPORT OF THE CHAIRMAN OF THE AUDIT AND RISK COMMITTEE – COUNCILLOR
JOHN MICHELL****PART A – SUMMARY REPORT****1. SUMMARY OF PROPOSALS**

- 1.1 The appendices to this report are the reports from Grant Thornton, the Council's external auditor for the 2022/23 accounts. The report highlights the main points from these.

2. SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes/No	
	Has an Equality Impact Assessment (Equal) been completed?	
	No	Not required – Report from External Auditors
	Has a Data Protection Impact Assessment been completed?	
	No	Not required – Report from External Auditors
SCRUTINY POWERS APPLICABLE	No	Report to Council
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE	N/a	
FINANCIAL IMPACT	No	No financial impact
LEGAL ISSUES	No	No direct legal implications
STRATEGIC RISK	No	The report does not impact on any strategic risks but External Audit is an important mitigation measures against some strategic risk factors.
OTHER IMPACTS, RISKS & OPPORTUNITIES including climate impacts and health impacts if applicable	None	
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

3. INFORMATION

Appendix 1 is the Audit Findings Report from Grant Thornton in response to the 2022/23 accounts for South Staffordshire District Council.

Grant Thornton have provided an unqualified opinion on the accounts with only one minor finding relating to ensuring that expenditure is coded to the correct financial year. Processes are in place to ensure that this is addressed moving forward.

Appendix 2 is the Annual Audit Report from Grant Thornton which mainly consists of the 'Value for Money' opinion. The report is positive and only makes one improvement recommendation which is: -

- In order to obtain independent assurance over the accuracy of performance information reported to Members the Council should consider asking Internal Audit to include this in their programme of work.

The Corporate Leadership Team are discussing the best way of addressing this recommendation and this will form part of audit planning between the Monitoring Officer, S151 Officer and the Internal Audit team at Staffordshire County Council.

4. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

- 4.1 The two reports are positive and provide assurance about the financial processes and procedures in the Council. This will be helpful in building a relationship with the new external auditors, Azets.

5. PREVIOUS MINUTES

- 5.1 No previous minutes

6. BACKGROUND PAPERS

Statement of Accounts 2022/23

7. APPENDICES

Appendix 1 – Audit Findings Report
Appendix 2 – External Auditors Annual Report

8. RECOMMENDATION

- 8.1 That Members note the contents of the two reports.

Report prepared by: Rebecca Maher, Director of Finance

The Audit Findings for South Staffordshire Council

Year ended 31 March 2023



Contents



Your key Grant Thornton team members are:

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Risk Committee.

Avtar Sohal

Name: Avtar Sohal

For Grant Thornton UK LLP

Date: 17 November 2023

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

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of South Staffordshire Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed on site and remotely during July-October. The statutory audit is a demanding process and in recent years the expectations upon auditors from regulators has continued to increase. The level of challenge now expected and the volume and range of audit evidence we are required to obtain and scrutinise is substantial with a consequential impact upon our requests on finance staff.

Our findings are summarised on pages 6 to 15. We have identified:

- A number of disclosure/presentation adjustments which do not impact on the authorities reported financial position
- One monetary misstatement that the Council has not been adjusted for, this is detailed on page 26. This is an extrapolated error as a result of findings from sample testing of operating expenditure. The unadjusted misstatement would decrease the Council's reported expenditure for the year by £65k

Audit adjustments are detailed in Appendix E.

The Audit and Risk Committee is asked to confirm its agreement to management proposals not to amend for the unadjusted misstatements.

We have also raised one recommendation for management as a result of our audit work. This is set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix H) or material changes to the financial statements, subject to the following outstanding matters;

- Response from Pension Fund auditor and completion of procedures thereon
- Completion of our work regarding Housing benefit expenditure
- Receipt of management representation letter; and
- Response from management regarding subsequent events up to the date of signature

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified. Our work on the Council's value for money (VFM) arrangements is now complete and our Auditor's Annual Report is presented alongside this report. We have not identified any risks of significant weakness in the Council's arrangements.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work, which is summarised on page 16, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's report in November 2023.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/)

We would like to thank everyone at the Council for their support in working with us and we would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff which enabled the smooth running of the audit.

National context – level of borrowing

All Councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. South Staffordshire have recently borrowed from PWLB, at a time where interest rates were lower than they are currently. We consider this a prudent way to finance their capital and investment plans with no indication of overborrowing. The Council also have a number properties which are leased to third parties for an additional source of recurrent income, which contributes to the financial strategy of the Council.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Risk Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Risk Committee meeting on 28 November 2023, as detailed in Appendix I. These outstanding items include:

- Response from Pension Fund auditor and completion of procedures thereon
- Completion of our work regarding Housing benefit expenditure
- Receipt of management representation letter; and
- Response from management regarding subsequent events up to the date of signature

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan June 2023

We set out in this table our determination of materiality for South Staffordshire Council.

Council Amount (£) Qualitative factors considered

Materiality for the financial statements	£1,000,000	We determined that total expenditure in year was the most appropriate benchmark. Our risk assessment led us to set materiality at approximately 2% of prior year gross expenditure. We did not identify a requirement to change this upon receipt of draft financial statements.
Performance materiality	£750,000	Based on the internal control environment at the Council we determined that 75% of headline materiality would be an appropriate benchmark.
Trivial matters	£50,000	We decided that matters below 5% of materiality were trivial.
Materiality for Senior Officer Remuneration	£16,500	We identified senior management remuneration as a sensitive item and set a lower materiality of £16,500 for testing these items



2. Financial Statements: Significant risks

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

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that management override of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design and implementation of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness <p>Our audit work has not identified any issues in respect of management override of controls.</p>
<p>Valuation of Other Land Buildings</p> <p>Assets were subject to a full valuation in 2022/23.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£42.50m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the evaluation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation experts wrote to the valuers to confirm the basis on which the valuations were carried out tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register We challenged the data and assumptions used in the valuations and agreed them back to auditor obtained supporting data <p>From the procedures carried out we are satisfied that the valuation of land and buildings is free from material misstatement, and we have no other matters to report.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£7.86m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

The discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately £1.2m effect on the liability. Regarding these assumptions, we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

Commentary

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- requested assurances from the auditor of Staffordshire Pension Fund as to the controls surrounding the validity and accuracy of membership data post triennial valuation, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

From the procedures carried to date we are satisfied that the valuation of pension fund liability is free from material misstatement. We will however revisit this conclusion upon receipt of the Letter from the pension fund auditor, Ernst Young.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £42.5m	<p>Other land and buildings are not deemed specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Heads and Eve to complete the valuation of properties as at 31/3/2023 . All of the Authority's assets were revalued during 2022/23.</p> <p>The total year end valuation of land and buildings was £42.5m, a net increase of £1.2m from 2021/22 (£41.3m).</p>	<p>We have:</p> <ul style="list-style-type: none"> - evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; - evaluated the competence, capabilities and objectivity of the valuation expert; - discussed with the valuer the basis on which the valuation was carried out to ensure that the requirements of the Code are met; - challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; and - tested revaluations made during the year to see if they had been input correctly into the Council's asset register. <p>Our audit work on the valuation of land and buildings is complete. We have not identified any significant matters.</p>	

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates





Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £7.86m	<p>The Council's net pension liability at 31 March 2023 is £7.86m. This is in relation to the Council's obligations as a member employer of the Staffordshire Pension Fund, part of the Local Government Pension Scheme. The Council uses Hymans Robertson to provide actuarial valuations of their assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2023. As membership data is up to date at 31 March 2023, key assumptions such as life expectancy, discount rates, salary growth and investment return are estimated by the Actuary. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £23.21m net actuarial gain during 2022/23.</p> <p>Our work in this area will be finalised upon receipt of Pension Fund Auditors report (Ernst Young).</p>	<p>We have:</p> <ul style="list-style-type: none"> Undertaken an assessment of management's expert; Reviewed and assessed the actuary's triennial valuation approach; Used o PwC as auditors expert to assess the actuary and assumptions made by actuary, summarised below; <table border="1"> <thead> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> </thead> <tbody> <tr> <td>Discount rate</td><td>4.75%</td><td>4.75%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.95%</td><td>2.95-3.00%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>3.45%</td><td>2.95-3.95%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>21.9 years</td><td>N/A</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>26 years</td><td>N/A</td><td>●</td></tr> </tbody> </table> <ul style="list-style-type: none"> Determined the completeness and accuracy of the underlying information used to determine the estimate Reviewed the impact of any changes to valuation method Tested the reasonableness of the Council's share of LPS pension assets. Tested the reasonableness of decrease in estimate Verified the adequacy of disclosure of estimate in the financial statements 	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.75%	4.75%	●	Pension increase rate	2.95%	2.95-3.00%	●	Salary growth	3.45%	2.95-3.95%	●	Life expectancy – Males currently aged 45/65	21.9 years	N/A	●	Life expectancy – Females currently aged 45/65	26 years	N/A	●	
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	4.75%	4.75%	●																								
Pension increase rate	2.95%	2.95-3.00%	●																								
Salary growth	3.45%	2.95-3.95%	●																								
Life expectancy – Males currently aged 45/65	21.9 years	N/A	●																								
Life expectancy – Females currently aged 45/65	26 years	N/A	●																								
Assessment <ul style="list-style-type: none"> ● [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated ● [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic ● [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious ● [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious 																											

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating		
			Security management	Technology acquisition, development and maintenance	Technology infrastructure
eAnalyser (financial reporting)	ITGC assessment (design and implementation effectiveness only)				
Itrent (payroll)	ITGC assessment (design and implementation effectiveness only)				

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.



Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is included in the Audit and Risk Committee papers
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking counterparties. This permission was granted and the requests were sent. All requested responses have been received.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided

2. Financial Statements: other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified We plan to issue an unmodified opinion in this respect – refer to Appendix I</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <ul style="list-style-type: none"> • Note that work is not required as the Council does not exceed the threshold;
Certification of the closure of the audit	<p>We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion</p>



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

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



Financial Sustainability

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



Governance

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



Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified:

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim 2022/23 (work in progress, fee is made up of fixed element per additional testing workbook required. Estimate for 22/23 based on same level of testing in 21/22)	Proposed £21,700	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £21,700 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim 2021/22 (completed and invoiced March 2023 - £16,750)	Actual £16,750		

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council.
Employment of Grant Thornton staff	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity
Business relationships	We have not identified any potential issues in respect of personal relationships with the Council.
Contingent fees in relation to non-audit services	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity
Gifts and hospitality	We have not identified any potential issues in respect of personal relationships with the Council.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Letter of Representation
- H. Draft Audit Opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action plan

We set out here our recommendations for the Council which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<div><div></div><div>Medium</div></div>	<p>As part of operating expenditure and payables testing one error has been identified. An item of expenditure tested overlapped the financial year and as such a prepayment should have been made by the Council.</p> <p>Whilst we are satisfied this does not result in a material misstatement within the financial statements it is considered poor accounting practice.</p> <p>Costs should be accounted for in the appropriate year.</p>	<p>The Council should review its commitment accounting procedures to ensure expenditure is recorded in the correct financial period.</p> <p>Management response</p> <p>The recommendation is accepted. Year-end processes will incorporate sufficient checks to ensure all transactions are shown in the correct financial year</p>

Key

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

C. Follow up of prior year recommendations

We identified the following issues in the audit of South Staffordshire Council's 2021/22 financial statements, which resulted in 1 recommendations being rolled forward from 2020/21.

We have followed up on the implementation of our recommendations and note it is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
x	<p>Testing of Useful Economic Lives (UEL) of Vehicles, Plant and Equipment, during the audit, identified assets on the balance sheet which are fully depreciated but still in use.</p> <p>The total gross cost of these assets at 31 March 2023 is £2.1m</p> <p>IFRS permits bodies to periodically assess and extend UELs where assets are deemed likely to stay in use beyond the previously set expected lifetime.</p> <p>It should be noted that the overall impact on the Council is minimal, given depreciation is a non-cash item and does not affect the Council's General Fund. However, it is a potential above trivial impact on a financial statement disclosure and therefore influences users understanding the accounts both in terms of value of the asset portfolio and associated costs of ownership.</p> <p>As such, we deem this to be a "best practice" recommendation only.</p>	<p>Management have:</p> <ul style="list-style-type: none"> Calculated depreciation on the same basis as current value depreciation using estimated useful life and residual value. Reviewed the asset base and derecognised £0.7m of Vehicles, Plant and Equipment in year. <p>We have:</p> <ul style="list-style-type: none"> Assessed the Council's accounting policy for consistency and appropriateness, with no exceptions noted. Substantively tested a sample of nil net book value VPE assets to gain assurance of existence and continued use of the asset, with no exceptions noted.

Assessment

- ✓ Action completed
- x Not yet addressed

D. Audit Adjustments

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

Impact of adjusted misstatements

We identified no adjusted misstatements for the year ending 31 March 2023.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Expenditure and Funding analysis (EFA)	<p>We identified, in the supporting disclosures to the Expenditure and Funding analysis, there were transposition errors in the 'Pensions' column and 'Other Adjustments' column. The disclosure misstatement does not impact on the overall totals reported in the EFA or the CIES.</p> <p>Management response</p> <p>Management have agreed to adjust</p>	Yes
Related Parties	<p>Thorough audit procedures we have identified non-material related parties included in the related parties note. We have requested management exclude Cheslyn Hay Academy from the disclosure along with some other trivial adjustments.</p> <p>Management response</p> <p>Management have agreed to adjust</p>	Yes
Financial Instruments	<p>Thorough audit procedures we have identified:</p> <ul style="list-style-type: none"> - Fair value for short term finance leases stated as £131k, recommended updating to £40k to reflect the leases the council have. - Recommended updating disclosure regarding PWLB loans as Level 2 inputs and the valuation methodology. <p>Management response</p> <p>Management have agreed to adjust</p>	Yes

D. Audit Adjustments

Misclassification and disclosure changes - continued

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Accounting Policies	<p>The council's accounting policies are consistent with prior year and applied appropriately. However, we have identified some areas where they could be more concise and reflect the statement of accounts</p> <ul style="list-style-type: none"> - We identified a number of non material accounting policies and have recommended that they be removed from the statement of accounts. - We have recommended that the council remove the narrative supporting the 2019/20 material estimation uncertainty of OLB valuations, as this is no longer relevant. - We recommend the council enhance disclosures for estimation uncertainty for OLB valuations and Pensions Liability. <p>Management response Management have agreed to adjust</p>	Yes
Narrative Statement and Annual Governance Statement	<p>We have recommended enhancements to the narrative within the AGS and the Narrative Statement to ensure the statement meets financial reporting requirements and is more useful for readers of the accounts. In particular in relation to the following:</p> <ul style="list-style-type: none"> - Enhanced narrative regarding improvement against budget - Increase narrative around capital programme slippage - To include disclosure in the AGS of the risks to the organisation and how they are mitigated <p>Management response Management have agreed to adjust</p>	Yes
Other Clerical adjustments	<p>We have identified a number of clerical adjustments that do not have a material impact on the primary statements or the quality of information with the statement of accounts.</p> <p>Management response Management have agreed to adjust</p>	Yes

D. Audit Adjustments (continued)



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Audit and Risk Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
<p>Other Expenditure</p> <p>Our testing of expenditure identified one item where an element of the cost related to a future accounting period. The necessary prepayment had not been made within the financial statements. Based on extrapolated values the Councils Expenditure is overstated by £65k.</p> <p>As this is an extrapolated error we would not expect management to adjust the financial statements in this regard.</p>	(65)	65	(65)	65	This is an extrapolated misstatement
Overall impact	(£65)	£65	(£65)	£65	

E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services

Audit fees	Proposed fee per audit plan	Final fee
22/23 Scale fee published by PSAA	£43,171	£43,171
Additional work on Value for Money (VfM) under NAO Code	£9,000	£9,000
Increased audit requirements of revised ISAs 540	£2,100	£2,100
Increased work on Payroll Change of Circumstances	£500	£500
Increased work on Collection Fund – Relief Testing	£750	£750
Enhanced audit procedures on journals testing (not included in the Scale Fee)	£3,000	£3,000
Additional requirements under ISA 315		£3,000*
Extended testing relating to operating expenditure as a result of error identified		£2,500*
Delays and request for further reports to support Collection Fund Testing		£3,000*
Final fee	£58,521	£67,071

Non-audit fees for other services	Proposed fee	Final fee
Housing Benefit Certification	£21,700	TBC
Total non-audit fees (excluding VAT)	£21,700	TBC

Audit fees per note 26 to the financial statements total £58k. At the time the accounts were prepared items marked * had not been communicated to the client, as such necessary accruals of 8k (rounded) were not able to be made in the financial statements. The £58k + £9k accruals = £67k final fee proposed above (rounded)

Non-audit fees of £21k agree to note 26 in the Councils financial statements.

None of the above services were provided on a contingent fee basis

This covers all services provided by us and our network to the Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	<p>The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of:</p> <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	<p>Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.</p>
Professional scepticism	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	<p>The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor.</p> <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	<p>The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	<p>The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.</p>

G. Management Letter of Representation

Date – To be confirmed

Dear Grant Thornton

South Staffordshire Council

Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of South Staffordshire Council for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the Council's financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law. We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the Council's financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- viii. Except as disclosed in the Council's financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- x. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- xi. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

G. Management Letter of Representation (continued)

- xii. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiv. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xvi. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Council means that, notwithstanding any intention to cease the Council's operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

- xvii. We have considered whether the Council is required to reflect a liability in respect of equal pay claims within its financial statements. We confirm that we are satisfied that no liability needs to be recognised on the grounds that:
 - a. South Staffordshire Council implemented Single Status which was their equal pay review in 2008. Any liabilities were settled in full at that time. Further a job evaluation scheme and job evaluation policy was also implemented.
 - b. There are no equal pay claims yet to be submitted that the authority is aware of.
 - c. The Council has a Pay Policy Statement and other relevant pay policies for example a market supplement policy to ensure any other payments are objectively justified and compliant with equal pay law.
 - d. The Council regularly audits market supplements, allowances etc as part of their pay reviews to ensure we are equality compliant.
 - e. Regarding equal pay and salary grading, the Council ensures there is no pay discrimination through the use of a relevant equality proofed Job Evaluation scheme which HR use to ensure salaries are linked to the requirements and responsibilities of the job.

Information Provided

- xviii. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

G. Management Letter of Representation (continued)

xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxv. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Risk Committee at its meeting on 28th November 2023.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

H. Draft Audit Opinion

Independent auditor's report to the members of South Staffordshire Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of South Staffordshire Council (the 'Authority') for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Finance Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Finance Director's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Finance Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability

to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Finance Director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Finance Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

H. Draft Audit Opinion

Responsibilities of the Authority and the Finance Director

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Finance Director. The Finance Director is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Finance Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Finance Director is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit and Risk Committee concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to

- the use of journal entries
- estimates and the use of unsupported or favourable assumptions which demonstrate indications of potential management bias

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on unusual journals with specific risk characteristics and large value journals
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of property and net pension liability valuations and calculation of material provisions
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:

- a) the provisions of the applicable legislation
- b) guidance issued by CIPFA/LASAAC and SOLACE
- c) the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

H. Draft Audit Opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit Certificate

We certify that we have completed the audit of South Staffordshire Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Date:

Auditor's Annual Report on South Staffordshire Council

2022/23

November 2023



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

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



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified.	G Our work did not identify any areas where we considered that key or improvement recommendations were required.	A We made two improvement recommendations. The Council has addressed one regarding profiling of capital expenditure. The other, regarding sensitivity of commercial income, will be addressed in February 2024 as part of the budget setting report.	↑
Governance	No risks of significant weakness identified.	A Our work did not identify any areas where we considered that key or improvement recommendations were required. However, the two improvement recommendations made in the prior year still need to be addressed.	A We made two improvement recommendations around risk management. Neither of these had been addressed by 31 March 2023. We recommend that they are addressed in 2023/24.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but one improvement recommendation made to support the Council in improving arrangements for providing assurance over the accuracy of performance information.	G Our work did not identify any areas where we considered that key or improvement recommendations were required.	↓

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

At 31 March 2023 the Council General Fund balance stood at £8.672m. This represents a very healthy level, with expenditure on Council services in 2022/23 being £11.715m. However, the Council's financial planning shows that, without action, reserves would be depleted by 31 March 2027. The Council is not proposing to develop any large scale savings or cost reduction schemes – preferring instead to plan for increased commercial income from a number of sources – thus reducing the risk of too much reliance on one source. Given the ongoing uncertainty around local government finance this approach is reasonable in the short term.

Arrangements in respect of financial planning, budget setting and control are all sound. We have no recommendations to make.



Governance

Overall the Council has sound arrangements in place, but there is scope to further enhance risk management reporting by implementing the two improvement recommendations we made in our prior year Auditor's Annual Report. The Council has appropriate arrangements in place in respect of internal audit provision, prevention and detection of fraud, climate change, gifts and hospitality and declarations of interest and procurement. Reports to Members ensure that they can make properly informed decisions and senior officers lead the way in terms of standards and behaviours. We have not made any further improvement recommendations.



Improving economy, efficiency and effectiveness

Overall the Council has sound arrangements in place, but we have made one improvement recommendation on page 17 as there is scope for the Council to obtain more robust assurance over the accuracy of reported performance (non financial) information. The Council makes good use of key performance indicators, reporting quarterly on 23 which underpin delivery of its priorities. The Council also ensures it learns from others through peer reviews and benchmarking.



Financial Statements opinion

We are nearing completion of our audit of your 2023/23 financial statements. We are currently awaiting a response from the auditor of the Staffordshire Pension Fund in order to conclude our work regarding the Council's net pension fund liability.

Further details are set out on page 22.



Use of auditor's powers

We bring the following matters to your attention:

	2022/23
<p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p>
<p>Public Interest Report</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	<p>We did not issue a public interest report.</p>
<p>Application to the Court</p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	<p>We did not make an application to the Court.</p>
<p>Advisory notice</p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful. 	<p>We did not issue any advisory notices.</p>
<p>Judicial review</p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	<p>We did not make an application for judicial review.</p>

Securing economy, efficiency and effectiveness in the Council's use of resources

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

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

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

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



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit & Risk Committee
- Considering the work of internal audit
- Reviewing reports from third parties
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 9 to 19.

The current LG landscape



National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well as creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

The current LG landscape (continued)



Local context

South Staffordshire Council is one of eight lower tier councils in Staffordshire, working with Staffordshire County Council and local parish councils in a three tier local government system. The population is around 110,000, with a population density of 700 per square mile. The population is predominantly (98%) White. When compared to England, South Staffordshire has a lower proportion of children aged under five, under 16 and people aged 16-64. There is, however, a higher proportion of residents who are aged 65 and over.

The overall population of South Staffordshire is projected to increase in the period 2020-2030 by 3%, with a significant growth in people aged 65 and over (19%) and aged 85 and over (47%). The rate of increase in the number of older people in South Staffordshire is faster than the England average and equates to 6,600 additional residents aged 65 and over by 2027.

Overall life expectancy of South Staffordshire residents is higher than the national average; men are expected to live until the age of 81 and women until the age of 84. The healthy life expectancy of residents living in South Staffordshire however, is 66 years of age; this in conjunction with the predicted increase in the number of people over 65 in the next 10 years will have increased implications on health and social care provision.

Currently, the percentage of South Staffordshire residents on the dementia, diabetes and hypertension registers is higher than the national average and similarly for adult and child obesity.

The Council is Conservative controlled, with local MPs also being Conservative. The Council is well run, and in 2022 was awarded the iESE UK Council of the Year. Reserves are relatively high, and will be used to address budget deficits in the medium term. Reserves are forecast to last until the end of 2026/27 at least, even if no action is taken. However, the Council anticipates that increased commercial income and business rates will allow it to prepare a balanced budget, without the need to use reserves, in the longer term.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Short and medium term financial planning

The Council has appropriate arrangements in place to ensure that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them.

2022/23 financial performance

The Council's final net revenue budget against Council Services was £11.239m. The actual net revenue spend against these services was £11.715m. The overspend of £0.476m was funded through Earmarked Reserves. Total Expenditure was higher, with a budget of £16.239m and expenditure of £15.983m. The difference is primarily due to expenditure, which is matched by income, of £5.141m on the Enterprise Zone and some technical accounting adjustments.

The approved capital programme was £21.834m, but only £6.000m was spent. The failure of a significant contractor delayed one scheme, and the Council recognised that profiling needed to improve, as we recommended in our prior year report, so the capital budget was largely "notional". This has been actioned for 2023/24, as explained on page 12.

2023/24 financial planning

Financial planning ensures that local government funding settlements are reflected in the annual budget and medium term financial planning reports. These reports also include reasonable assumptions around business rates and growth in the council tax base (roughly 300 properties a year on a base of 40,000).

The pay and general inflation assumptions made in the 2022/23 budget were reasonable based on information available at the time. In reality inflation was higher for longer than expected. For the 2023/24 budget setting process, which reported in February 2023, the Council has assumed pay inflation of 5% and general inflation of 2%. The latter figure is, with the benefit of time, on the optimistic side. The Council anticipated this, noting "If possible, budget holders will be expected to find necessary efficiencies to maintain expenditure within budgetary constraints."

The Council manages its finances over the medium term - currently to 2027/28, and there are no plans to sell assets to support revenue expenditure.

The Council recognises the importance of climate change and publishes its own carbon use on the website. The Medium Term Financial Strategy (MTFS) includes an annual budget for climate change staffing of between £50 - £60k a year.

Financial sustainability (continued)

Short and medium term financial planning (continued)

Medium Term Financial Planning

The MTFS 2023/24 - 2027/28 and 2023/24 Budget presented to Cabinet in January 2023 notes that the General Fund balance was projected to be £3.3m at the end of 2025/26, but to be negative by £0.8m by the end of 2026/27. The table below, taken from the draft 2022/23 financial statements, shows that, with reserves at 31 March 2023 being £0.31m higher than expected, the Council is forecasting that, without appropriate action, the General Fund balance would (theoretically) be negative by around £5m by 31 March 2028.

The MTFS report noted "It is clear therefore that before 2026/27 a combination of further savings, increased income levels, or more favourable local government settlements will be necessary to ensure above minimum levels of reserves over a five-year term."

General Fund	24/25 Projected	25/26 Projected	25/26 Projected	26/27 Projected	27/28 Projected
Closing Balance	£000's	£000's	£000's	£000's	£000's
Opening Balance*	(8,361)	(6,589)	(5,269)	(3,297)	824
Forecast in year Surplus / (Deficit)	1,772	1,320	1,972	4,121	4,677
Closing Balance	(6,589)	(5,269)	(3,297)	824	5,501

*Actual opening balance following closure of accounts is £8.672m as at 31st March 2023.

On the next page we comment on the Council's arrangements to address the financial challenge.

The Council's performance against key financial and performance metrics is set out in this table.

	2022/23	2021/22
Planned revenue expenditure	£16.239m	£14.932m
Actual revenue expenditure	£15.983m	£13.140m
Planned capital spend	£21.998m	£31.759m
Actual capital spend	£6.406m	£11.522m
Planned savings target (recurrent/non-recurrent)	£0	£0
Actual savings delivered (recurrent/non-recurrent)	£0	£0
Year-end cash position	£18.022m	£26.601m

Financial sustainability (continued)

Identifying savings

While there is clearly a funding challenge in the longer term, the Council has appropriate arrangements in place to bridge its funding gaps and identify achievable savings.

The Council policy is to maintain General Fund balances at £1.500m or above. As shown on the previous page, current forecasts indicate that this will be possible until around March 2027. The Council does not anticipate needing to develop savings plans - it anticipates that increased or ongoing commercial income will allow a balanced budget to be set, without the need to use reserves, in the medium to longer term. Commercial income includes benefitting from being able to lend at higher interest rates, renting out surplus office space, business rates income from a new industrial park and the Fair Funding Review being further delayed. The Council ensures that it keeps up to date with inward investment and the opportunities this presents for business rates growth, with scenario analysis and modelling undertaken through the MTFP process. Reserves will be used in the shorter term, until these additional income streams are realised.

While this approach is reasonable in the medium term, the Council will need to ensure that any slippage in forecast income is offset in other ways – including identifying savings if necessary – to ensure that the £1.500m General Fund balance can be maintained. Given reserves are projected to be sufficient for four years, even without further action, we have not made an improvement recommendation at this stage.

Financial planning and strategic priorities

The Council has appropriate arrangements in place to plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities. There is a clear link between the priorities included in the Council Plan 2020-24 and the Medium Term Financial Strategy and annual budget.

The Council does not see sufficient value in distinguishing between core statutory and discretionary expenditure. This is explained in the management response to our improvement recommendation from our 2020/21 Auditor's Annual Report. However, it is clear that expenditure supports corporate objectives. The Council Plan 2020-24 sets out how expenditure has been prioritised to support the objectives of "Prosperous Communities" and "Vibrant Communities". The Plan then shows how Council expenditure is split between these two areas. For example - £7.9m investment in the community and business hub, owning £30m of industrial estates, spending £0.190m on green flag parks and £2.7m on maintaining four leisure centres.

Financial sustainability (continued)

Financial planning and other operational plans

The Council has appropriate arrangements in place to ensure that its financial plan is consistent with other plans such as workforce, capital and investment.

Workforce Planning

The "Workforce Development Strategy 2022-2025" sets out how the Council will work with its staff to meet current challenges and new ways of working. It includes an action plan, none of which require specific focus in the MTFS - they are around leadership, training and recruitment. The Workforce Strategy seeks to align workforce plans with the Resource Planning and Prioritisation (RPP) process model, providing strategic direction for workforce planning.

Capital Planning

The Council has a capital plan which is aligned to its priorities. Higher value schemes include the Wombourne Enterprise Park redevelopment, restoration of a unit damaged by fire and Wombourne Leisure Centre. These major schemes have been subject to delays, but these are not unusual and there is no evidence of schemes being postponed or cancelled inappropriately.

In our previous Auditor's Annual Report we made an improvement recommendation that "The Council should review the profiling of its capital programme to ensure a realistic assessment of project delivery is made at the outset and any slippage is reprofiled throughout the financial year as it occurs." The Medium Term Financial Strategy presented to Council in February 2023 includes profiling of the capital expenditure. However, as set out on page 10, capital expenditure in year has been significantly below plan for the last two years. The reasons for this slippage are clearly set out in reports and are reasonable, and we have not made a further improvement recommendation.

Treasury Management

The "Treasury Management Strategy and Prudential Indicators 2023/24 - 2027/28" report to Audit Committee in March 2023 sets out the planned capital programme each year and how much the Council will need to borrow externally - £6.3m in 2023/24 and £3.8m in 2024/25. The report sets out how the Council balances risk and reward, including criteria for how and with whom it will invest.

Managing risks to financial resilience

The Council has appropriate arrangements in place to manage risks to its financial resilience.

The Medium Term Financial Strategy and budget report clearly sets out the key risks and how these are being addressed. A key risk in financial planning relates to business rates retention. The assumptions made are reasonable. The report includes sensitivity analysis of different scenarios. There is an earmarked reserve in respect of pay and inflation pressures. At 31 March 2023 the General Fund reserve was £8.672m. While this is intended to be used to support revenue expenditure over the MTFS, there is sufficient to cover any unforeseen costs.

Our national "Borrowing and Reserves" benchmarking exercise on unaudited 2022/23 financial statements shows that the Council has higher than average long term borrowing as a percentage of long term assets, at 33%, and ranks 9 of 110 district councils. This is due to £15m of long term borrowing, and is not cause for concern. The Council ranks 95 out of 110 district councils for "Reserves as a proportion of Net cost of services". As noted above, reserves are sufficient in the medium term.

Financial governance

Annual budget setting

The Council has appropriate arrangements in place for setting its annual budget.

The annual budget setting process considers the impact of prior year changes to the budget and includes sensitivity analysis in key areas such as business rates retention.

Internally, the Council approach begins with a review of the quarter two financial position with budget holders to identify an ongoing changes required. This established the cost of "Business as Usual". Policy changes are captured separately. All the changes are pulled together for the Corporate Leadership Team to challenge before the budget is developed.

The Council ensures that there is an opportunity for members of the public to engage with the budget setting process, with links on the website and a dedicated email address. However, as in previous years, no responses have been received. The Council recognises that *"greater engagement can be a source to better directed resources in relation to resident's priorities."* While this is not an area of improvement, the Council may wish to consider more proactive means, such as focus groups.

Financial plans are reviewed and approved through the budgetary control process and by the Corporate Leadership Team and Members.

In our previous Auditor's Annual Report we made an improvement recommendation that *"As part of its commercial strategy, linked with budget setting and financial monitoring, the Council should review sensitivities around its commercial income."* The Council has not yet been able to progress the recommendation as the MTFS for 2024/25 will not be presented until January / February 2024.

Budgetary control

The Council has appropriate arrangements in place to ensure sound budgetary control.

The Council provides accurate and timely financial monitoring reports to budget holders. Appropriate information is provided, meetings are held, and narrative responses to variances included as appropriate.

The Council financial position is reported quarterly to Overview & Scrutiny Committee and to Cabinet. Reports provide a narrative summary and then detailed appendices which include the position by budget heading with forecast outturn, impact on reserves and risk rating. More detail is then provided for each area. This includes a clear explanation of cost pressures, for example utility and pay costs.

The Council has a suitably experienced finance team and responds very well to audit queries. There is no evidence of inappropriate financial reporting or delays in publishing financial statements.



Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Risk management and internal controls

The Council has appropriate arrangements in place to assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. However, there is scope to further enhance risk management reporting and we note that the two improvement recommendations made in our prior year Auditor's Annual Report have yet to be addressed. These are highlighted below.

Risk Management

As recommended in our prior year Auditor's Annual Report, "the Risk Management Strategy issued in October 2019 may need a refresh to make it more relevant to the present circumstances and also enable the Council to effectively identify its risks." Officers have confirmed that they are in the process of reviewing the risk management strategy during 2023/24. As this has not been actioned in 2022/23 our improvement recommendation remains valid.

Cabinet has overall ownership of the Strategy whilst the Audit and Risk Committee has a monitoring role. Independent assurance is provided by Internal Audit. The Council has arrangements in place to report risks to Cabinet through the corporate risk register with the focus on strategic risks that could impact the Council's strategies priorities.

The risk register contains most of the information we would expect to see, including the risk the description, cause, impact and likelihood. Risks are assessed (Red / Amber / Green) to show the severity of the risk, with controls proposed to manage the risks. However, there is no evidence of mapping risks to corporate objectives and named responsible individuals or posts for each risk are not specified. The direction of travel of the risk is also not clear. Our prior year improvement recommendation "The Council should review the level of detail included within its Strategic Risk Register." therefore remains valid.

Internal Audit

The Council internal audit function is provided by Staffordshire County Council. It is effective as evidenced by a comprehensive plan that covers a mix of important areas for the Council. Internal Audit provides regular updates to the Audit and Risk Committee with a report presented at each meeting. We also note the findings of the External Quality Assessors report that concluded that the Internal Audit Service generally conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application. This is the highest category level that can be awarded via the CIPFA assessment process.

Prevention and detection of fraud

The Council has appropriate arrangements in place to deal with fraud and corruption. Anti-fraud and corruption is a function under Internal Audit and activities are planned as part of Internal Audit work. We also note that regular updates on anti-fraud and corruption work are taken to the Audit and Risk Committee as part of Internal Audit progress updates.

Governance (continued)

Informed decision making including the Audit & Risk Committee

The Council has appropriate arrangements in place to support informed decision making.

The Council operates a committee system and information is readily available on the Council public website. The annual work programme for each committee is issued to Members. Significant decisions were taken to Council and Cabinet and these included the review of the constitution in May 2022 and approval to enter into a Shared Service Agreement with Stafford Borough Council who will deliver the Disabled Facilities Grant service on behalf of South Staffordshire Council in December 2022.

There is an appropriate 'tone from the top' at the Council. The constitution includes codes and protocols and behaviours expected of Members and senior officers. The Local Government Association corporate peer challenge report from October 2022 noted a strong corporate leadership and that good relationships are in place. The Council received external recognition including iESE UK Council of the Year 2022 and the Chief Executive being nominated for Chief Executive of the Year.

The Council has an effective Audit and Risk Committee which provides appropriate challenge and regularly meets to discuss and decide on issues regarding internal controls, governance and risk. The annual work programme of the committee clearly lays out a mix of issues taken to the committee. Attendance at the committee meetings has also revealed effective challenge by the Audit and Risk Committee.



The Council's performance against key governance metrics is set out in the table below.

	2022/23	2021/22
Annual Governance Statement (control deficiencies)	None	None
Head of Internal Audit opinion	'Substantial' assurance.	'Substantial' assurance.

Governance (continued)

Standards and behaviours

The Council has appropriate arrangements in place to ensure and monitor appropriate standards and behaviours.

Arrangements to monitor Member compliance with standards includes a regularly reviewed constitution and code of conduct. A dedicated committee (Standards and Resources Committee) meets and receives updates on conduct complaints by the Monitoring Officer.

Members receive a monthly communications note from the Leader of the Council and regular communications from the Chief Executive and Corporate Leadership Team (CLT) on key matters. There is a bespoke weekly news round-up distributed by email to all Members, capturing key events and news items of interest to Members. The Chief Executive meets with Group Leaders on a quarterly basis and the Leader of Council and Deputy Leader weekly and is joined by CLT colleagues as required.

Climate Change

The Council has appropriate arrangements in place to monitor climate change evidenced by the Climate Change Strategy published in 2020 to ensure the Council meets its statutory environmental duties and looks to capture the opportunities and benefits of tackling climate change. We have also noted some notable initiatives such as the launch of the South Staffordshire Climate Prize; encouraging community groups, local businesses, schools, and residents to get involved and bid for funding to make their ideas for local climate change projects a reality.

The Council also has appropriate arrangements in place for reporting on progress with clear measurables for future actions. The Internal Audit "Climate Change" report from June 2023 made five medium and five low priority recommendations, primarily around reporting and including climate change costs in the MTFS. Overall "Adequate" assurance was provided. All recommendations have been accepted. We have not duplicated the recommendations.

Gifts & Hospitality and Declarations of Interest

The Council Constitution has a section that covers arrangements for dealing with Gifts and Hospitality. The guideline gives procedures for acceptance of gifts and hospitality to be followed by officers. The Constitution and the contents there in are regularly updated to reflect the prevailing environment. The Gifts and Hospitality Register is up to date, with appropriate entries.

Members' declarations of interest are included on the Council website. Appropriate arrangement are in place for officers' declarations.

Procurement

Appropriate arrangements are place to ensure regulatory standards for procurement are met. These are provided for on Part 4 of the Constitution under Contract Procedural Rules (CPRs). These CPRs must be followed by Officers and breach of them is potentially a matter for disciplinary action.

The Council entered into a Shared Service Agreement with Stafford Borough Council who will deliver the Disabled Facilities Grant service on behalf of South Staffordshire Council from 1 April 2023. The Council followed procedure by reporting through Cabinet. A programme board was established in January 2023 to develop and implement a project plan, risk register and programme of works to develop a shared service. Stafford Borough Council will be the host authority for the shared service. Arrangements to manage the contract are appropriate, and include allowing for "the transfer of funds and the reconciliation at the end of the financial year, monthly monitoring of Key Performance Indicators (KPI's) and updates of applications, approvals, works on-site and completions. There will be monthly meetings to ensure the high performance is maintained and that residents are receiving a good service. Progress reports will be provided to the Corporate Leadership team and Cabinet on a quarterly basis, this will cover the performance against KPI's, the progress of works and the financial position against the annual budget."

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Use of financial and performance information

The Council has appropriate arrangements in place regarding the use of financial and performance information, including benchmarking and peer reviews. We have made one improvement recommendation where we consider the Council could obtain independent assurance over the accuracy of reported performance information.

Use of key performance indicators

The Council has identified 23 performance indicators which underpin delivery of its priorities. These are reported quarterly with an explanatory narrative about each, including why they are below target as relevant. The year end position shows 16 green, 0 amber, 6 red and 1 N/A. The red indicators are within refuse / waste, leisure centres and sickness absence.

Accuracy of financial and performance data

The Council has appropriate arrangements in place to provide assurance over the accuracy of financial information. Sound internal controls and processes are supported by the work of internal audit, who provided "Substantial" (the highest level) assurance over "Budgetary Control". The Council has similar processes in place with regard to performance information, but there is no evidence of review by internal audit. This is an area the Council could consider asking internal audit to review in order to provide independent assurance, and we have raised an improvement recommendation.

In order to obtain independent assurance over the accuracy of performance information reported to Members, the Council should consider asking Internal Audit to include this in their programme of work.



Improving economy, efficiency and effectiveness (continued)

Use of financial and performance information (continued)

Learning from others

The Council is keen to learn from others, and requested a Corporate Peer Challenge (Peer Review) undertaken by the Local Government Association (LGA) which took place in early October 2022. The report was very positive, while also identifying eight areas for consideration to which the Council has responded positively.

The Council also uses benchmarking appropriately. The Council recognises the role that benchmarking can have, in comparing with others and identifying outliers, but is aware that this comes with risk and challenge - for example - understanding how others have recorded and collated information. The Council therefore focuses effort more locally - it subscribes to LG Futures who routinely provide the authority with data comparing Council performance against other authorities in general - and near neighbours (in terms of size and responsibility) in particular. The Council also meets regularly with senior Finance Officers from Staffordshire authorities.

Assessing performance and identifying improvement

The Council reviews and sets strategic priorities through the Council Plan and then ensures that appropriate investment is included in the annual budget. For example, to support the work being done around climate change and customer services.

Partnership working

The Council works with a number of partners to help deliver its strategic priorities. The Council has also worked with partners to develop a collaborative approach to economic recovery, including a ten point plan.

The Council ensures that there is an opportunity for members of the public to engage with the budget setting process, with links on the website and a dedicated email address. However, as in previous years, no responses have been received. The Council recognises that *"greater engagement can be a source to better directed resources in relation to resident's priorities."* While this is not an area of improvement, the Council may wish to consider more proactive means, such as focus groups.



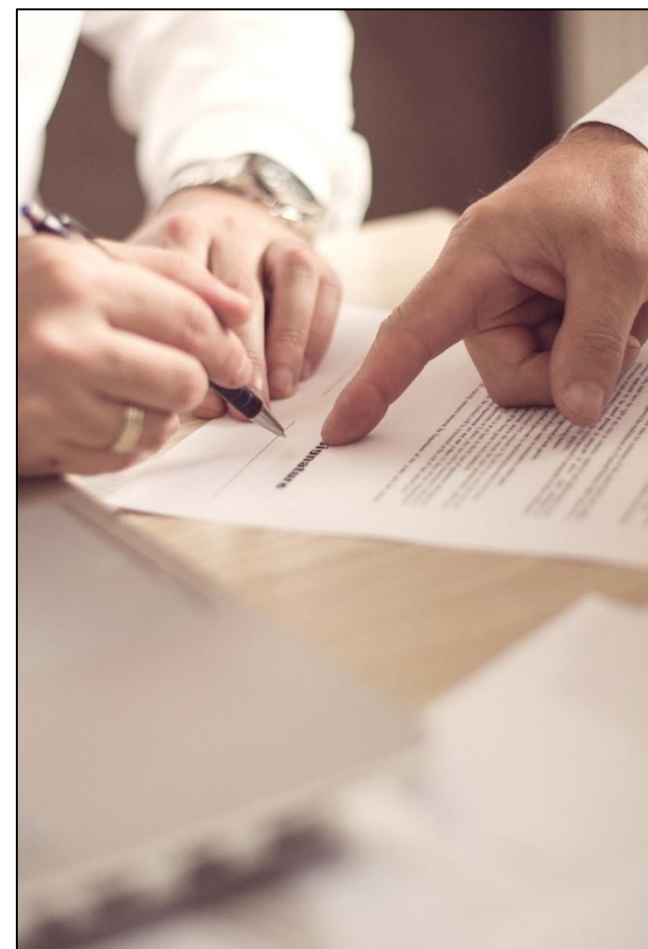
Improving economy, efficiency and effectiveness (continued)

Commissioning and procurement


The Council works with key service providers to ensure that priorities are achieved. For 2022/23 the capital programme included £3m for "split back" refuse collection vehicles and £0.876m for reusable bags to collect fibre products. Both of these facilitate dual stream collection.

The Constitution, which includes contract procedure rules, is reviewed and updated annually.

Internal Audit undertook a review into Corporate Procurement, providing "Adequate" assurance overall, and identifying three medium and three low priority recommendations, all of which the Council has accepted. We have not duplicated the recommendations.



Improvement recommendations

Improvement Recommendation 1	In order to obtain independent assurance over the accuracy of performance information reported to Members, the Council should consider asking Internal Audit to include this in their programme of work.
Improvement opportunity identified	Reporting of performance information is robust and comprehensive, but there is no independent assurance over its accuracy.
Summary findings	The Council has robust arrangements in place over the accuracy of reported financial information, but less so for performance information.
Criteria impacted	 Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	Management acknowledge the finding and recommendation. Discussions have started with a view to examining an appropriate role for internal audit in the examination of published performance data.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit & Risk Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	As part of its commercial strategy, linked with budget setting and financial monitoring the Council should review sensitivities around its commercial income.	Improvement	February 2023	The Council has not yet been able to progress the recommendation as the MTFS for 2024/25 will not be presented until January / February 2024.	No	Yes – address the recommendation in the 2024/25 MTFS.
2	The Council should review the profiling of its capital programme to ensure a realistic assessment of project delivery is made at the outset and any slippage is reprofiled throughout the financial year as it occurs.	Improvement	February 2023	The Medium Term Financial Strategy presented to Council in February 2023 includes profiling of the capital expenditure.	Yes	No
3	The Council should review its risk management policy and supporting reporting arrangements (current policy dated Oct 2019).	Improvement	February 2023	The Council is in the process of revising its Risk Management Strategy with a Quarter 1 2023/24 monitoring update presenting a draft of the strategy.	No	Yes – address the recommendation during 2023/24.
4	The Council should review the level of detail included within its Strategic Risk Register.	Improvement	February 2023	This has not yet been actioned.	No	Yes – address the recommendation during 2023/24.

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

We are nearing completion of our audit of your 2023/23 financial statements. We are currently awaiting a response from the auditor of the Staffordshire Pension Fund, in order to conclude our work regarding the Council's net pension fund liability.

More detailed findings can be found in our Audit Findings Report, which was published and reported to the Council's Audit and Risk Committee.



Appendices

Appendix A:

Responsibilities of the Council

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

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

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

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

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the

Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

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



Appendix B:

An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	20

SOUTH STAFFORDSHIRE COUNCIL

COUNCIL – 12 DECEMBER 2023

INTEGRATED PERFORMANCE MANAGEMENT (IPM) REPORT – 2023/24 QUARTER 2

REPORT OF THE LEADER OF THE COUNCIL – COUNCILLOR ROGER LEES

PART A – SUMMARY REPORT

1.0 SUMMARY OF PROPOSALS

1.1 This report provides an update as of 30th September 2023 for Quarter 2 of 2023/24 on performance, finance, and risk. This includes results against performance targets set to monitor delivery of the Council Plan 2020 – 2024.

1.2 This is the final year of the current Council Plan.

2.0 RECOMMENDATIONS

2.1 It is recommended that Members note the Quarter 2 IPM Report.

3.0 SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	It reports progress against Council Plan targets.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	This report does not impact on equality issues
SCRUTINY POWERS APPLICABLE	The IPM report is presented to O&S at Quarter 2 and 4.	
KEY DECISION	No	
TARGET DATE	Performance reports are prepared quarterly.	
FINANCIAL IMPACT	Yes	The report details the financial position as at the end of Quarter 2 2023/2024.
LEGAL ISSUES	Yes	Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	This report includes all Council strategic risks and a summary position statement on operational risk.
IMPACT ON SPECIFIC WARDS	No	All Wards

4.0 INTEGRATED PERFORMANCE MANAGEMENT - EXECUTIVE SUMMARY

4.1 Finance



REVENUE

Net Revenue Budget 2023/24 £m	Forecast expenditure at Q2 2023/24 £m
£19.061	£18.801
Provisional Variance 2023/24 £m	Percentage Variance from Budget 2023/24
£0.260	1.36%



CAPITAL

Capital Budget 2023/24 £m	Capital Spend to Date Q2 2023/24
£18.642	£1.083

4.2 Performance

Current Position	G	A	R	N/A
21 Council Plan Targets at Q2	17	4	0	0
Revenue Budget - Service (Net) Expenditure				
Revenue Budget - Other Expenditure				
Revenue Budget - External Funding				
Overall Revenue Budget - Appropriations to Reserves				
Capital Programme				

4.3 Strategic and Operational risks

Strategic Risks	6
Operational Risks	64

5.0 IPM Narrative Report

5.1 Review of the Quarter

- 5.1.1 There has been strong performance across the Council in Quarter 2 with 17 of the 21 Council Plan targets being on target with no measures receiving a RAG rating of Red. Of the 17 green, performance was particularly strong in planning as 0% of planning applications were overturned through the appeals process against a target of no more than 10% ; 100% of fly tipping reports investigated with agreed actions were resolved within two days. Financial performance continued to be strong in Quarter 2. In quarter 1 no targets received a RAG rating of Red and 5 targets received a RAG rating of Amber
- 5.1.2 The purpose of this report is to analyse measures that are below target, the impact service delivery performance has on our financial position and report on potential risks and any mitigating actions being taken to manage risks and improve performance.

5.2 Long term successes/measures which were underperforming but are now on target

- 5.2.1 Quarter 2 saw 72 businesses supported with 127 business supported cumulatively across quarters 1 and 2. This is 84.6% of the yearly target already achieved. The success of this measure is in large down to the Council now directly delivering a number of business support programmes funded by the UK Shared Prosperity Fund which has increased the amount of engagement the Enterprise Team is undertaking.
- 5.2.2 Maintaining over 85% income as a percentage of operating costs for our four leisure centres has achieved green RAG status for the first time in this Council Plan time period as Q2 performance stands at 89.64%. This measure has been heavily impacted by COVID-19 and the ongoing refurbishment programme. The recent growth in membership and re-opening of refurbished leisure centres along with implementation of the new membership structure has seen an improvement in leisure performance.

5.3 Measures below target

5.3.1 Welfare

- 5.3.2 At the end of Quarter 2, new benefit claims were processed in an average of 17 days against a target of 15 days. The above target number was due to an increased number of staff absences. Annual Billing took place during Quarter 1, members of the team have leave restrictions during this time. Because of this more members of staff are on leave during Quarter 2. Furthermore, there were two vacancies in the team which added additional pressure. It is expected performance will increase in Quarter 3 as staffing levels will return to normal and current vacancies will be filled. The risk of cost-of-living impacting residents whose benefit claims take longer to process is a major concern and could increase as volumes of claims grow. Investment has been made in additional staffing in the Welfare team to deal with additional demand. There is an emerging pressure within Benefits Services relating to a reduction in the number of overpayments that are received back to the council through the Housing Benefit Subsidy. This is resulting in a projected budget pressure

which will need to be covered by General Fund reserves. This is being addressed as part of budget setting for 2024/25 onwards.

- 5.3.3 When compared to all of our CIPFA “nearest neighbours” (similar authorities) Quarter 2 performance of 17 days is the mean for South Staffordshire CIPFA nearest neighbours. Investment in the team should see an increase in performance. The below charts and tables highlight South Staffordshire as an efficient council.

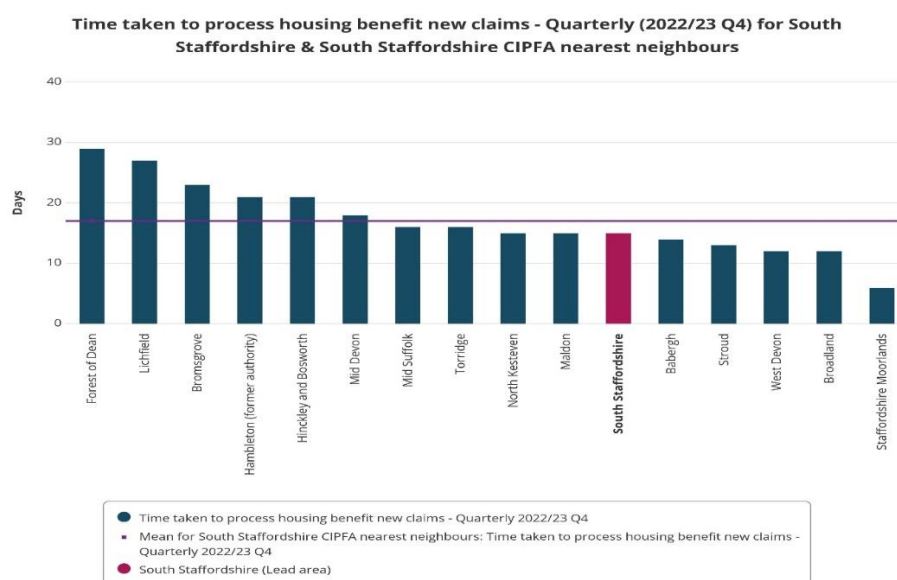
Time taken to process housing benefit new claims - Quarterly (2022/23 Q3 and 2022/23 Q4) for South Staffordshire

Period	Time taken to process housing benefit new claims - Quarterly			
	Mean			
	South Staffordshire	Minimum for South Staffordshire CIPFA nearest neighbours	Mean for South Staffordshire CIPFA nearest neighbours	Maximum for South Staffordshire CIPFA nearest neighbours
2022/23 Q3	18	6	17	32
2022/23 Q4	15	6	17	29

Source:

Department for Work and Pensions

Powered by LG Inform



Source:

Department for Work and Pensions

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5.4 Council tax/Business Rates

- 5.4.1 At the end of Quarter 2 Council Tax collection rate was 57.1% which is 0.3% down on last year and Business Rates collection rate is 58.2% which is down 1.5% on last year. The collection rates for both Council Tax and Business Rates have both fallen in September. Some of the reduction is attributable with the end of the month figure coinciding with a weekend where payments received are carried forward into the new month. However, Business Rates remains challenging as two large businesses continue to struggle to maintain payments despite a payment plan being agreed. The Council continues to engage and recover the full amount outstanding.
- 5.4.2 Quarter 3 Council Tax performance is expected to increase with the additional payment being carried over from Quarter 2 to Quarter 3. Business Rates performance should increase with the Council's payment plan in place for the two large businesses who are struggling to maintain payments. A continual decrease in Council tax and Business Rates collection would impact upon adherence to the Medium-Term Financial Strategy. Currently the risk to sustain this with adequate reserves to meet unforeseen circumstances is moderate. To ensure this risk remains moderate there is robust horizon scanning to monitor changes in Government policy. CLT actively participate in Government consultations, MP discussions and are kept aware of changes ensuring where appropriate the learning from this is incorporated into strategic plans. CLT and Members engaged in the development of the MTFS to ensure robust appraisal of any plans put forward.
- 5.4.3 All Council tax service revenue budgets are on target and without any significant variances to report.
- 5.4.4 When comparing to all CIPFA nearest neighbours South Staffordshire Council Tax collection is slightly above the mean. Differences between CIPFA nearest neighbours is generally minimal.

Council tax collected as a percentage of council tax due (2022/23) for South Staffordshire

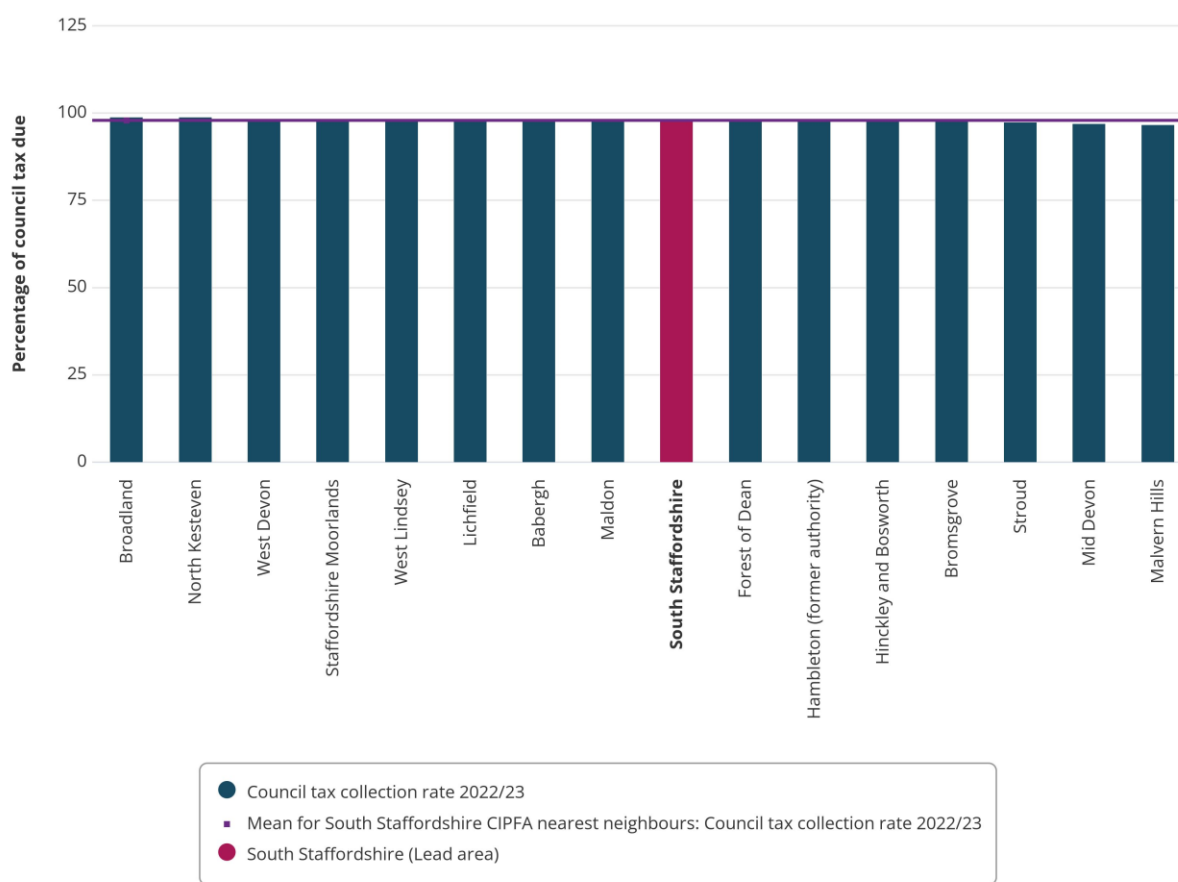
Period	Council tax collection rate			
	%			
	South Staffordshire	Minimum for South Staffordshire CIPFA nearest neighbours	Mean for South Staffordshire CIPFA nearest neighbours	Maximum for South Staffordshire CIPFA nearest neighbours
2022/23	97.96	96.70	97.94	98.87

Source:

Department for Levelling Up, Housing & Communities

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Council tax collected as a percentage of council tax due (2022/23) for South Staffordshire & South Staffordshire CIPFA nearest neighbours



Source:

Department for Levelling Up, Housing & Communities

Powered by LG Inform

5.5 Planning

5.5.1 Planning enforcement

5.5.2 For Quarter 2, 74.6% of planning enforcement complaints were investigated within 12 weeks. This is below the 80% target. It is the second straight quarter that performance has dropped below 80%. Quarter 2 performance reflects the number of high profile and complex cases being investigated; this slows the ability to deal with day-to-day investigations. Due to this, progress has slowed in reducing the number of open active cases. August and September have seen an increase in open cases.

5.5.3 Quarter 2 performance had no impact on the revenue budget of planning enforcement, and financial performance for planning services remains on target and its strong performance helps mitigate potential risk and also contributes towards covering budget pressures in other areas of the council.

5.5.4 The risk of this having a larger impact is currently moderate. To help mitigate potential issues and ensure performance remains on track we have invested in the Planning Team to ensure that we have a fully staffed Development Management team to effectively manage planning applications in a timely manner. Good relations

continue to be maintained with service and infrastructure providers to respond swiftly to ad hoc applications. With these actions being taken it should reduce pressure on planning services such as investigating planning enforcement complaints.

5.6 Temporary accommodation costs increasing

5.6.1 Over the past Quarter there has been an increase pressure upon temporary accommodation, and this has led to an increase in temporary accommodation costing.

5.6.2 An increase in homelessness in the district, the impact of asylum seeker decisions and the Government decision to no longer use two contingency hotels in the district will put additional strain upon the district council. To help mitigate the increased risk and financial impact caused from this pressure an additional risk plan is being created for Quarter 3 and ear marked reserve provision.

6.0 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Not applicable

7.0 PREVIOUS MINUTES

Not applicable

8.0 BACKGROUND PAPERS

- Appendix 1 – Quarter 2 Performance Scorecard
- Appendix 2 – Quarter 2 Finance Scorecard
- Appendix 3 – Quarter 2 Strategic Risk Register
- Appendix 4 – Quarter 2 Storyboard

Report prepared by

Jackie Smith, Corporate Director, Chief Operating Officer

Quarter 2 - 2023/2024

The measures in the scorecard have been rated using a Red, Amber and Green (RAG) system

RED	Not on target and / or the level of risk (of not meeting target) is high and needs urgent remedial action
AMBER	Not fully on target but not significantly off target and / or the level of risk (of not meeting target) is manageable but requires close monitoring
GREEN	On target and / or the risk (of not meeting target) is low and under control

Council Plan Measures		Q1	Q2	Update Please provide a Q2 cumulative update.																																							
	Planning																																										
1	Submit the plan by June 2025 in line with new Government timescales.			In January 2023 the Council paused the plan and is revisiting options in light of anticipated Government policy changes on the Green Belt. The plan production has now commenced, and a programme developed to achieve a submission date in line with Government target. It is proposed that the next public consultation on the emerging Local Plan will be undertaken in Spring 2024, subject to clarity from Government on proposed changes to national planning policy.																																							
2	a) 60% of major development decisions made within the relevant time frame (or with an agreed extension of time). b) 70% of minor development made within the relevant time frame (or with an agreed extension of time).			Targets achieved and exceeded: <table><tr><td></td><td>Decided</td><td>In Time</td><td>%</td><td>With agreed EoT or PPA</td></tr><tr><td>Major</td><td>5</td><td>5</td><td>100%</td><td>5</td></tr><tr><td>Minor</td><td>50</td><td>47</td><td>94%</td><td>35</td></tr></table>						Decided	In Time	%	With agreed EoT or PPA	Major	5	5	100%	5	Minor	50	47	94%	35																				
	Decided	In Time	%	With agreed EoT or PPA																																							
Major	5	5	100%	5																																							
Minor	50	47	94%	35																																							
3	No more than 10% of applications overturned through the appeals process (major and non-major development).			A total of 40 applications were decided within the period (24 months). 0 Appeals were allowed within this quarter. Based on DCLG methodology = 0% overturned through the appeals process.																																							
4	Investigated 80% of planning enforcement complaints within 12 weeks.			Performance at quarter 2 was 74.6%, which whilst below the 80% target reflects the number of high profile and complex cases being investigated this slows the ability to deal with day-to-day investigations. <table><tr><td></td><td>Cases Received</td><td>Cases Closed</td><td>Notices Served</td><td>Open Cases</td></tr><tr><td>April 2023</td><td>21</td><td>9</td><td>1</td><td>178</td></tr><tr><td>May 2023</td><td>21</td><td>21</td><td>3</td><td>178</td></tr><tr><td>June 2023</td><td>21</td><td>34</td><td>0</td><td>165</td></tr><tr><td>July 2023</td><td>13</td><td>16</td><td>1</td><td>162</td></tr><tr><td>August 2023</td><td>17</td><td>15</td><td>2</td><td>164</td></tr><tr><td>September 2023</td><td>10</td><td>24</td><td>8</td><td>178</td></tr></table>						Cases Received	Cases Closed	Notices Served	Open Cases	April 2023	21	9	1	178	May 2023	21	21	3	178	June 2023	21	34	0	165	July 2023	13	16	1	162	August 2023	17	15	2	164	September 2023	10	24	8	178
	Cases Received	Cases Closed	Notices Served	Open Cases																																							
April 2023	21	9	1	178																																							
May 2023	21	21	3	178																																							
June 2023	21	34	0	165																																							
July 2023	13	16	1	162																																							
August 2023	17	15	2	164																																							
September 2023	10	24	8	178																																							
	Business support/Council Assets																																										
5	Business Support: 150 businesses supported.			72 businesses were supported in Quarter 2. Cumulatively, 127 businesses have been supported, 84.6% of the yearly target. 55 businesses were supported in Quarter 1.																																							
6	30 Businesses accessing Start-Up Support provided by the Council.			4 businesses received support to access business start-up advice in Quarter 2. Cumulatively, 15 businesses have been supported, 50% of the yearly target. 11 businesses contacted the Council for Start-Up support in Quarter 1.																																							
7	Ensuring 97.5% occupancy across assets			Occupancy rates are above target at 98.7% We have two empty Units on the Commercial Estate one of which at Hilton Main we have agreed Heads of Terms for and a tenant waiting to occupy. A further unit at Landywood is currently being held to be used by the contractor for storage and welfare during the forthcoming roofing works. We have some live leads working through for the hub offices but not yet in a position to fully commit. 4 offices vacant across Jubilee House (1) and the Community Hub (3). Occupancy at the end of Quarter 1 was 96																																							
8	To ensure delivery of income no more than 2% of debt written off with outstanding debt decreasing year on year.			We have not processed any debt write-offs at Quarter 2 or Quarter 1.																																							
9	80% of food businesses are rated broadly compliant for food hygiene.			The Broadly Compliant rate for Quarter 2 is 92%, which is lower than in Q1. There has been a reduction in compliance due to a slight increase in premises rated 2 (some improvement is necessary) and an increase in premises rated 3 (hygiene standards are generally satisfactory), with 4 and 5 rated premises still high in number																																							

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Council Plan Measures		Q1	Q2	Update Please provide a Q2 cumulative update.
				<p>but with a slight reduction.</p> <p>There is one zero rated premises and a reduction in the number of 1 rated premises overall, which is positive. Poorly performing businesses receive a focused intervention regime from Environmental Health.</p> <p>The Broadly Compliant rate or the proportion of businesses achieving a Food Hygiene Rating of 3 or above in Quarter 1 was 95%.</p> <p>The food hygiene rating reflects the hygiene standards found at the time the business is inspected by a food safety officer.</p> <p>5 - hygiene standards are very good 4 – hygiene standards are good 3 – hygiene standards are generally satisfactory 2 – some improvement is necessary 1 – major improvement is necessary 0 – urgent improvement is required</p>
10	<p>Improve Business Continuity and Resilience of at least 3 Council systems by April 2024:</p> <ul style="list-style-type: none"> Customer Contact Management Online forms Civica <p>This is a measure tracked across the 4 years of the Council plan.</p>			<p>Work is ongoing on Customer Contact, Online forms and the Civica contract to move to the cloud has just been awarded. Work will start on the scoping for the Civica migration shortly.</p>
	Waste			
11	Collect 99% of waste containers on the scheduled collection date.			<p>99.8% of bins were collected on their scheduled collection day during quarter 1. 99.4% of bins were collected on their scheduled collection day during quarter 2.</p> <p>Cumulative 99.6%</p>
12	Achieve 68% of resident take up for the charge for green waste.			<p>Quarter 2 sign up rate is 68%. To maximise sign-ups, a social media communication is being scheduled for the coming weeks to remind residents that they can still sign up for the service mid-year.</p> <p>Quarter 1 sign-up rate was 62%</p>
13	Reuse, recycle and compost at least 42% of household waste.			<p>Quarter 1 recycling rate estimated at 46.8% when initially reported (now revised to 50.9% following receipt and verification of full data set) Quarter 2 recycling rate currently estimated at 48.3% (subject to verification and validation) Cumulative estimated at 50.1%</p>
14	Investigate 100% of fly tipping reports and agreed actions to resolve the problem within two working days of the report.			<p>100% of fly tips investigated with agreed actions in place within two working days of report for Quarter 2 and Quarter1 .</p>
	Leisure			
15	Maintain a base level of 3,500 members across our four leisure facilities by Q4			<p>Quarter 1 membership was 3,847 (110% of target).</p> <p>Quarter 2 membership is 3,823 (109% of target).</p> <p>Overall growth of 7.7% since beginning of the financial year</p> <p>Implementation of the membership structure is complete with all customers notified of changes. Cancellation levels and customer complaints associated with the changes have been minimal. Next phase of membership review to introduce new pay as you go membership.</p>
16	Maintain over 85% income % of operating costs for our four leisure centres by Q4			<p>Quarter 1 84.1% (within 1% of target) Quarter 2 89.64% (4.64% above target)</p>
	Financial performance			
17	Achieve 43,607+ online financial transactions by end of March 2024			<p>Quarter 1 online payments 25,667 Quarter 2 online payments 8,521 Total online payments since start of the financial year: 34,188</p>
18	<p>Achieve 98% collection rate (minimum) at year end for</p> <p>a) Council Tax b) Business Rates.</p>			<p>At Quarter 2 Council Tax collection rate is 57.1%, down 0.3% on last year</p> <p>At Quarter 2 Business Rates collection rate is 58.2%, down 1.5% on last year</p>

Council Plan Measures		Q1	Q2	Update Please provide a Q2 cumulative update.
19	Process new Housing Benefit/Council Tax Support claims in an average of 15 days			<p>New claims in Quarter 2 were processed in an average of 17 days.</p> <p>Number of days was above target due to reduced staffing because of vacancies and annual leave this created additional pressure on the team.</p> <p>Quarter 1 claims were processed in an average of 16 days.</p>
20	Process changes in circumstances an average of six days.			<p>Change of circumstances were processed in an average of 4 days against a target of 6 days.</p> <p>Quarter 1 change in circumstances were processed in an average of 2.3 days. Slight decrease in performance due to reduced staffing because of vacancies and annual leave this created additional pressure on the team.</p>
	Climate Change			
21	Preparation of climate change action plan and preparation of baseline activity report with decreasing carbon impact/use.			<p>Target for completion has been revised from December 2023 to March 2024 to enable the climate members working group to work on a refresh of the climate change strategy. An update of the action plan will follow these meetings, ready for the end of March 2024.</p>

2023/24: Quarter 2 – Revenue Budget

Budget Heading	Annual Budget	Annual Forecast	Forecast Variance	Earmarked Reserve Impact	General Fund Impact	RAG
	£'000	£'000	£'000	£'000	£'000	
Business Enterprise & Community Infrastructure	1,441	1,304	137	(60)	196	GREEN
Community Services	5,233	5,104	129	(104)	233	AMBER
Corporate Services	4,129	4,222	(93)	(94)	1	GREEN
Digital Transformation & Estate Management	1,760	1,874	(115)	(29)	(86)	AMBER
Regulatory Services	845	845	0	0	0	GREEN
Welfare Services	1,296	1,432	(137)	(45)	(91)	AMBER
Total Service Expenditure	14,704	14,782	(78)	(332)	254	GREEN
Enterprise Zone	5,028	5,028	0	0	0	GREEN
Capital Financing and Treasury	(671)	(1,009)	338	238	100	GREEN
Total Expenditure	19,060	18,801	259	(94)	353	GREEN
Enterprise Zone	(5,028)	(5,028)	0	0	0	GREEN
Retained Business Rates & RSG	(5,150)	(7,000)	1,850	1,350	500	GREEN
Council Tax Requirement	(5,361)	(5,386)	25	25	0	GREEN
Services Grant	(90)	(95)	5	5	0	GREEN
New Homes Bonus	(660)	(659)	(1)	(1)	0	GREEN
Collection Fund Smoothing Reserve	(1,000)	(1,000)	0	0	0	GREEN
Total Funding	(17,289)	(19,168)	1,879	1,379	500	GREEN
Surplus/Deficit	1,771	(368)	2,139	1,285	853	GREEN

RED	Not on target and / or the level of risk (of not meeting target) is high and needs urgent remedial action
AMBER	Not fully on target but not significantly off target and / or the level of risk (of not meeting target) is manageable but requires close monitoring
GREEN	On target and / or the risk (of not meeting target) is low and under control



Localities⁺



2023/24 Quarter 2 - Executive Summary

- The total projected position for the Council is a positive variance of £2.139. The main area of variance is within **Total Funding**. Most of this variance relates to additional S31 grants that have been received to cover Business Rates reliefs provided to businesses. This is where the government reimburses local authorities for Business Rates income that they will not receive because the government have granted businesses ‘relief’ (a reduction in their Business Rates bill). An example of this is Small Business Rates Relief where businesses with a rateable value below £12,000 do not have to pay Business Rates. It is estimated that these additional S31 grants will result in additional income of £1.850m, of which £1.350m will be added to the Collection Fund Smoothing Reserve and £0.500m will be added to General Fund reserves.
- Total (net) projected annual **Service Expenditure** at Quarter 2 is £14.782m against an approved budget of £14.704m resulting in an adverse variation of £0.078m before application of Earmarked Reserves. After allocation of Earmarked Reserves, there is a net saving allowing a projected contribution to General Fund Reserves of £0.254m. In addition to service expenditure, current investment income is exceeding budget by £0.338m due to higher than budgeted interest rates. Overall, this generates a projected increase of £0.353m in General Fund Reserves.
- Variations within the £0.353m include:
 - £103k pressures - Estates and Assets - one-off revenue costs associated with Wombourne & 4E redevelopment.
 - £123k surplus - relating to planning income, additional PPA agreements and part year staffing of new posts agreed via RPP.
 - £50k surplus - Localities relating to unspent Consultancy budget.
 - £100k surplus - Investment Income due to higher than budgeted interest rates
 - £170k surplus - Refuse Collection - Inflation added to contract less than budget leading to in-year betterment and delay in purchase of additional vehicle.
- The budget for 2023/24 assumed a deficit (adjusted by contributions from Earmarked Reserves) to be funded from General Fund reserves of £1.770m. The current projection is a £0.853m improvement against budget.
- New Homes Bonus & Services Grant are forecast to be close to budget.



2023/24: Quarter 2 – Digital Transformation & Estate Management

	Annual Budget	Forecast Outturn	Forecast Variance	Impact on ER	Impact on GF	RAG
	£'000	£'000	£'000	£'000	£'000	
Community Hub	533	535	(3)	16	(18)	Green
Customer Interaction	364	364	0	0	0	Green
Digital Services	1,950	2,036	(86)	(121)	35	Green
Estates & Assets	(1,087)	(1,061)	(26)	77	(103)	Yellow
Total Digital Technology and Service	1,760	1,874	(115)	(29)	(86)	Green

Revenue Budget	RAG	Comments
Digital Services	Green	Underspend relates to vacancies against establishment. The adverse forecast variation reported relates entirely to planned expenditures which will be fully funded by Earmarked Reserves for the purposes intended.
Estates & Assets	Yellow	Delays to construction projects at 4E and Wombourne have incurred some revenue costs. Reduced revenue income due to sale of Heathmill (£29k) is offset corporately by the benefit of a capital receipt of £425k. Occupancy levels are currently holding but economic challenges may have impact and this area will need to be closely monitored.

Integrated Performance Management

2023/24: Quarter 2– Community Services



Localities⁺



	Annual Budget	Forecast Outturn	Forecast Variance	Impact on ER	Impact on GF	RAG
	£'000	£'000	£'000	£'000	£'000	
Baggeridge Country Park	115	130	(15)	0	(15)	
Leisure Services	815	913	(98)	(84)	(14)	
Landscape & Bereavement	(247)	(205)	(43)	0	(43)	
Street Scene	1,272	1,292	(21)	(21)	0	
Recycling	(106)	(241)	135	0	135	
Refuse Collection	3,336	3,166	170	0	170	
Climate Change	49	49	0	0	0	
Total Community Services	5,233	5,104	129	(104)	233	

Revenue Budget	RAG	Comments
Baggeridge Country Park		Variance within employer related costs is due to the pay award and premises variance is largely due to an increase in utility costs.
Leisure Services		The cost of the pay award has been greater than the 5% budgeted for Leisure, but the service has mitigated this with vacancies and secondment of staff. Membership numbers are increasing and showing a surplus of £87k, but other income sources such as letting and pool usage (mainly due to closure for maintenance) is down by £105k. Joint Use recharges from schools for use of Leisure Centres have increased but this cost is covered by Earmarked Reserve.
Landscape & Bereavement		Crematoria Income (Essington) will be received later than previously budgeted. Pre-purchase burial plots performing well and are currently forecast to offset part of this pressure.
Recycling		Savings of £276k are due to increased income from sale of recycled materials (plastics, papers, etc), bulky waste collections & reduced gate fees. Offset by additional cost reduced recycling credits and bin replacement income £168k
Refuse Collection		Inflation added to contract less than budget leading to in-year betterment. (12% budgeted, actual 9%) and delay in purchase of additional vehicle.



2023/24: Quarter 2 – Corporate Services

	Annual Budget	Forecast Outturn	Forecast Variance	Impact on ER	Impact on GF	RAG
	£'000	£'000	£'000	£'000	£'000	
Accountancy & Financial Services	632	652	(20)	(20)	0	
Pay & pensions	592	697	(105)	0	(105)	
Corporate Finance	479	479	0	(19)	19	
Corporate Leadership Team	686	671	15	0	15	
Communications	163	141	22	(29)	51	
Community Safety	98	85	13	13	0	
Elections	360	380	(19)	(19)	0	
Human Resources	439	449	(10)	(20)	10	
Policy	113	113	0	0	0	
Member Support	567	555	12	0	12	
Total Corporate	4,129	4,222	(93)	(94)	1	

Revenue Budget	RAG	Commentary
Pay & Pensions		No significant variations to report – current variation relates to vacancy management adjustment
Corporate Finance		Earmarked Reserve relating to Redmond Fund released to Revenue
Corporate Leadership Team		Saving relates to recruitment gap between S151 officers.

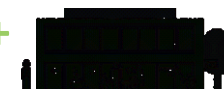
Revenue Budget	RAG	Commentary
Communications		£28k Earmarked R relating to Apprentice posts released to revenue. £20k underspend on Review magazine due to move to digital
Elections		Earmarked Reserve being used to fund additional staffing resources.
Human Resources		£10k RPP saving against training budget, £20k Earmarked Apprentice being used to fund apprentice post
Member Support		Vacancy gap saving.



2023/24: Quarter 2 – Business Enterprise & Community Infrastructure

	Annual Budget	Forecast Outturn	Forecast Variance	Impact on ER	Impact on GF	RAG
	£'000	£'000	£'000	£'000	£'000	
Building Control & Land Charge	27	27	0	0	0	
Development Control	255	175	80	(39)	118	
Planning Enforcement	209	227	(18)	(18)	0	
Local Plan	494	490	4	(1)	5	
Economic Development	278	255	23	0	23	
Localities	178	130	48	(2)	50	
UKSPF	0	0	0	0	0	
Total Planning	1,441	1,304	137	(60)	196	

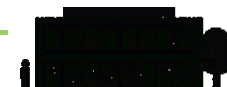
Revenue Budget	RAG	Commentary
Development Control		Current income levels are performing well against budget, however continual monitoring of Planning income is required as economic climate could impact volume of future applications.
Planning Enforcement		Maternity cover and specialist consultancy funded from Earmarked Reserves.
Economic Development		Vacancy gap saving
Localities		Un-committed budget for consultancy costs
UKSPF		No significant variations to report – all spend is fully grant funded



2023/24: Quarter 2 – Regulatory Services

	Annual Budget	Forecast Outturn	Forecast Variance	Impact on ER	Impact on GF	RAG
	£'000	£'000	£'000	£'000	£'000	
Emergency Planning	48	48	0	0	0	
Environmental Health	540	540	0	0	0	
Internal Audit	96	96	0	0	0	
Legal Shared Service	161	161	0	0	0	
Total Regulatory Services	845	845	0	0	0	

There are no significant variances to report.



2023/24: Quarter 2 Monitoring– Welfare Services

	Annual Budget	Forecast Outturn	Forecast Variance	Impact on ER	Impact on GF	RAG
	£'000	£'000	£'000	£'000	£'000	
Revenue Services	368	347	20	21	(1)	
Benefit Services	741	869	(128)	(48)	(80)	
Homelessness	0	(63)	63	63	0	
Housing Operations	187	279	(92)	(81)	(11)	
Total Welfare Services	1,296	1,432	(137)	(45)	(91)	

Revenue Budget	RAG	Commentary
Benefit Services		The value of housing benefit overpayments has reduced due to the volume of benefit payments reducing as a result of Universal Credit migration and improved data sharing with DWP. This means we will receive less subsidy from central government resulting in a pressure to the budget. However, the overall debt level is reducing each month. We are currently reviewing the cost implications of reduced subsidy for temporary accommodation due to increased homelessness. It is likely that we will incur further costs which we will report at Quarter 3.
Housing Operations		New posts created from vacancies in Revenue and Benefit budgets.



2023/24: Quarter 2 – Capital Budget

Capital Scheme	2023/24 Budget £'000	Spend to date £'000	Commentary	RAG
<u>Corporate Services</u> Commercial Asset Strategy	14,776	899	Budget includes:- <ul style="list-style-type: none"> • Wombourne EP development – completion Spring 24 • Restoration of Unit 4E Four Ashes following fire damage (funded via insurance claim) – completion Spring 24 • Landywood EP decarbonisation improvements – completion Spring 24 • Hub driveway upgrade – Completion Autumn 23 • Contingency for existing projects £250k 	
Itrent Upgrade	20	0	Budget has been assigned to the Itrent HR/Payroll system	
<u>Digital Technology and Service Transformation</u> Digital Technology and Service Transformation	370	13	Budget includes; workstation replacement for Agile working, purchase of Civica licenses and other Digital Services requirements including vSan switches and hosts	
<u>Welfare Services</u> Disabled Facilities Grant	1,935	(78)	Better Care Fund allocations to fund necessary adaptations	
<u>Community Services</u> Street Scene Fleet	166	0	Budget includes; street cleansing vehicle and slippage due to delay on procurement of grounds maintenance vehicle	
Waste Bags	10	0	Budget for purchase of recycling bags as required	

Capital Scheme	2023/24 Budget £'000	Spend to date £'000	Commentary	RAG
Leisure Centre Equipment Renewal Programme	179	159	Budget for replacement of cardiovascular, resistance and indoor cycling equipment. Purchase of equipment at Wombourne Leisure Centre has been made. Purchase of indoor cycles at Penkridge Leisure Centre currently outstanding.	
Leisure Centre Investment Scheme	1,030	(4)	Budget includes; leisure centre investment across all centres. Currently works at Codsall Leisure Centre are outstanding. The spend to date figure allows for retention monies that will become due following a period of review of the works for suitability and quality.	
Leisure Centre Air Conditioning	28	14	Budget is for air conditioning replacement across centres. Within 2022/23, an air conditioning unit was purchased at Wombourne Leisure Centre. Timing of expenditure can be linked to the leisure investment fund works.	
<u>Business Enterprise and Community Infrastructure</u> Regional Housing Board	127	4	South Staffordshire Council contribution to South Staffordshire Warmer Homes project	
S106 Payments – Affordable Housing	0	75	This relates to S106 Lime Tree Road, Bilbrook final tranche 25% £75k (total grant £300k), fully funded from S106 developer contributions	
	18,642	1,083		

Other Notes

Moved financial year as part of MTFS

Refuse Vehicles new contract

**2024/25 Budget
£'000**

3,046

New contract was due to start 1st April 2025. Hence budget was moved to 2024/25 to allow for any vehicles to be supplied in advance of the contract. Accounting standards dictate that embedded leases (vehicles supplied as part of overall contract) must be capitalised.

Waste Bins

790
3,836

New contract due to start 1.4.25



South Staffordshire Council

Strategic Risk Register

Quarter 1 - 2023/24 Update



Our Risk Management Objectives

We have six key objectives that guide our approach to Risk Management

1. Adopt a strategic approach to risk management in order to make well informed decisions.
2. Integrate risk management into how we run council services and deliver key projects.
3. Support a culture of well measured risk taking throughout the council including setting risk ownership and accountabilities.
4. Accept that even with good risk management and our best endeavours, things can go wrong. We will learn lessons where this happens.
5. Ensure that the council continues to meet all statutory and best practice requirements in relation to risk management.
6. Ensure that risk management continues to be a key and effective element of our Corporate Governance.

Benefits of Effective Risk Management



Improved Strategic Management

- Greater ability to deliver against our corporate objectives and targets.
- Improved decision making, planning and prioritisation.

Improved Operational Management

- Plans in place to response to incidents when they occur.
- Better service delivery.

Improved Financial Management

- Better informed financial decision making.
- Greater financial control.
- Minimising waste and improving value for money.

Improved Customer Service

- Service disruption to customer minimized.

Our Risk Management Process

Identification of risks, deciding what action to take to minimise the risk and assessing how successfully we did it is an activity that we are all doing constantly in our personal lives. The same approach is applied by the council in assessing risks to our priorities and services.

To do this we follow a five step approach:



Our Risk Management Scoring

Likelihood

How possible is it that the risk will occur?

	Likelihood	Chances of occurring	
1. Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2. Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3. Possible	Possible - Could occur	25- 50%	May happen occasionally e.g. Once in 10 years
4. Likely	Likely - Most likely will occur	50-80%	Will probably happen, but not a persistent issue e.g. Once in 3 years. Has happened in the past.
5. Almost Certain	Almost certainly will occur	80-100%	Will undoubtedly happen, possibly frequently e.g. Annually or more frequently. Imminent/near miss.

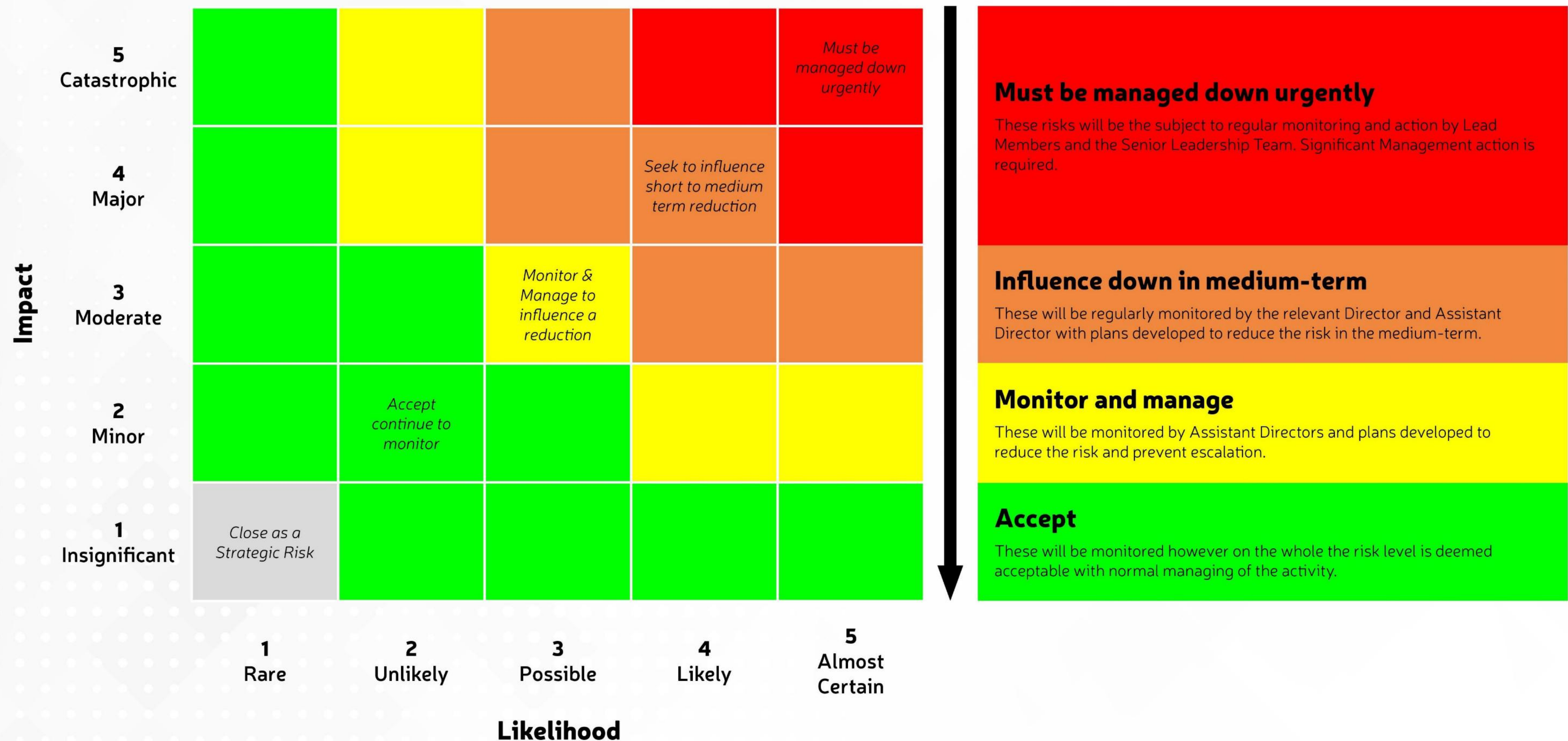
Impact

If the risk does occur, what is the impact?



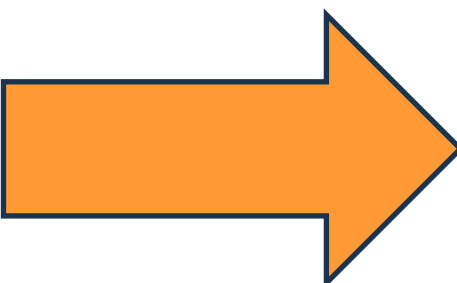
	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale/Staffing
1. Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	Not reportable to regulator/ Ombudsman, simple fix	Minor first aid required	Isolated staff dissatisfaction
2. Minor Risk	Financial loss of between £10k & £100k	Drop in performance or delays to a service area or sustained loss of access routes for services	Local or 'industry' interest, single story over multiple news outlets	Reportable to regulator/ Ombudsman, no or little follow up needed	Minor injuries to employees or third parties	Pockets of staff morale problems and increased turnover
3. Moderate Risk	Financial loss of between £100k & £500k	Drop in performance or delays to a service area or sustained loss of access routes for services	Short-term negative media exposure	Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution	Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit	General staff morale problems and increased turnover
4. Major Risk	Financial loss of between £500k & £1M	Major drop in performance or inability to deliver discretionary services	Sustained negative media coverage or 'affected industry' publication exposure	Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc.	Limited hospital care required for employees or third parties	Widespread morale problems and high turnover. Not perceived as employer of choice
5. Catastrophic	Financial loss of over £1M	Major drop in performance or inability to deliver mandatory services	Long-term negative media coverage, or national media exposure	Significant prosecution or fines, incarceration of directors	Significant injuries or fatalities to employees or third parties	Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions



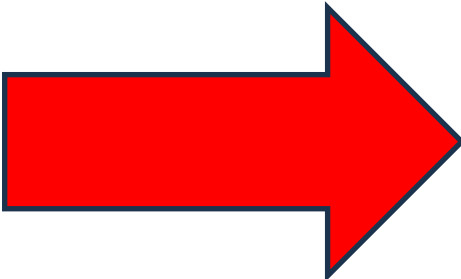
To calculate the overall risk score, we multiply the likelihood by the highest impact category score.


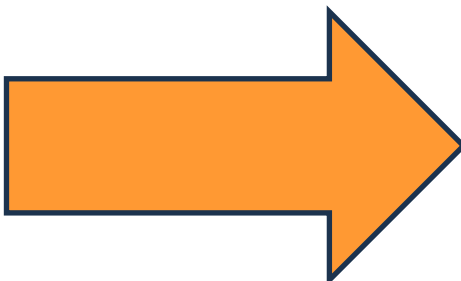
Our Risk Management Treatment



Adherence to Medium Term Financial Strategy					Overall Scoring
What is the risk?	Failure to sustain a robust on-going medium term financial strategy with adequate reserves to meet unforeseen circumstances. This may be due to increased cost pressures and / or reduced income; council decisions; changes in Government policy with regard to business rates or additional requirements on service provision without funding to support.				Risk Score (Current)
	Failure to meet savings plans or deliver increased income as detailed within the medium term financial strategy				
What could cause the risk to occur?	Reduction in Government grant, increasing demand for services and other cost pressures and increased risks associated with business rate and council tax collection.				Risk Score History
	Additionally, income from commercial activities may not materialise or may be reduced, e.g. a reduction in sales fees and charges income. The amount of income received can be adversely affected by a fall in collection rates due to economic downturn and other factors such as the bankruptcy/liquidation of large ratepayers or any sizeable rateable value reductions achieved by business rated properties in the area.				
Risk Scoring	Likelihood of risk occurring		3 (Possible)	What are we doing to reduce the risk? 1. Robust horizon scanning to monitor changes in Government policy. CLT awareness of the risks, cautious approach to budgeting and robust systems of financial control. 2. CLT actively participate in Government consultations, MP discussions and keep aware of changes ensuring where appropriate the learning from this is incorporated into strategic plans. 3. CLT and Members engaged in the development of the MTFS to ensure robust appraisal of any plans put forward.	12
	Impact	Financial	4 (Major)		
		Service Quality	4 (Major)		
		Reputation	4 (Major)		
		Legal/Regulatory	4 (Major)		
		Health and Safety	1 (Insignificant)		
		Morale/Staffing	2 (Minor)		
	Current Update				
The Council has approved its Medium Term Financial Strategy for the period covering 2023/24 to 2027/28. The budget presents a balanced budget for a three-year period to 2025/26 achieved with the use of reserves.					
The budget takes a prudent view of income and expenditure given the continued uncertainty about the level of local government funding for 2024/25 and beyond. Aligned to the MTFS, the Councils Capital, Treasury and Asset Strategies all support the medium term planning.					
The Council has closed its Accounts for 2022/23 and the Draft Unaudited Accounts were published in July 2023.					
As at 31 March 2023, the Council has £15.666 million in General and Earmarked Reserves. (subject to audit)					
2023/24 Resource Planning and Prioritisation has started earlier than in prior years as plans are being formulated to lessen the use of reserves across the MTFS plan period					
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Business Continuity					Overall Scoring	
What is the risk?	<p>The risk is that we do not develop and keep maintained robust processes to ensure business continuity in the event of a significant event occurring, e.g. Failure to ensure the continuous availability of critical IT systems leading to inability to deliver key council services.</p> <p>Increased risk of successful cyber attacks on main Council systems or on partner organisations</p> <p>Identified Risks within BCP’s: Risk to internal (on premise) IT Systems ,Flooding Risks , Pandemics, COMAH Site, Inclement weather New risks identified working with CCU: Electricity Supply disruption - Fuel Pipeline incursion - Industrial Action - Concurrent Incidents - Railway incident - Light Air Craft incident</p>				Risk Score (Current)	
						
What could cause the risk to occur?	<p>Developing and maintaining robust Business Continuity Plans requires significant and sustained focus. Following Covid 19, the Councils risk profile has changed as we have relied much heavier on working in different ways (for example more staff working from home the majority of time) and with significant pressures being placed on some of our key delivery partners/ contractors.</p> <p>Work is required to update our BCP ’s to the changing environment that we are operating in. Increased and targeted cyber threats, changing weather patterns and ongoing political, social and economic unrest increase the risk of a business continuity event triggering.</p> <p>Multiple or concurrent incidents may overwhelm the ability to respond to incidents through to recovery without intervention from senior management directing staff away from current day roles , Lack of training for those who are responders in the event of an incident/multiple concurrent incidents occurring at all levels</p>				Risk Score History	
						
Risk Scoring	Likelihood of risk occurring		3 (Possible)	What are we doing to reduce the risk? 1. Migration to off premise back up of key digital applications and continued move to cloud hosted solutions 2. Agile working further reduces reliance on office buildings. 3. Locality workers can be despatched more easily to ensure resident and business engagement can be maintained during any incident. 4. Business Continuity plans have been updated and are regularly tested with key partner organisation support		
	Impact	Financial	5 (Catastrophic)			
		Service Quality	5 (Catastrophic)			
		Reputation	4 (Major)			
		Legal/Regulatory	2 (Minor)			
		Health and Safety	3 (Moderate)			
		Morale/Staffing	3 (Moderate)			
Current Update	<p>Continued membership of the Local Resilience Forum . Exercise and Training Hub to provide appropriate training to all roles</p> <p>Maintaining a modern and stable IT estate, applying both functional and security updates on a regular basis, and regularly testing the cloud backup and restore processes. Key IT applications are moving to being hosted in the cloud over the next 18 months.</p> <p>Development and testing of a Cyber Incident Response Plan, including associated playbooks containing scenarios that simulate an actual attack. Progress has also been made in updating our Business Continuity and recovery plan for our IT service.</p> <p>Health check of the council’s IT infrastructure, including internal and external hacking attacks, as part of the annual PSN validation.</p>				Risk Direction	
						

Delivery of Waste and Recycling Service				Overall Scoring
What is the risk?	a) To deliver the services to the specified standard and within agreed contractual values. b) The maintenance of green waste collection revenue c) The timescale of forthcoming legislative changes not aligning with the necessary timescales to integrate into service design for post-March 2025 d) Changes to funding landscape for waste and recycling services (e.g. EPR, DRS and new burdens) e) Lack of market interest in contracts for waste collection, and materials processing post-March 2025 g) Further reduction in recycling credits (dry) placing additional pressures on service budget h) Loss of disposal points and/or fleet i) Failure to achieve recycling rate target j) Service assessed as ‘ineffective’ and/or ‘inefficient’ under EPR			Risk Score (Current)
				
What could cause the risk to occur?	a) Inadequate resourcing; digital systems; fuel shortages; material market; inaccurate bid; poor contract /service/budget management; inflation b) Cost of living pressures; poor service standards; inaccessibility of sign-up process; government mandate free of charge collections c) Lack of government clarity; delays to the outcomes; procurement timeframes for new collection and disposal services d) Short, fixed timeframes for implementation will result in saturation of the markets for consultants, procurement, vehicles, waste containers etc. e) Funding design; poor data and evidence use; new burdens limitations f) Disposal points proximity and capacity; core material ambiguity; material quality, quantity and value; value of material collected; availability of depot/land g) Dry credit agreement set to expire soon, green credit agreement will result in value tracking contract cost only from 2024 until 2027 when the contract expires. h) Emergency events; hazardous waste in kerbside bins; local incident obstructing access; lack of suitable contingency provision i) Not implementing minimum standards; failure to deliver an effective and efficient service; social demographics; communication/participation rates fall j) Service is deemed to be underperforming and placed on an improvement plan			Risk Score History
				
Risk Scoring	Likelihood of risk occurring		4 (Likely)	What are we doing to reduce the risk? <ol style="list-style-type: none"> Continued engagement with the existing contractor to ensure performance is maintained Developing a comprehensive Communication Plan to better engage with residents Developing risk assessment and business continuity plans for the delivery of services Reviewing contract management practices including audit schedules; contract manual development; and developing how data and evidence is used as contractual intelligence Improved budget monitoring practices to keep a ‘real time’ record of projected end of year, and current spend against target Soft market testing process for post-March 2025 service to glean market interest Charges for replacement/additional bins; bins for new developments; review charges for garden waste collections; review of services we could charge/make savings from
	Impact	Financial	5 (Catastrophic)	
		Service Quality	5 (Catastrophic)	
		Reputation	5 (Catastrophic)	
		Legal/Regulatory	4 (Major Risk)	
		Health and Safety	5 (Catastrophic)	
		Morale/Staffing	4 (Major Risk)	
Current Update	Regular contract meetings are held to manage the arrangement and issues escalated to the Corporate Leadership Team where required. Introduced increased charges for bulky waste collections to realign charge with our increased costs over the last decade. Data led resourcing plan for customer services during green waste sign up period; improved digital service offer for online sign ups, and wrap around refreshed marketing plan including a how-to user video to support demand management and improve the user experience Maintenance of membership of key groups including LARAC and NAWDO for regular updates; attendance of DEFRA workshops and webinars for updates; contributing to design and development of new systems and processes including through providing data and intelligence to government bodies Recycling credits a fixed item on SWOG agenda, and discussed at a partnership level, and Board level at Staffordshire Sustainability Board. A procurement process if being developed for the Waste Partnership to guide how disposal contracts are procured going forwards to ensure neither party are adversely impacted as far as reasonably practicable, however, this does not remove the risk that future disposal point procurement may result in increased collection costs.			Risk Direction 

Cost of Living Pressures					Overall Scoring	
What is the risk?	The risk is that the significant increase in the cost- of- living results in many more residents requiring urgent support to meet their basic needs and to keep on top of their essential bills. The increase in residents requiring support will put pressure on Council services particularly Housing, Revenues and Benefits as well as for some of our key partners such as Citizens Advice. Additionally, as residents have less disposable income, we are likely to see an impact on discretionary spend services and businesses across the district. We could also see a rise in homelessness applications due to residents getting into debt and being unable to pay their rent or mortgage and landlords not being able to meet mortgage payments are increasing rents significantly.				Risk Score (Current)	
					<div></div>	
What could cause the risk to occur?	There has been a marked increase in the cost of living, largely driven by an increase in energy bills. Inflation has hit a 40 year high in recent months and interest rates are continuing to rise. This will lead to a reduction in the living standards of many residents within the District.				Risk Score History	
	Rents and mortgages are increasing along with other household bills, food and fuel. Although wages for some have increased this has not matched the rate of inflation. For those in receipt of benefits their income has increased significantly less in comparison including Local Housing Allowance Rates compared with rental charges.					
Risk Scoring	Likelihood of risk occurring		5 (Almost Certain)	What are we doing to reduce the risk? 1. We have taken steps to quickly progress payments through the government Council Tax energy rebate scheme and launched a discretionary scheme for those households not eligible for the main scheme 2. Invested in the Welfare Team to ensure applications for support including housing are dealt with within expected timescales 3. Established emergency funding ‘Community is the Best Medicine’ to support groups to set up warm spaces or other suitable community support. 4. Cost of Living Checklist which is reviewed monthly by CLT and Cabinet and has reflected in the 2023/24 MTFS		
	Impact	Financial	3 (Moderate)			
		Service Quality	3 (Moderate)			
		Reputation	3 (Moderate)			
		Legal/Regulatory	3 (Moderate)			
		Health and Safety	2 (Minor)			
		Morale/Staffing	3 (Moderate)			
Current Update			Additional grant funding received through the homelessness prevention grant to be used to lease additional temporary supported accommodation. Staff vacancies now filled. Q2 23/24 - Processed 367 new benefit claims in average of 17 days Creating Brighter Futures scheme – supporting people to become financially resilient, moving closer to work, into work and training/qualifications for those in low paid and unskilled jobs. At end of Q2 we have 55 people receiving support of which 26 are economically inactive and 8 people have moved into work. Community is the Best Medicine – starting to see more applications ready for Autumn Winter community support.			Risk Direction
			<div></div>			

Inadequate Staffing Resource					Overall Scoring		
What is the risk?		The risk is that the Council fails to have appropriately skilled, experienced and trained staff and the right culture and organisational conditions to deliver priorities and customer need. This could lead to poor staff morale and wellbeing, inadequate resources for training and reskilling and inability to recruit and retain business critical posts and roles in known skill shortage areas.			<div>Risk Score (Current)</div> <div>12</div>		
		Increased salaries in the wider market are making recruitment increasingly difficult.					
What could cause the risk to occur?		Wider economic pressures, rising cost of living, skills shortages and increasing competition for roles is causing difficulties in the attraction and retention of staff.			<div>Risk Score History</div> <div>12</div>		
Risk Scoring		Likelihood of risk occurring		3 (Possible)			<div>What are we doing to reduce the risk?</div> <div>1. The Council Workforce Strategy includes a range of targeted interventions to prevent and mitigate against this risk including:<div>I. Market pay benchmarking/reviews scheduled for 2023/24</div>II. Recruitment & retention incentive pilots developed</div> III. Partnerships with schools/education to influence our local labour marketIV. New employee benefits schemeV. Range of actions to support inclusive positive leadership culture, flexible ways of working and excellent staff wellbeing support.VI. New recruitment landing site and enhanced marketing of our employer of choice brand <div>2. Continued conversations via RPP including service reviews where appropriate, implementing recommendations to make a positive impact on our ability to meet customer demands, this has included:<div><div><div>• Restructuring and investing in our Planning Service</div><div>• Investing in Customer Services and Welfare Benefits to meet increasing demand</div><div>• Appointing a new Assistant Director to drive commercial ambitions</div></div></div><div>3. We continue to invest in staff development including ASPIRE our talent development programme and hold regular staff engagement sessions to ensure regular timely communication and employee involvement.</div></div>
			Financial	4 (Major)			
			Service Quality	4 (Major)			
			Reputation	4 (Major)			
			Legal/Regulatory	4 (Major)			
			Health and Safety	4 (Major)			
	Morale/Staffing	3 (Moderate)					
Current Update		Following the Covid Pandemic there has continued to be significant challenges presented to our operating environment including responding to the Cost- of-Living crisis, the Afghanistan resettlement programme and supporting the Homes for Ukraine scheme.			<div>Risk Direction</div> <div></div>		
		Our retention rate is 84% and we have successfully recruited to our known hard to fill posts through our existing recruitment strategies, making use of market supplements where needed.					
		Our last staff survey confirmed that 93% of staff recommend us as a place to work with many commenting that we are a fair, flexible and supportive employer.					

Housing, Infrastructure and Growth					Overall Scoring
What is the risk?		Lack of an up to date Local Plan in place could lead to unplanned ad hoc developments being consented across the district that are not in the appropriate locations, and delivered without a strategic overarching review of what additional infrastructure may be needed (both financial developer contributions as well as delivery of new facilities), therefore burdening existing infrastructure further.			Risk Score (Current) <div>16</div>
What could cause the risk to occur?		The recent government proposals to change the NPPF and the planning system have created a great deal of uncertainty around what our Local Plan should deliver. In the light of this uncertainty, Members may fail to reach agreement on the Local Plan. Without an up to date plan in place quickly, the Council may soon fail to demonstrate a 5 year housing land supply (5YHLS), which will lead to the ‘presumption in favour of sustainable development’ being engaged, and then lead to an increase in applications for housing on non Green belt sites. The increase in planning applications in the absence of a 5YHLS will also be compounded by the delay to Biodiversity Net Gain recently announced, and landowners desire to gain consent and avoid needing to deliver such requirements.			
Risk Scoring	Likelihood of risk occurring		4 (Likely)		What are we doing to reduce the risk? 1. We have taken steps to quickly progress Member engagement on Planning, particularly the Local Plan, post elections. We aim to get a clear steer from Members in July, with a view to making our position public and restarting the Local Plan. 2. Invested in the Planning Team to ensure both the Local Plan can be prepared swiftly and correctly, as well as fully staff Development Management to effectively manage planning applications in a timely manner. 3. Support our non-statutory paid planning functions to ensure that pre-application advice can be given to prospective applications, to ensure infrastructure is given full consideration on a case-by-case basis. On larger sites, continue to work under paid Planning Performance Agreements (PPAs) to ensure sites can deliver necessary onsite infrastructure. 4. Maintain good relations with service and infrastructure providers to respond swiftly to ad hoc applications.
	Impact	Financial	3 (moderate)		
		Service Quality	4 (major)		
		Reputation	4 (major)		
		Legal/Regulatory	3 moderate)		
		Health and Safety	1 (insignificant)		
		Morale/Staffing	3 (moderate)		
Current Update		Member Engagement workshops on Local Plan – 29 th June and 6 th July. Members have now given officers a steer on what housing growth strategy option they wish officers to work and firm up for a further Reg 19 consultation. Further Member engagement planned for November 2023 and indications from government are that the NPPF will be published in Autumn to inform this forum. Parish Council Forum to be arranged – date to be agreed as certainty on NPPF and Local Plan direction needed first. Consultation on New Local Plan (whichever option member prefer) likely to be early 2024, with a view to submit before the June 2025 deadline.			Risk Direction <div>↑</div>

Prosperous communities



Local Jobs Fair creates brighter futures in Cheslyn Hay

Local employers, training providers and job seekers attended the event on 21st September 2023 to support each other and their local community.

Some of the highlights captured included:

- » 91% of attendees rated the Skills and Jobs Fair either Good or Excellent and would recommend the fair to others.
- » 82% of attendees said they would be following up after the fair regarding a Job opportunity, Training or Apprenticeship.
- » 91% of attendees said they felt the Skills and Jobs Fair help in their job search activities.

Business Ambassadors Group

In September we launched our Business Ambassadors Group. These Ambassadors from across the district will help to shape and steer the business partnership and provide peer support to other businesses in South Staffordshire.



Food safety

The food and safety team have undertaken **120** food inspections over the last 6 months. The star ratings of all of these are available from the FSA website [Search for ratings | Food Hygiene Ratings](#)

One business has been prosecuted and appeared in court in April and June 2023. A fine of £8000 was imposed by the Courts as well as the food business operator being prohibited from operating or having any involvement with any food business. The business has now been taken over by a new proprietor and reinspected.



We launched new online order forms for garden waste permits, and bulky waste collections in May 2023. Over 89% of people signing up for garden waste collections used our online booking system, and almost 100% of people booking bulky waste collections have used our online booking system.

- » So far this year we have collected over 22,000 tonnes of waste from South Staffordshire residents, and have re-used, recycled and composted over 50% of this.
- » Over 30,000 people have signed up for garden waste collections so far this year (with prices frozen for the 4th year running at £43.60).
- » So far this year we have emptied over 1.7 million bins.
- » Less than 3% of the recycling collected from South Staffordshire homes contains non-recyclable items, meaning we have been able to recycle 97% of all the recycling we collect.
- » We have started waste and recycling collections for 185 new South Staffordshire households.
- » We have provided 670 bulky waste collections, with all items either recycled or turned into electricity for the national grid.

South Staffordshire Council has been shortlisted for the UK Planning Authority of the Year award

It is among just seven authorities across the country to be in the running for the prestigious national accolade from the Royal Town Planning Institute (RTPI).

The shortlisting follows South Staffordshire Council's success in being named RTPI Planning Authority of the Year - West Midlands back in June. The summer ceremony also saw the authority scoop the RTPI Chair's Special Award for staff development and progression.

Lead planning manager at the council, Kelly Harris, has also been shortlisted for the national Inspirational Leader of the Year award by RTPI. She is among just eight leaders from across the UK to have made it to the shortlist.



Climate Change

The council has successfully reduced its carbon footprint by 43%.

The council began reporting carbon footprint figures in 2010 and is working towards becoming carbon-neutral by 2050. The reductions are primarily due to green energy in use at the Community Hub. The council has also supported 21 carbon-saving projects across the District's communities, including a green and active travel scheme in Kinver.

Animal Welfare

- » An unlicensed premises closed down following action by the Environmental Health and Licensing and Planning Enforcement. Planning consent was not in place for the exhibition of animals and animal welfare licence had not been sought by the operator.
- » At least 13 animal welfare licences have been issued.
- » Three major investigations involving animal welfare have been carried out with one interview under caution. Formal warnings have been given for operating without a licence to two businesses.

Vibrant communities



Street Scene

In September the Street Scene team won 'Best Service Team: Street Cleansing and Streetscene Service' at the national Association for Public Service Excellence Awards (APSE). The award recognised the progress that has made in continuing to evolve and improve the grounds maintenance and street cleansing services to residents and adding additional functions to the team including tree works and environment crime.



Brighter Futures launch success

The Creating Brighter Futures team celebrated a successful launch last week at the Codsall Community Club.

Over 50 people attended event, as well as several local business who showcased their vacancies and volunteering opportunities.

Welfare and Benefits Manager, Michelle Kettles (left), led the proceedings in partnership with Enterprise Team Manager, Wayne Dutton, and Corporate Policy Manager, Kevin Hubery.

The presentation showcased the possibilities of the **#UKSPF** funding including the support for local residents (jobseekers and those looking to change career), businesses and community groups.

To find out how you can get involved and benefit from this program please contact the team peopleandskills@sstaffs.gov.uk or visit our website [UK Shared Prosperity Funding](#) | [South Staffordshire District Council](#)



Leisure Services

Leisure memberships have grown to over 3,700 this financial year.

The levels of membership achieved this year are the highest since leisure centres were able to reopen fully post pandemic and are in fact at a higher level than before the centres were required to close in March 2020.



Community events

The Environmental Health and Licensing team have worked with event organisers for over 20 large scale events over the summer season advising along with other agencies on delivering safe and successful events.

Almost 150,000 people have enjoyed safe and successful events across South Staffordshire this Summer and Autumn.

Air quality

Air quality across South Staffordshire continues to be very good.

We have not exceed any target levels for more than 10 years at any of the 17 monitoring stations across the district. Environmental Health have submitted the Annual Status Report to DEFRA as required by legislation.



SOUTH STAFFORDSHIRE COUNCIL

COUNCIL – 12 DECEMBER 2023

ANNUAL REPORT ON CAPITAL STRATEGY

REPORT OF THE DIRECTOR OF FINANCE AND S151 OFFICER

LEAD CABINET MEMBER – COUNCILLOR ROGER LEES, LEADER OF THE COUNCIL

PART A – SUMMARY REPORT

1. SUMMARY OF PROPOSALS

- 1.1 The purpose of this report is to undertake an annual assessment of the Council's performance against its Capital Strategy for the 2022/23 financial year.

2. RECOMMENDATIONS

- 2.1 Members approve the 2022/23 Annual Report on performance against the Capital Strategy.

3. SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	The budget (capital and revenue) is the financial expression of the Council's priorities and therefore underpins all the fundamental themes included within the Council Plan.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	Decisions about the Capital Strategy do not impact on equality issues.
SCRUTINY POWERS APPLICABLE	No – Report to Council	
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE	N/A	
FINANCIAL IMPACT	Yes	All financial implications are captured within the main body of the report.
LEGAL ISSUES	Yes	Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'.

		<p>The Director of Resources (Section 151 Officer) has responsibility for the administration of the financial affairs of the Council.</p> <p>The CIPFA Prudential Code for Capital Finance in Local Authorities (the code) was updated in 2018 and requires all local authorities to prepare a 'Capital Strategy'.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p>The strategic risk register includes:</p> <ul style="list-style-type: none"> Budget pressures, increased income volatility and uncertainty as to the future of local government finance – The budget, the MTFS and the financial stability of the Council is severely impacted by reductions and/or changes in the way in which local government is financed.
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

4. INFORMATION

Background And Context

- 4.1 On 28 June 2022 Council approved the Capital Strategy 2022/23 – 2026/27.
- 4.2 The Capital Strategy provides an overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of council services and how associated risk is managed.
- 4.3 The Capital Strategy compliments and assists in the achievement of the Council Plan. In addition, it builds upon the Council's Commercial Asset Strategy and Treasury Management Strategy to:
- set the **long-term context** in which capital expenditure and investment decisions are made in a sustainable way.
 - set the basis upon which **risk and reward** and **priority outcomes** are considered as part of capital decisions.
 - set the context within which capital decision making is consistent with the concepts of **value for money, public stewardship and prudence**; and
 - report explicitly on the **deliverability, affordability and risk** associated with Capital Strategy.
- 4.4 As an integral part of measuring the Council's progress in achieving the measures outlined in the Council Strategy, an annual report is taken to Full Council.

4.5 This report details:

- i) The Council Assets as held at 31 March 2023.
- ii) 2022/23 Capital Spend against Council Priorities
- iii) Commercial Asset Strategy – 2022/23 acquisitions
- iv) Commercial Assets (which generate a return)
- v) Performance of commercial assets – Legacy Assets
- vi) Asset Management Planning – Condition Assessment
- vii) Sink Fund

5. Council Assets at 31 March 2023

5.1 The following table sets out the Council's asset base as at the end of the 2022/23 financial year in terms of its 'book' (i.e., Statement of Accounts) valuation.

Table 1: Analysis of Council Assets as at 31/3/2023

Description	Industrial Premises	Codsall Community HUB	IT	Lane Green Depot	Other	Total
	£000	£000	£000	£000	£000	£000
Land and Buildings	28,994	9,523	0	272	3,655	42,444
Vehicles/Equipment	0	791	178	253	627	1,849
Infrastructure	0	0	0	107	0	107
Community Assets	0	0	0	0	1,369	1,369
Surplus Assets	0	0	0	0	51	51
Heritage Assets	0	0	0	0	122	122
	28,994	10,314	178	632	5,824	45,942

5.2 The above table shows that per the Council's 2022/23 accounts as at 31/3/23:

- Land and buildings make up £42m out of £46m of the Council's asset base.
- Commercial Assets (Industrial Premises) which generate a return and enhance economic development are valued at £29m;
- The Council's headquarters (including equipment) is valued at £10m;
- The Council's (IT) infrastructure and software is valued at £0.2m;
- Street Scene assets (Green Lane Depot) are valued at £0.6m;
- Community assets (which include cemeteries and parks such as Baggeridge Country Park) are valued at £1.4m
- 'Other' assets include £2.7m for Hinksford Caravan Park.

6. 2022/23 Capital Spend against Council Priorities

6.1 The following table summarises capital expenditure in 2022/23 and how this spend contributed towards Council priorities within the Council Plan:

Table 2: Capital Spend Analysis 2022/23

22/23 CAPITAL PROGRAMME	Budget £'000	Spend £'000	Prosperity	Income and Efficiency	Core Council Services	Comm'ty Assets
Corporate						
Commercial Asset Strategy	12,281	2,539	✓	✓		
Itrent Upgrade	20	0			✓	
Total Corporate	12,301	2,539				
Digital Technology and Service Transformation	92	32		✓		
Welfare Services	1,860	1,051				✓
Community Services	7,455	2,327			✓	✓
Other	127	51			✓	
<u>Total</u>	<u>21,835</u>	<u>6,000</u>				

6.2 The above table shows that all £6 million of capital spend in 2022/23 contributed to at least one Council priority and that all four Council priorities were addressed through aspects of the 2022/23 capital programme.

6.3 The primary reasons for the slippage between the budget and spend were: -

1. Commercial Asset Strategy – delay following liquidation of main contractor for project at Wombourne.
2. Welfare – Disabled Disability Grant – progression for approval and completion of grant claims.
3. Community Services – delay in commencement of planned improvements to Codsall Leisure Centre.

6.4 Where slippage has occurred, the budget is reconfigured to subsequent years to ensure the desired capital development will still take place.

7. **Commercial Asset Strategy – 2022/23 acquisitions**

7.1 The Council has adopted a Commercial Asset Strategy targeted towards acquisitions that stimulate the local economic activity and generate a commercial return. In 2022/23 there were no acquisitions, but a decision to purchase PCP factory was made which should complete Spring 2024.

7.2 All acquisition decisions (in 2022/23) are included at Appendix 2.

8. **Commercial Assets (which generate a return)**

8.1 As set out in Table 1 above, the Council has assets directly linked to the Commercial Asset Strategy of £28.9 (value per the accounts).

8.2 It should be noted that accounting guidelines mean that ‘book value’ per the accounts is not necessarily the same as ‘market value’. Market value is the relevant metric when considering commercial decisions.

8.3 It should also be noted that the Council has other assets (for example the Hub and Baggeridge Country Park), not directly linked to its Commercial Asset Strategy, which nevertheless generate income and are therefore important to be viewed alongside the ‘commercial assets’.

8.4 Table 3 below analyses this broader definition of Council’s commercial assets (which generate a return), setting out the gross income generated from these assets in 2022/23 together with the 2023/24 budget.

Table 3: Commercial Assets – valuation and income analysis

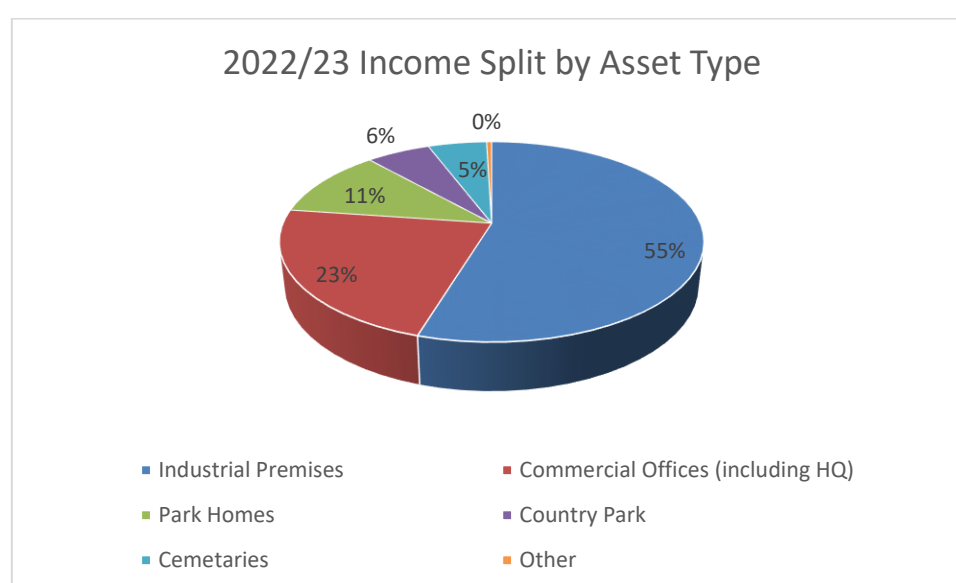
Investment Name	Accounts Value as at 31/3/2023	Budget 2022/23	Actual Income 2022/23	Budget 2023/24
	£'000	£'000	£'000	£'000
Industrial premises	28,994	-1,909	-1,746	-1,570
Commercial Offices	280	-34	-34	-34
Hub	9,523	-519	-413	-611
Park Homes	2,724	-266	-261	-277
Other	923	-7	-5	-7
TOTAL LAND AND BUILDINGS	42,444	-2,734	-2,459	-2,499
Total Other	3,498	-281	-324	-399
TOTAL COMMERCIAL (INCOME GENERATING ASSETS)	45,942	-3,015	-2,783	-2,898

8.5 The Council's commercial assets are analysed in further detail in Appendix 1. In summary:

- The value of all Council, land and buildings (as per the Statement of Accounts) totals £45.942m
- These assets generated £3.0m of income (gross) in 2022/23 (against a budget of £3m) and are budgeted to generate £2.9m of income (gross) in 2023/24.
- Income less than budget largely due to the fire at Unit 4E.

8.6 Chart 1 shows the proportion by which each class of asset contributes to the overall rental income received by the Council.

Chart 1: 2022/23 - Percentage Income by Type of Asset



8.7 The Council aims to mitigate income risk by generating returns from a diversified portfolio of assets.

9. **Asset Management Planning - Condition Assessment**

9.1 A desk top review of our industrial estates has been undertaken to estimate the required spend over the next 10 years to maintain their condition. A further detailed report is planned in 2024.

9.2 Table 4 below summarises the outcome of this assessment in terms of anticipated investment requirements to maintain these assets in their current state.

Table 4: Condition Assessment and future Priority Spend Analysis

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total Spend
Industrial Estate	Priority 1	Priority 1	Priority 2	Priority 2	Priority 2	Priority 3	Priority 3	Priority 3	Priority 3	Priority 3	
	Estimated Investment Required based on 23/24 prices										
	£	£	£	£	£	£	£	£	£	£	£
Landywood	1,020,443	31,000	10,000	10,000	10,000						1,081,443
Wombourne - Phase 1		233,552	17,000	17,000	17,000	17,000	13,000	5,000	5,000	5,000	329,552
Unit 4E - Four Ashes		30,000									30,000
Stafford Park		41,000	-	-	-	-	-	-	-	-	41,000
South Staffs	-	-	6,000			157,445			6,000		169,445
Littleton			23,000	17,000	17,000	183,049	12,000		6,000		258,049
Hilton	-	5,000	17,000	12,000	12,000	17,000	16,000	121,397	5,000	-	205,397
Four Ashes Enterprise Park	-	-	-	-	-	-	-	-	-	137,530	137,530
TOTAL	1,020,443	340,552	73,000	56,000	56,000	374,494	41,000	126,397	22,000	142,530	2,252,416

9.3 The definition of the priority level of these works is as follows:

Priority 1 - Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation. (Year 1 to 2)

Priority 2 – Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation. (Year 3 to 5)

Priority 3 – Long term work required outside the five-year planning period that will prevent deterioration of the fabric or services. (Years 6 to 10)

9.4 Table 4 above shows that, based on a condition assessment of the Council's legacy commercial assets, an estimated £2,252,416 spend is required to maintain the income generated assets in their current condition. This assessment is focused on a 10-year period (rather than the life of the asset).

10. Sink Fund & Other Funding

10.1 As per current policy, 5% of achieved commercial income has been transferred to a 'Sink Fund' (held as an Earmarked Reserve) to cover future significant maintenance spend on properties within our portfolio. The value of the sink fund was £244,000 on 31 March 2023.

10.2 Based on the current portfolio of buildings, 5% income contribution will result in a fund balance of £1,478,119 in 10 years (if no spend is made against this fund).

10.3 In addition to the sink fund: -

- The capital receipts generated from the sale of Heathmill (£425,000) have been allocated towards the cost of the Asset Management Plan.
- Grant Funding has been allocated for works at Landywood, that will reduce our carbon footprint, to the value of £300,000.

10.4 The total funding available for 10 year Asset Management plan is currently £2,203,119 (not including the Sink Fund reserve).

11. Conclusions

11.1 This report demonstrates that Capital Expenditure and Investment decisions continue to be made in a sustainable way, underpinning Council objectives and with relevant risk and reward considered, for all investment/ disinvestment decisions.

12.0 BACKGROUND PAPERS

Appendix 1 – Analysis of Commercial Asset (which generate a return)

Appendix 2 – Acquisition Decision Tracker

Report prepared by: Deb Fern, Senior Accountant

Appendix 1

Investment Name	Notes	*EUV / FV as at 31.3.23	22/23 Budgeted Income	22/23 Actual Income
		£'000	£'000	£'000
INDUSTRIAL PREMISES				
Hilton Industrial Estate		1,662	-104	-105
			-33	-27
South Staffs		1,911	-119	-119
Landywood		5,311	-325	-319
Littleton		1,750	-124	-132
Four Ashes	a	4,668	-370	-379
Unit 4E Four Ashes		5,464	-333	-182
Stafford park 15	b	1,132	-81	-74
Wombourne		4,665	-199	-215
Element Court		2,431	-221	-193
		28,994	- 1,909	- 1,746
COMMERCIAL OFFICES				
Jubilee House		280	-34	-34
		280	-34	-34
The Hub		9,523	-519	-413
		9,523	- 519	- 413
PARK HOMES				
Hinksford		2,724	- 266	- 261
OTHER				
The Lydiate Room Community Building		154	-7	-5
Lane Green Depot		242	n/a	n/a
Hilton Green Outdoor Enviro		31	n/a	n/a
Caretakers Houses		497	n/a	n/a
		923	- 7	- 5
TOTAL LAND & BUILDINGS		42,444	- 2,734	- 2,459
Solar Panels		81	-7	-7
Virtual Energy Store		132	-5	-1
Forget-me-Knot Club		25	0	0
Sytch Lane Cemetary		458	-69	-91
Strawberry Lane Cemetary		475	-46	-61
Baggeridge Country Park		57	-155	-165
OTHER INCOME GENERATING ASSETS		1,229	- 281	- 324
OTHER NON-INCOME GENERATING ASSETS		2,269	N/A	N/A
TOTAL INCOME GENERATING ASSETS		45,942	- 3,015	- 2,783

a – Unit currently under-going major repairs due to fire – completion Spring 2024

b – Phase 2 – under construction – completion due Spring 2024

Appendix 2: Commercial Asset Strategy – Acquisition Decision Tracker

Opportunities Arising 2022/23

Investment Name	Asking Price	Approved(A)/ Rejected(R)	Reason
PCP Factory acquisition	£2.4m	A	Generated a ROI, created new jobs and investment.
Cosford Industrial Estate acquisition	Confidential	R	Not viable due to asbestos
Old Tree Nursery	£0	TBC	Further investigation and business case required.
Codsall shopping arcade	£800k start	Not progressed	Auction timeframe too short
Heath Mill Road Wombourne Industrial Estate	Confidential	Not progressed	Didn't progress past initial high level appraisal.