

Shropshire Council
Legal and Democratic
Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: 7 September 2022
My Ref:
Your Ref:

**Committee:
Audit Committee**

Date: Thursday, 15 September 2022
Time: 10.00 am
**Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate,
Shrewsbury, Shropshire, SY2 6ND**

You are requested to attend the above meeting. The Agenda is attached.

Members of the public will be able to access the live stream of the meeting by clicking on this link:

<https://www.shropshire.gov.uk/audit-committee-meeting-15-september-2022/>

If you wish to attend the meeting, please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard
Assistant Director – Legal and Governance

Members of Audit Committee

Simon Harris (Vice Chairman)
Nigel Lumby
Brian Williams (Chairman)

Roger Evans
Rosemary Dartnall

Your Committee Officer is:

Michelle Dulson Committee Officer
Tel: 01743 257719
Email: michelle.dulson@shropshire.gov.uk

AGENDA

1 Apologies for Absence / Notification of Substitutes

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the previous meeting held on the 20 July 2022 (Pages 1 - 14)

The Minutes of the meeting held on the 20 July 2022 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

4 Public Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5pm on Friday 9 September 2022.

5 Member Questions

To receive any questions of which Members of the Council have given notice. The deadline for this meeting is 5pm on Friday 9 September 2022.

6 First line assurance: Providing Audit Committee with assurance on the internal controls and risk management of the Council's Cloud Services

The report of the Assistant Director Finance and Technology is to follow.

Contact: Ben Jay 07815 473236

7 Second line assurance: Risk Annual Report 2021/22 incorporating Strategic Risks Update

The report of the Risk Manager is to follow.

Contact: Jane Cooper 01743 252851

8 Second line assurance: Annual Treasury Report 2021/22 (Pages 15 - 32)

The report of the Executive Director of Resources (Section 151 Officer) is attached.

Contact: James Walton 01743 258915

9 Third line assurance: Internal Audit Performance Report and revised Annual Audit Plan 2022/23 (Pages 33 - 52)

The report of the Head of Audit is attached.
Contact: Ceri Pilawski 01743 257739

10 Third line assurance: External Audit: Shropshire County Pension Fund Annual Audit findings (Information) 2021/22

The report of the Engagement Lead is to follow.
Contact: Grant Patterson (0121) 232 5296

11 Third line of assurance: External Audit: Audit Plan 2021/22

The report of the Engagement Lead is to follow.
Contact: Grant Patterson (0121) 232 5296

12 Third line of assurance: External Audit: Informing the Audit Risk Assessment for 2021/22

The report of the Engagement Lead is to follow.
Contact: Grant Patterson (0121) 232 5296

13 Date and time of next meeting

The next meeting of the Audit Committee will be held on the 27th October (provisional date) / 24th November 2022 at 10:00am.

14 Exclusion of Press and Public

To RESOLVE that in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

15 Exempt Minutes (Pages 53 - 56)

The Exempt Minutes of the meeting held on the 20 July 2022 are attached for confirmation.
Contact: Michelle Dulson 01743 257719

16 Internal Audit: Fraud, Special Investigation and RIPA Update (Exempted by Categories 2, 3 and 7) (Pages 57 - 60)

The report of the Principal Auditor is attached.
Contact: Katie Williams (01743) 257737

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Committee and Date

Audit Committee

15 September 2022

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 JULY 2022 10.00AM TO 12:48PM

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Councillor Brian Williams (Chairman)

Councillors Rosemary Dartnall, Simon Harris (Vice Chairman), Nigel Lumby and Roger Evans

4 Apologies for Absence / Notification of Substitutes

No apologies were received.

5 Disclosable Pecuniary Interests

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

6 Minutes of the previous meeting held on the 22 February 2022

That the Minutes of the meeting of the Audit Committee held on the 22 February 2022 be approved as a true record and signed by the Chairman.

7 Public Questions

There were no questions from members of the public.

8 Members questions

There were no questions from Members.

9 Second line assurance: Annual Whistleblowing report

Members received the report of the Assistant Director for Workforce and Improvement (copy attached to the signed minutes) which presented the Annual Whistleblowing report for 2021/22 which showed that there had been 25 cases reported under the Whistleblowing arrangements, a 29% decrease on the previous year.

The Assistant Director for Workforce and Improvement introduced and amplified her report. She explained what was meant by 'Whistleblowing'

and drew attention to paragraph 7.3 and the types of whistleblowing that were eligible for protection (qualifying disclosures) set out at paragraph 7.7 of the report.

All 25 cases had been received via email with the most commonly reported theme being financial incident eg theft, tenancy or tax fraud, the results of which were set out in the report at paragraph 8.1. The Assistant Director for Workforce and Improvement confirmed that nine cases, none of which related to employees, had been referred to third parties eg the Department for Work and Pensions and Action Fraud.

In conclusion, the Assistant Director for Workforce and Improvement assured the Committee that the awareness was out there for individuals to raise concerns in a safe way and that any such concerns would be dealt with appropriately.

The Chairman thanked the Assistant Director for Workforce and Improvement for her very reassuring report and was pleased to note the number of cases that had needed no further action.

In response to a query, the Assistant Director for Workforce and Improvement explained that the number of cases fluctuated over the years due to a number of factors and although the numbers had decreased this particular year, they were still healthy numbers and what they would expect.

In response to a further query in relation to the two cases that had been managed via another policy/procedure and the one case where the outcome was described as Management Action, the Assistant Director for Workforce and Improvement explained that two had been dealt with under the Council's internal Disciplinary process and one by way of a more informal process and she confirmed that she was satisfied with the outcomes and had assurance that they were dealt with appropriately, the cases were investigated thoroughly and appropriate action was taken.

RESOLVED:

That the contents of the report be noted.

10 Second line assurance: Strategic Risks update

The Committee received the report of the Risk, Insurance and Resilience Manager (copy attached to the signed minutes) which set out the current strategic risk exposure following the March 2022 quarterly review and the outcome of the annual strategic risk workshop.

The Risk, Insurance and Resilience Manager introduced and amplified her report. She explained that numerous changes had been made to the register following the workshop; ten risk scores had remained the same,

two scores were increased and one reduced, with three risks being archived and one new risk added, which gave 14 current strategic risks.

She explained that one of those scores that had been increased was regards to the 'inability to deliver a balanced budget', which particular strategic risk had an individual scoring mechanism which best suited the risk, and on this occasion the likelihood was reduced to a 4 from a 5 because the Council had achieved a balanced budget for year one but had not achieved one for year two. The impact was increased from a 3 to a 4 to reflect the current status of social care costs, increased costs of living and the financial pressures from Covid.

The other risk where the score was increased was a 'failure to manage and mitigate the mental health and wellbeing of staff', this was due to pressures on HR and the whole Council, the ongoing impact of Covid and general wellbeing which was raised in the pulse survey, and the fact that stress absences were still high, it was agreed that the impact score should be increased to 4, making this a high risk.

She reported that the other score that was changed was the 'ICT infrastructure reliance' and due to the actions that had been taken it was actually considered that the likelihood of failure could be reduced on this occasion from a 3 to a 2 making it a medium risk. This reflected the work that had been undertaken regarding ICT infrastructure.

It had been agreed that several risks could be archived during the workshop, and these were set out in paragraph 7.7.4 of the report. The Risk, Insurance and Resilience Manager drew attention to the one new risk that had been identified, 'Impact of pressures in the wider Health & Care System' and this was marked as a high risk.

During the workshop with Executive Directors, the target scores, slippage and emerging risks were all discussed and there was agreement that slippage of implementation dates for additional controls needed to be monitored more closely by the risk owners and a recognition of the risk of future concurrent events. A workshop was subsequently held because it was recognised that there would be quite a lot of incidents happening at once and how could that be managed in the future.

She explained with the strategic risks being available in real time in SharePoint and the fact the Executive Directors review strategic risks on a cyclical basis at their weekly meetings, it was considered that risks were now fully embedded within the authority and being looked at in real time.

In response to a query in relation to ICT infrastructure being a moment in time and whether that related to a specific action that had been taken, the Risk, Insurance and Resilience Manager explained that originally ICT reliance and cyber were all in one risk but it was decided that they were two different things. It was known that the Council has a very big

exposure with cyber and a lot of work was required around that, but there was a lot of work being done around ICT reliance and additional controls had been completed, so it was felt from the reliance point of view, the Council was in a much better place but recognised from the cyber point of view, more work was required.

In response to a comment about the description of the Cyber Attack risk and that the likelihood remained at 5; it was confirmed that was just a title and there was a more detailed description that sat underneath which detailed this risk and could be sent to Members. It was agreed for the risk definition to be expanded. The Section 151 Officer explained the reason why the likelihood remained at 5. It meant that cyber-attacks were happening and the Council had been the victim of several (benign) attacks in the last few months that had come through and got into the Council's systems. It was known there were vulnerabilities in the system which needed to be managed. Work was ongoing to tighten those up and reduce the likelihood down from 5 to 4.

Concern was raised around the score for the 'Failure to safeguard vulnerable children' risk, as it was felt that the processes in place were robust enough to reduce the likelihood of a failure to safeguard vulnerable children. However, the impact in terms of the Council's reputation should be at the maximum of 5 not the current score of 4. In response the Risk, Insurance and Resilience Manager explained that currently Children's safeguarding was, nationally, one of the main concerns that councils have with regard to lack of social workers, the cost of living, the effects of Covid, etc. The likelihood was reflecting all these concerns.

Concern was raised that the Direction of Travel for the Council's 'response to and recovery from Covid' risk, has not been reducing as it was felt that this risk would have been absorbed by now. In response, the Risk, Insurance and Resilience Manager explained that it had been agreed to do a complete overhaul of the Covid risk to recognise that although we are now living with Covid, there were concerns around the winter period coming up, and that review was currently being undertaken and would be reported to the Committee at its next meeting.

RESOLVED:

To accept the position as set out in the report.

11 Third line assurance: (a) Internal Audit Performance Report and (b) Annual report 2021/22

- (a) The Committee received the report of the Head of Audit (copy attached to the signed minutes) which provided Members with an update of work undertaken by Internal Audit in the final two months of 2021/22 since the previous update at the 22 February 2022 Audit Committee meeting.

The Head of Audit introduced and amplified her report. She advised Members that 97% of the revised Plan had been completed and the team had achieved the target to deliver a minimum of 90% of the revised annual plan by the year end. She went on to report that 14 final reports had been issued, details of which were set out in paragraph 8.4 of the report. One good, six reasonable, four limited and three unsatisfactory assurance opinions had been issued. The 14 final reports contained 110 recommendations, two of which were fundamental and set out at paragraph 8.10 of the report and related to IT Business Administration and Microsoft arrangements.

The Head of Audit drew attention to table 3 (Appendix A) which set out the unsatisfactory and limited assurance opinions issued. In response to Members concerns around these unsatisfactory and limited assurance opinions, it was confirmed that a management report would be requested for the November meeting to allow the relevant manager to provide assurance to the Committee that the recommendations were being implemented.

Concern was also raised in relation to the unsatisfactory audit opinion issued for the Dog Warden's follow up audit for which a fundamental recommendation was made. In response, the Head of Audit explained that the Committee could request the relevant manager to attend a future meeting to seek assurance that improvements were being made. She stated that this would be followed up and reported back but if it moved into Limited a follow up audit would not necessarily be undertaken.

RESOLVED:

- i) That performance against the 2021/22 Audit Plan be noted.
 - ii) To request a management report for the 24 November 2022 Audit Committee meeting in respect of the activity completed against the action plans for the following areas:
 - Information Security Management
 - IT Code of Practice
 - Legacy Infrastructure and Systems
 - IT Business Administration Follow-up
 - Microsoft Management Arrangements
- b) The Committee received the report of the Head of Audit (copy attached to the signed minutes) which provided Members with details of the work undertaken by Internal Audit for the year ended 31 March 2022. The Head of Audit confirmed that she could offer 'limited assurance' on the Council's framework for governance, risk and internal control in her end of year opinion.

The Head of Audit introduced and amplified her report. She reported that 47 reports had been issued (set out in Appendix A, tables 2 and 3) and 389 recommendations made. The Head of Audit drew attention to the revisions made to the audit plan throughout the year and she confirmed that the service had been free from interference. She also explained that although business continuity plans had been in place the whole year which impacted on resources, this did not affect her opinion.

The Head of Audit reported that there were still a number of unsatisfactory assurances for which recommendations had been agreed by management. The total number of fundamental recommendations had increased by 3% compared to the previous year, although the numbers were still low.

The Head of Audit drew attention to the counter fraud activities supported by Internal Audit (paragraph 8.12) along with those activities which added value (8.13), and any other matters which were taken into account (8.17) and which all helped the Head of Audit to reach her opinion. Finally, the Head of Audit drew attention to her conclusion set out at paragraph 8.20.

The Head of Audit reported that the Internal Audit team had been shortlisted by the Institute of Internal Auditors for two awards, Outstanding Internal Audit Team in the Public Sector, and Inspirational Leader, and although they did not win, they were very happy to be shortlisted.

In response to concerns that the recommendation set out at paragraph 3.3 needed to be strengthened, the Chairman confirmed that he was satisfied that Managers would carry out the agreed actions in respect of the recommendations made to address any weaknesses and suggested improvements. The Head of Audit explained that her opinion was based on the work that had been undertaken and that there was a willingness from Managers to improve.

The Chairman took considerable comfort in the fact that the performance of the Council's Internal Audit demonstrated compliance with the PSIAS and that there were no areas of significant concern. He congratulated the team on being shortlisted considering the prestigious company.

RESOLVED:

- i) That performance against the Audit Plan for the year ended 31 March 2022 be noted.
- ii) To note that Internal Audit have evaluated the effectiveness of the Council's risk management, control and governance processes, considering public sector internal auditing standards or guidance, the results of which can be used when considering the internal control environment and the Annual Governance Statement for 2021/22.

iii) To note and support the Head of Audit's limited assurance, year-end opinion, that the Council's framework for governance, risk management and internal control is sound and working effectively for 2021/22 based on the work undertaken and management responses received.

12 Third line assurance: Annual review of Internal Audit, Quality Assurance and Improvement Programme (QAIP) 2021/22

The Committee received the report of the Section 151 Officer (copy attached to the signed minutes) which informed them of the results of a self-assessment of the Internal Audit Service against the requirements of the Public Sector Internal Audit Standards.

The Section 151 Officer introduced and amplified his report. He reported that the self-assessment carried out had confirmed that Internal Audit fully complied with the Public Sector Internal Audit Standards (PSIAS). The Section 151 Officer drew attention to Paragraphs 7.8 and 7.9 of the report which set out those areas of potential non-conformance.

Paragraph 7.8 related to the Code of Ethics: Objectivity Standard and looked at whether internal auditors displayed objectivity by not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment. The Section 151 explained that if this was the case, a different member of the team would undertake that particular audit. In response to a query, the Section 151 Officer explained that although that may preclude the best person on the team from doing the audit, it would be seen as 'marking your own homework'.

In relation to Paragraph 7.9 Independent and Objectivity Standard, the reference to 'decisions' did not relate to Committee decisions.

The Chairman informed the Committee that the Audit team had been asked to assist a newly formed Unitary Authority, which he felt to be a real pat on the back for the team.

RESOLVED:

That the Committee note the conclusion that the Council employs an effective Internal Audit to evaluate its risk management, control and governance processes that complies with the principles of the Public Sector Internal Audit Standards and has planned improvement activities to work towards full compliance where appropriate.

13 Overall assurance: Annual Governance Statement and a review of the effectiveness of the Council's internal controls and Shropshire's Code of Corporate Governance 2021/22

The Committee received the report of the Section 151 Officer (copy attached to the signed minutes) which set out the Annual Governance Statement (AGS) and a review of the effectiveness of the Council's Internal Controls and Shropshire Council's Code of Corporate Governance 2021/22.

The Section 151 Officer introduced and amplified his report. He explained that the Council had to produce an AGS to accompany the annual statement of accounts, which must be signed off by the Chief Executive and Leader of the Council. This statement should be considered after a review of the effectiveness of the Council's system of internal controls as required by the Accounts and Audit Regulations.

The Section 151 Officer reported that following the recent peer review it was found that the Council had in place a strong governance approach. The final report was due in the next couple of weeks.

In response to a query, the Section 151 Officer explained that the AGS was a part of the regulatory framework whereby issues, such as those referred to in paragraph 7.11 of the report, would be identified. He went on to explain that the AGS was made up of three parts, a review of the issues identified from the previous year, a review of the previous years' AGS plus issues identified in the current year. Any issues not addressed would be carried forward to the current AGS. These issues were referred to in the Appendices and the overarching process however, it was felt that it would not add any value for individual issues to be pulled out.

RESOLVED:

- i) That the Annual Governance Statement 2021/22 as set out in Appendix A of the report be approved.
- ii) That the Internal Audit conclusion that the Council has reasonable evidence of compliance with the Code of Corporate Governance be noted.

14 Third line assurance: Annual Assurance report of Audit Committee to Council 2021/22

The Committee received the report of the Section 151 Officer (copy attached to the signed minutes) which set out the Audit Committee's Annual Assurance Report to Council for 2021/22.

The Section 151 Officer introduced and amplified his report, he explained that the Annual Assurance Report of Audit Committee was presented to Council to provide assurance of the work that had been undertaken by the Committee throughout the year and included a statement from the Chairman. The Chairman drew attention to paragraphs 14 and 15 of the

Chairman's Statement which acknowledged the experience of the Audit staff and expressed thanks for their hard work and dedication.

In conclusion, the Section 151 Officer reported that the Audit Committee could offer reasonable assurance that the Council has in place adequate and effective governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that could be relied upon and which contributed to the high corporate governance standards that this Council expects and maintains consistently.

RESOLVED:

That the Draft Annual Assurance Report for 2021/22 be approved, subject to the deletion of a duplicate paragraph (paragraph 8), and that Council be recommended to accept the contents of the report.

15 Second line assurance: Financial outturn report 2021/22

The Committee received the report of the Section 151 Officer (copy attached to the signed minutes) which provided details of Shropshire Council's 2021/22 financial performance for revenue and capital. Shropshire Council ended the financial year better than expected, with a final overspend of £2.5m, which was £1.8m better than the previous estimate.

The Section 151 Officer introduced and amplified his report. He explained that the report had already been to Cabinet and Council and that it would normally come to Audit Committee first but had not due to the meeting being delayed. The Financial Outturn report was for Members' information and sat alongside the Statement of Accounts to help in terms of context and understanding. He explained that the actual performance of the Council had been considered by Cabinet and Performance Management Scrutiny Committee whereas the Audit Committee needed only consider the process, how the report had been pulled together and the implications and issues arising from that process and ensuring that they had an understanding of the position of over and under spends over the year so they could bring that context into the Statement of Accounts which was the over-arching year end position.

In relation to the key variations set out at paragraph 8.3, and highlighted in the Risk Strategy, the Section 151 Officer was asked to comment on these and the risks for the Council in the future which were highlighted in the previous paper and referred to in the last paragraph of the Chairman's report to Council about the Committees' concerns around the structural deficit that may occur in the future.

The Section 151 Officer explained that the key variations identified in paragraph 8.3 were to focus members' minds on those key areas of

variance and there were issues behind each of them. The fundamental issue being that there were a number of initiatives that had not been completed due to the external environment, including two years of the pandemic and staff being repositioned to pick up the necessary work related to the pandemic.

He explained the way in which these kinds of shortfalls/variances were managed where there had been an external implication. Firstly, they would consider whether reasons had been provided for why those initiatives had not been taken forward or could not be completed and would look to see whether there were implications for the future. For example, where there were unachieved savings, whether they could still be delivered but over a longer time, or where there were pressures, for example in Children's Social Care or Housing, they were looking at initiatives that would reduce or potentially remove that pressure, whether that would be quickly or would take a long time would need to be assessed and therefore the budget process enabled those pressures to be taken into account going forward.

The Section 151 Officer informed the Committee that when talking about the funding gap, what they were talking about was the gap after they had considered all the issues from the previous financial year. They then tried to deal with the gap as opposed to not taking it into account.

In response to a query about the General Fund balances, which were below the level that they should be, the Section 151 Officer felt it was important for Members to understand the context of this. When assessing what the level should be, they tried to be as scientific as they could but there was always going to be an element of estimation within that and by trying to quantify the risks that may or may not occur there was a concern. The idea of the General Fund balance was to have it there as a last resort, so they try to manage overspends and budgetary savings within the year so that the end of year comes in close to balance.

They had given an indication this financial year that they had expected an overspend of between £2.5m and £9m. They were able to achieve towards the lower end of that scale. In the short term that does mean that the balances dropped to £11.5m and the risk assessed level comes closer to £18m that was a concern. However, as mentioned at Cabinet by the Portfolio Holder, what they had was the collection fund for Council Tax and Business Rates which had delivered surplus of £4m; the first call on that surplus would be to claw back into the General Fund balance. At the end of year officers could demonstrate that they had dealt with the overspend.

Effectively, on the 1 April that £4m goes in and the balance is now £15m. Whilst not up to the risk assessed level, officers were looking to review the methodology around the General Fund balance calculation which may result in the General Fund balance needing to increase or even reduce and

that would be looked at objectively to see what that comes out at. The important point was to hold a balance that was felt reasonable and if it ever needed to be used, that it was immediately put back, otherwise you would start to move into unsustainable territory whereby you would be unable to deal with funding issues in the year adequately and you would have to start making decisions to try and manage the position. What officers did not want to do was to put the Authority in an unsustainable position whilst trying to find money to put into the General Fund in case it was needed.

RESOLVED:

In respect of the revenue budget:

- A. To note that the outturn is a overspend of £2.505m.
- B. To note that as a result of the outturn position that the level of the General Fund balance stood at £11.522m, which was below the recommended level.
- C. To note the decrease in the level of service-related Earmarked Reserves and Provisions of £8.152m.
- D. To note that the Council has received revenue funding relating to Covid-19 in 2021/22 which covered all Covid-19 costs in the year, and so no additional costs have had to be funded by the Council's base budget.

Relating to ringfenced funding:

- E. To note that the outturn for the Housing Revenue Account (HRA) for 2021/22 was an underspend of (£0.251m) and the resulting level of the HRA reserve is £11.592m.
- F. To note that the level of school balances stood at £8.191m (£5.995m in 2020/21).

In respect of the capital programme:

- G. To approve net budget variations of £3.598m to the 2021/22 capital programme (in Appendix 11) and the re-profiled 2021/22 capital budget of £83.572m.
- H. To approve the re-profiled capital budgets of £132.724m for 2022/23, including slippage of £1.245m from 2021/22, £82.009m for 2023/24 and £34.077m for 2024/25 as detailed in Appendix 15.
- I. To accept the outturn expenditure set out in Appendices 12 and 13 of £82.327m, representing 98.5% of the revised capital budget for 2021/22.
- J. To approve temporary application of capital receipts of £18.273m to generate a one-off Minimum Revenue Provision saving of £0.398m in 2022/23.

16 **Second line assurance: Approval of the Council's Statement of Accounts 2021/22**

The Committee received the report of the Section 151 Officer (copy attached to the signed minutes) which provided an overview of the Accounts for the year 2021/22 and details of the reasons for the most significant changes between the 2020/21 Accounts and the 2021/22 Accounts.

The Section 151 Officer introduced and amplified his report. He explained that the accounts were draft at this point in time and had been produced in line with the timetable set out at paragraph 2.1. He drew attention to the delay to the amendments to the code relating to infrastructure assets which had implications for last years' accounts which were unable to be signed off until the code was published. All the work relating to the change had been done but could not be acted upon.

The Section 151 Officer commended the team for exceeding the target and producing the draft accounts ahead of the 31 July deadline. The deadline for External Audit to complete their preliminary work was 30 September and for the accounts to be published by 30 November.

The Section 151 Officer drew attention to the analytical review, set out in Appendix 2, which highlighted the most significant areas where there had been material changes (variances) over £8m or over 10%, and explained why these changes had occurred.

In response to a query about why the previous years' accounts had not been signed off yet, the Key Audit Partner explained that they were awaiting an update from CIPFA about how infrastructure assets should be treated. The Chairman queried whether the same delays could occur for the 2021/22 accounts. In response, the Key Audit Partner explained that it was always a risk however they were not aware of any evolving technical matters that would impact on the 2021/22 accounts.

RESOLVED:

That the contents of the draft 2021/22 Statement of Accounts be noted.

17 Third line of assurance: External Audit: Audit progress report and sector update

The Committee received the report of External Audit (copy attached to the signed Minutes) which provided Members with a report on progress together with a summary of emerging national issues and developments which may be of relevance to the Council.

The Engagement Manager introduced and amplified the report. She drew attention to the Summary of progress and reported that once all outstanding issues had been resolved, it was hoped to complete the 2020/2021 audit closedown and the Auditors Annual Report.

The delay in the closedown of the 2020/2021 accounts had not stopped the work on the 2021/2022 accounts, and although not at a stage to formally issue the Audit Plan for 2021/22, the Engagement Manager reported that two further risks had been identified in relation to the valuation of land and buildings, and the valuation of net pension liability in addition to the previous two risks of revenue recognition and the risk of management over-ride of controls.

A further report addressing these issues would be presented to the September meeting of the Audit Committee. In response to a query, the Engagement Manager confirmed that they were working with the finance team to resolve the outstanding issues. The Key Audit Partner explained that they were awaiting evidence from the Council and would chase this up. It was confirmed that Payroll was under quite a lot of pressure but were trying to resolve any outstanding issues.

RESOLVED:

That the contents of the report be noted.

18 Date and Time of Next Meeting

The Committee were advised that next meeting of the Audit Committee would be held on the 15 September 2022 at 10.00 am.

19 Exclusion of Press and Public

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

20 Exempt minutes of the previous meeting held on the 22 February 2022

RESOLVED:

That the Exempt Minutes of the meeting of the Audit Committee held on the 22 February 2022 be approved as a true record and signed by the Chairman.

21 First line assurance: Highways Management assurance report incorporating Fix my Street update

The Committee received the exempt report of the Assistant Director Infrastructure (copy attached to signed Exempt Minutes) which provided an update on progress towards resolution of the issues relating to the management of the Highways Service found in previous audits.

RESOLVED:

That the contents of the report be noted.

22 Third line assurance: Fraud, special investigation and RIPA updates (Exempted by Categories 2, 3 and 7)

The Committee received the exempt report of the Principal Auditor (copy attached to signed Exempt Minutes) which provided a brief update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment, together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.

RESOLVED:

That the contents of the report be noted.

Signed (Chairman)

Date:



<u>Committee and Date</u>	<u>Item</u>
Cabinet 07 September 2022	
Audit Committee 15 September 2022	
Council 22 September 2022	<u>Public</u>

ANNUAL TREASURY REPORT 2021/22

Responsible Officer

James Walton

e-mail: James.Walton@shropshire.gov.uk Tel: (01743) 258915

1. Synopsis

As at 31 March 2022, the Council held £164m in investments and had £292m of borrowing. This report shows the borrowing & investment strategy for 2021/22 and outturn position for the financial year. It also shows the investment performance of the internal treasury team over 2021/22 and the last 3 financial years and confirms activities align with the Council's approved Treasury Management Strategy.

2. Executive Summary

- 2.1. The report informs members of treasury activities for Shropshire Council for 2021/22, including the investment performance of the internal treasury team to 31 March 2022. The internal treasury team outperformed their investment benchmark by 0.24% in 2021/22 and performance for the last three years is 0.38% per annum above benchmark. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.
- 2.2. During 2021/22 the performance of the Treasury Team delivered an under spend of £2.195 million compared to budget as highlighted in paragraph 5.2 of this report. This was mainly due to Minimum Revenue Provision (MRP) savings of £1.163m, net total savings of £0.573m in relation to interest payable, interest receivable and other financing arrangements, net overachievement on contributions from other local authorities and public sector organisations of £0.302m.
- 2.3. The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury

Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

3. Recommendations

- 3.1. Members are asked to accept the position as set out in the report.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 4.2. There are no direct environmental, equalities or climate change consequences arising from this report.
- 4.3. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.
- 4.4. The Council's Audit Committee is the committee responsible for ensuring effective consideration of the Council's Treasury Management Strategy and policies. The Audit Committee will consider the report and appendices on 15 September before approval is sought at Full Council on 22 September.

5. Financial Implications

- 5.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 5.2. The 2021/22 performance is above benchmark for the reasons outlined in paragraph 2.2 of this report and has delivered additional income of £2.195 million which has been reflected in the final Revenue Monitor report for 2021/22.

6. Climate Change Appraisal

- 6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council in order to achieve this. There are no climate change impacts arising from this report. Shropshire Council's investment portfolio has no level 1, 2 or 3 emissions. It comprises of straightforward cash deposits with financial institutions and other Local Authorities.

7. Background

- 7.1. The Council defines its treasury management activities as "the management of the authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks".
- 7.2. The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 7.3. Changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. Minimum reporting requirements are that the Council should receive the following reports:
- An annual treasury strategy in advance of the year.
 - A mid-year treasury update report.
 - An annual report following the year describing the activity compared to the strategy.
- 7.4. The CIPFA Code of Practice on Treasury Management states that these reports should be scrutinised by a nominated committee. These reports were scrutinised by the Audit Committee before they were reported to full Council for approval. The Audit Committee has received two training sessions during the year from Link in 2021/22 and the internal Treasury team 2022/23, which is a requirement to fulfil their duties under the CIPFA Code of Practice on Treasury Management.
- 7.5. In addition to the minimum reporting requirements, the Executive Director's and Cabinet also receive quarterly treasury management update reports for information.
- 7.6. The Treasury Strategy for 2021/22 was approved by Council in February 2021, the mid-year treasury update report was approved by Council in December 2021. This Annual Report sets out our actual treasury performance for the year and shows how the

actual treasury performance varied from our estimates and planning assumptions.

8. Borrowing Strategy and Outturn for 2021/22

8.1. The Council's Borrowing Strategy and Outturn position for 2021/22 can be found in Appendix C.

9. Debt rescheduling

9.1. No debt restructuring was undertaken during 2021/22. Further information is included within Appendix C.

10. Investment Strategy & Outturn for 2021/22

10.1. The Council's Investment Strategy and Outturn position for 2021/22 can be found in Appendix C.

11. Compliance with Treasury Limits and Prudential Indicators

11.1 Compliance with the Council's Treasury Limits and Prudential Indicators can be found in Appendix B & C.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Council, February 2021, Treasury Strategy 2021/22.

Council, December 2021, Treasury Strategy 2021/22 Mid-Year Review.

Council, February 2022, Treasury Strategy 2022/23.

Cabinet, September 2021, Treasury Management Update Quarter 1 2021/22.

Cabinet, December 2021, Treasury Management Update Quarter 2 2021/22.

Cabinet, February 2022, Treasury Management Update Quarter 3 2021/22.

Cabinet, July 2022, Treasury Management Update Quarter 4 2021/22.

Cabinet Member:

Gwilym Butler, Portfolio Holder for Resources

Local Member

N/A

Appendices

A. Debt Maturity Profile as at 31 March 2022

B. Prudential Indicators 2021/22

C. Council's Borrowing & Investment Strategy and Outturn Position 2021/22

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APPENDIX B

SHROPSHIRE COUNCIL PRUDENTIAL INDICATORS 2021/22

- C1. The Prudential Code requires the Council to set Prudential Indicators in the Treasury Strategy and report performance against those indicators in the Annual Treasury Report.
- C2. The ratio of financing costs compared to the net revenue stream of the Council was lower than expected in 2021/22 due to net revenue stream being higher than estimated.

Prudential Indicator	2021/22 Revised Estimate	2021/22 Actual
	%	%
Non HRA Ratio of financing costs to net revenue stream	7.6	7.1

Prudential Indicator	2021/22 Revised Estimate	2021/22 Actual
	%	%
Non HRA Ratio of financing costs (net of investment income) to net revenue stream	7.2	6.8
HRA Ratio of financing costs to HRA net revenue stream	39.9	38.0

- C3. It can be seen from the tables that the authority was well within the approved authorised limit and the operational boundary for external debt for 2021/22.

Prudential Indicator	2021/22 Estimate	2021/22 Actual
External Debt	£m	£ m
Authorised Limit:		
Borrowing	661	292
Other long-term liabilities	96	94
Total	757	386

Prudential Indicator	2021/22 Estimate	2021/22 Actual
External Debt	£ m	£ m
Operational Boundary:		

Borrowing	546	292
Other long-term liabilities	96	94
Total	642	386

- C4. Gross borrowing was as anticipated due to no general fund borrowing being undertaken in 2021/22. A key indicator of prudence is that net borrowing should not exceed the capital financing requirement. It can be seen from the following figures that the Council continues to meet this prudential indicator.

Prudential Indicator	2021/22 Estimate	2021/22 Actual
Net Borrowing & Capital Financing Requirement:	£ m	£ m
Gross Borrowing (inc. HRA)	366	292
Investments	150	164
Net Borrowing	216	128
Non HRA Capital Financing Requirement	419	278
HRA Capital Financing Requirement	95	87
Total CFR	514	365

- C5. Non HRA was higher and HRA capital expenditure was lower than anticipated during the year. Explanations for these under/overspends were included in the 2021/22 final capital outturn report.

Prudential Indicator	2021/22 Revised Estimate	2021/22 Actual
	£ m	£ m
Non HRA Capital expenditure	114.2	80.3
HRA Capital expenditure	20.1	8.1

- C6. The level of fixed rate and variable rate borrowing were within the approved limits for the year.

Prudential Indicator	2021/22 Estimate	2021/22 Actual
Upper Limit for Fixed/Variable Rate Borrowing	£ m	£ m
Fixed Rate (GF)	615	292
Variable Rate	308	0

C7. The level of fixed rate and variable rate investments were within the approved limits during 2021/22.

Prudential Indicator	2021/22 Estimate	2021/22 Actual
Upper Limit For Fixed/Variable Rate Investments	£ m	£ m
Fixed Rate	250	124
Variable Rate	250	40

C8. No longer term investments were held at the year-end. Shrewsbury Shopping Centres are no longer held as long-term investments. They are now accounted for on the balance sheet as Property, Plant & Equipment (PP&E).

Prudential Indicator	2021/22 Estimate	2021/22 Actual
Upper Limit for Sums Invested over 364 days	£m	£m
Internal Team	70	0
External Manager	30	0
Shrewsbury Shopping Centres	60	0

C9. The maturity profile was within the limits set in the Treasury Strategy.

Prudential Indicator	2021/22 Upper Limit	2021/22 Actual
Maturity Structure of External Borrowing	%	%
Under 12 months	15	0
12 months to 2 years	15	2
2 years to 5 years	45	1
5 years to 10 years	75	13
10 years to 20 years	100	34
20 years to 30 years	100	21
30 years top 40 years	100	18

40 years to 50 years	100	2
50 years and above	100	9

Appendix C

Borrowing Strategy for 2021/22

The Council's borrowing requirement identified within the Capital Programme 2021/22 to 2023/24 was self-financing prudential borrowing of £118.909m therefore no external borrowing was required but based on the prospects for interest rates outlined in the Treasury Strategy, the Council would adopt a pragmatic approach if circumstances changed when considering any new borrowing.

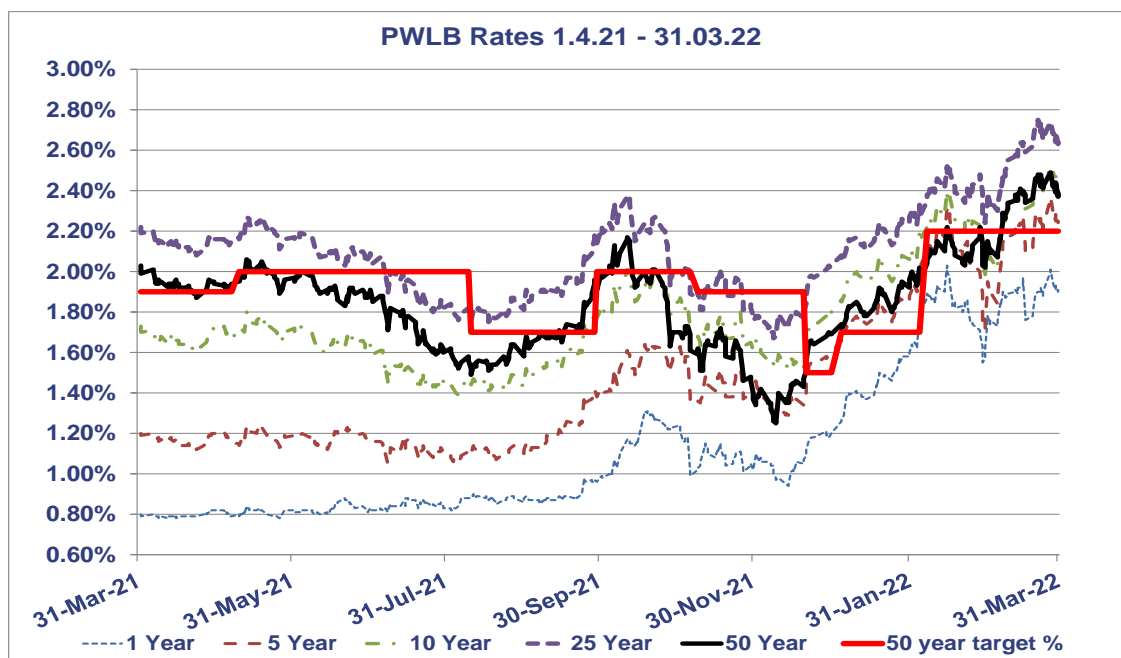
Short term Public Works Loan Board (PWLB) rates were expected to be significantly cheaper than longer term borrowing rates during the year therefore borrowing in the under 10 year period early on in the financial year when rates were expected to be at their lowest would be considered. Variable rate borrowing was also expected to be cheaper than long term fixed rate borrowing throughout the year.

An alternative strategy was to defer any new borrowing as long term borrowing rates were expected to be higher than investment rates during the year. This would maximise savings in the short term and also have the added benefit of running down investments which would reduce credit risk.

Consideration of changing strategy would be taken if it was felt that there was a significant risk in a sharp fall in long and short term rates then long term borrowings will be postponed. If it was felt there was a significant risk of a sharp rise in long and short term rates then the portfolio position would be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

Borrowing outturn for 2021/22

The Treasury Team take advice from its external treasury advisor, Link Asset Services, on the most opportune time to borrow. Movements in rates during 2021/22 are shown in the graph below.



Members have previously been advised of the unexpected change of policy on PWLB lending arrangements in October 2010 following the Comprehensive Spending Review. In addition, in October 2019, the Treasury and PWLB announced an increase in rates of 1% across all borrowing periods. This made new borrowing more expensive and repayment relatively less attractive. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

The table below shows PWLB borrowing rates for a selection of maturity periods. The table also shows the high and low points in rates during the year, average rates during the year and individual rates at the start and the end of the financial year.

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%

Following discussions with Link, as general fund borrowing rates were

significantly higher than investment rates during the year it was agreed that if any new borrowing was required during the year it would be deferred in order to maximise savings in the short term and reduce credit risk by reducing investments. No new external borrowing was required in 2021/22.

The Council's total debt portfolio at 31 March 2022 is set out below:-

Type of Debt	Balance £m	Average Borrowing Rate 2021/2022
General Fund Fixed rate - PWLB	159.02	4.90%
HRA Fixed rate - PWLB	83.35	3.51%
Fixed rate - Market	49.20	4.10%
Variable rate	0	N/A

The maturity profile of the debt is evenly spread to avoid large repayments in any one financial year. The average debt period for PWLB loans is 18 years, market loans have an average debt period of 48 years. The total debt portfolio has a maturity range from 1 year to 56 years.

The Treasury Strategy allows up to 15% of the total outstanding debt to mature in any one year. It is prudent to have the Council's debt maturing over many years so as to minimise the risk of having to re-finance when interest rates may be high. The actual debt maturity profile is within these limits (Appendix A).

Debt rescheduling

No debt restructuring was undertaken during 2021/22. The introduction of a differential in PWLB rates on the 1 November 2007, which was compounded further following a policy change in October 2010 and subsequent changes in 2019 and 2020, as outlined above has meant that large premiums would be incurred if debt restructuring was undertaken, which cannot be justified on value for money grounds.

Although these changes have restricted debt restructuring, the current debt portfolio is continually monitored in conjunction with external advisers in the light of changing economic and market conditions to identify opportunities for debt rescheduling. Debt rescheduling will only be undertaken:

- To generate cash savings at minimum risk.
- To help fulfil the Treasury Strategy.
- To enhance the balance of the long term portfolio by amending the maturity profile and/or volatility of the portfolio.

Investment Strategy for 2021/22

Our treasury advisor originally felt when the strategy was approved by Council in February 2021 that the bank rate would remain at 0.10% during 2021/22. These forecasts were based on the Bank of England assuming that the emergency level of rates introduced at the start of the Covid-19 pandemic would still be required to protect the economy.

The Governor of the Bank of England made it clear that he thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. Investment returns were likely to remain exceptionally low during 2021/22 with little increase in the following two years.

The below forecast table was included in the Treasury Strategy report 2021/22.

Link Group Interest Rate View		9.11.20													
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	1.80	1.80	1.80	1.80	1.80	1.90	1.90	1.90	1.90	1.90	2.00	2.00	2.00	2.00	
10 yr PWLB	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70	2.70	2.70	2.80	2.80	2.80	2.80	
50 yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.60	

The below forecast table was included in the Mid Year Treasury Strategy report 2021/22.

Link Group Interest Rate View		8.11.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10	
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20	
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00	
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40	
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70	
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	

In 2021/22 investment of surplus cash continued to be managed by the internal treasury team. The strategy for the in-house team was influenced by the need to keep funds relatively short for cash flow purposes. Lending continued to be restricted to UK banks, one overseas bank, three Building Societies, two Money Market Funds (AAA credit rating), Part Nationalised Banks, UK Government and other Local Authorities in line with the Council's policy on creditworthiness which was approved in the Annual Investment Strategy.

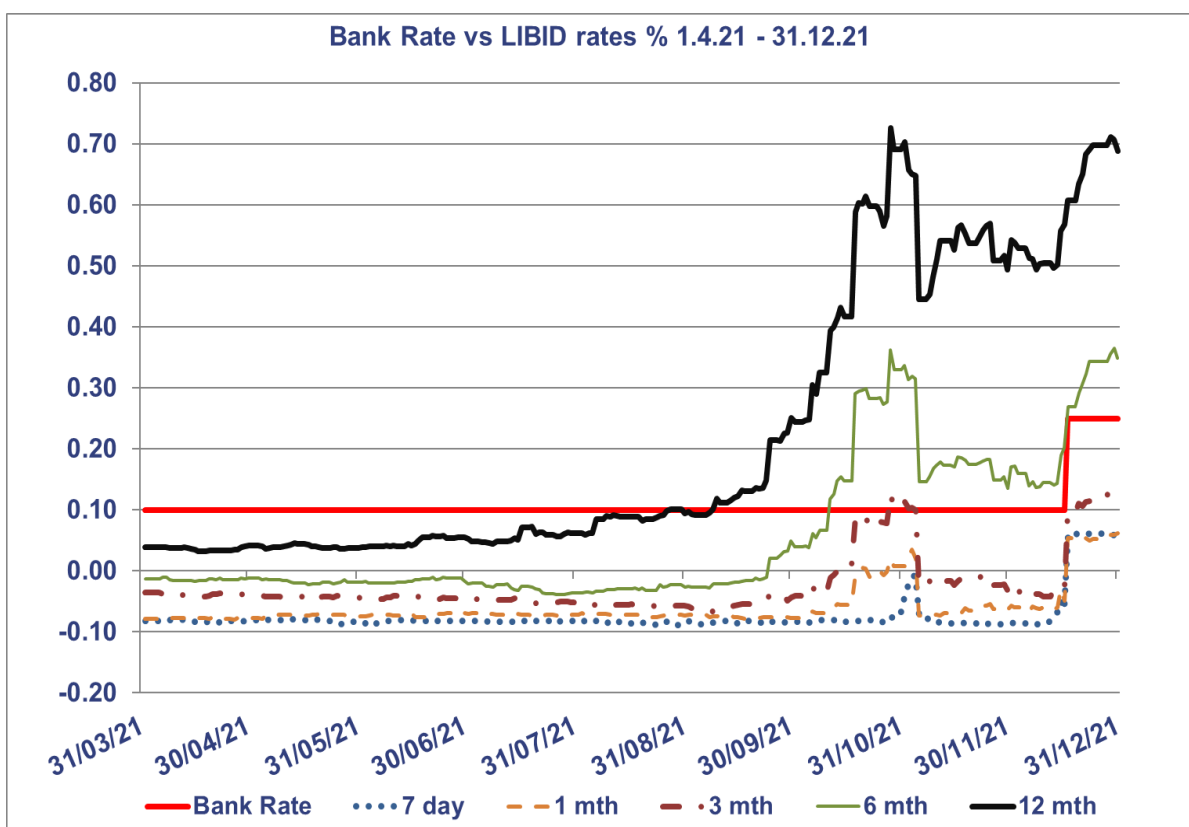
Investment outturn 2021/22

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates stayed suppressed for most of the year.

To counter the low investment rates and following advice from Link, use was made of direct deals with main UK banks, for various periods from three months to one year. Direct deals offered enhanced rates over the equivalent rates available through brokers. This provided opportunities to lock into higher, long term rates at times when it was thought they offered substantial enhancement over short term benchmark rates. Enhanced market rates when compared to bank rate has resulted in the total portfolio outperforming the benchmark. Use of instant access accounts with Svenska Handelsbanken was continued, together with use of Money Market Funds with Aberdeen & Insight Investment. These accounts offered instant access to funds, however they also saw suppressed yields in line with levels when placing short term deposits through brokers.

Movements in short term rates through the year are shown in the below.



Throughout the first half of the year, the average interest rate earned on investments was suppressed due to the low bank rate, in response to the Covid 19 pandemic. However, as detailed earlier, the MPC started to increase rates from December 2021 with a further two increases in February 2022 and March 2022. This resulted in the internal treasury team achieving a slightly higher level of interest on revenue balances than budgeted. This slightly higher than projected amount earned on investments was coupled with an under-spend on debt charges due to no long-term general fund borrowing being undertaken in 2021/22. The total £2.195 million underspend was mainly due to MRP savings following a review of the Council’s policy and interest payable savings.

At 31 March 2022 the allocation of the cash portfolio was as follows:

	£m
• In-house short dated deposits for cash flow management	104.5
• In-house long dated deposits (up to 1 year)	31.0
• Other Local Authorities	28.0
Total	163.5

The following table shows the average return on cash investments for the internal treasury team during the year and for the last 3 years to 31 March 2022. Recognising the need to manage short term cash flow requirements, the target for the internal team is the 7 day LIBID rate.

	Return 2021/22	Return 3 years to 31 March 2022
	%	% p.a.
Internal Treasury Team	0.17	0.51
Benchmark (7 Day LIBID rate)	-0.07	0.13

Due to the economic shock and historically low rates in 21/22, even though rates started to increase in the latter part of that year; the benchmark rate was in a negative position for most of the financial year.

The conclusions to be drawn from the table are:

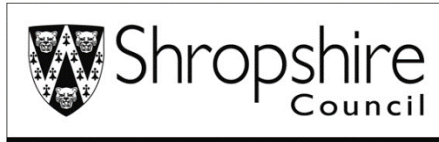
- During 2021/22 the internal treasury team outperformed their benchmark by 0.24%.
- Over the 3 year period the internal team's performance has been 0.38% per annum above the benchmark.

Compliance with Treasury Limits and Prudential Indicators

All borrowing and lending transactions undertaken through the year have complied with the procedures and limits set out in the Council's Treasury Management Practices and Treasury Strategy. In addition, all investments made have been within the limits set in the approved counterparty list. No institutions, in which investments were made, showed any difficulty in repaying investments and interest in full during the year.

Appendix B shows the Prudential Indicators approved by Council as part of the 2021/22 and 2022/23 (revised estimate) Treasury Strategies compared with the actual figures for 2021/22. In summary, during 2021/22 treasury activities have been within the prudential and treasury limits set in the Treasury Strategy.

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<u>Committee and Date</u>	<u>Item</u>
Audit Committee 15 th September 2022 10:00am	<u>Public</u>

INTERNAL AUDIT PERFORMANCE 2022/23

Responsible Officer Ceri Pilawski
 e-mail: ceri.pilawski@shropshire.gov.uk Telephone: 01743 257739

1 Synopsis

This report summarises Internal Audit’s 2022/23 work to date. Delivery is impacted due to resourcing challenges which are currently being recruited to and supported by contractors. Lower assurances from reviews are highlighted, providing members with an opportunity to challenge.

2. Executive Summary

- 2.1 This report provides members with an update of work undertaken by Internal Audit in the first four and a half months of Shropshire Council’s approved audit plan, 2022/23. 26% percent of the revised plan has been completed (**see Appendix A, Table 1**), which is below previous delivery records (32% 2021/22; 35% 2020/21).
- 2.2 Two good, four reasonable, five limited and one unsatisfactory assurance opinions have been issued. The 12 final reports contained 141 recommendations, one of which was fundamental.
- 2.3 This report proposes minor revisions in the coverage of planned activity for Shropshire Council with an increase of 138 days from 1,429 days, as reported in February 2022, to 1,567 days. Changes to the planned activity reflect adjustments considering both risks and available resources. There are continuing vacancies within the team following two recruitment exercises and with the loss of experienced auditors and the necessary investment in training and developing auditors new to the role and in trainee positions, delivery is understandably lower than first planned. To offset the delays in recruitment, Internal Audit contractors are engaged to deliver some of the planned activity and current revisions are targeted at providing enough activity to inform an end of year opinion.

- 2.4 Internal Audit continues to add value to the Council in its delivery of bespoke pieces of work, including sharing best practice and providing advice on system developments.

3 Decisions

The Committee is asked to consider and endorse, with appropriate comment;

- 3.1 The performance against the 2022/23 Audit Plan.
- 3.2 Identify any action(s) it wishes to take in response to any low assurance levels and fundamental recommendations, brought to Members' attention, especially where they are repeated. (**Paragraph 8.4 and Appendix A, Table 2**).

REPORT

4 Risk Assessment and Opportunities Appraisal

- 4.1 Delivery of a risk-based audit Internal Audit Plan is essential to ensuring the probity and soundness of the Council's control, financial, risk management systems and governance procedures. Areas to be audited are identified following a risk assessment process which considers the Council's risk register information and involves discussions with managers concerning their key risks. These are refreshed throughout the period of the plan as the environment (delivery risks) changes. In delivering the plan, the adequacy of control environments is examined, evaluated and reported on independently and objectively by Internal Audit. This contributes to the proper, economic, efficient and effective use of resources. It provides assurances on the internal control systems, by identifying potential weaknesses and areas for improvement, and engaging with management to address these in respect of current systems and during system design. Without this, failure to maintain robust internal control, risk and governance procedures creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss and reputational damage.
- 4.2 Provision of the Internal Audit Annual Plan satisfies the Accounts and Audit Regulations 2015, part 2, section 5(1) in relation to internal audit. These state that:
- 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 4.3 'Proper practices' can be demonstrated through compliance with the Public Sector Internal Audit Standards (PSIAS). Vacancy management and recruitment, whilst an ongoing risk, is being managed proactively and activities undertaken to mitigate and manage this going forward.

4.4 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct environmental or equalities consequences of this proposal.

5 Financial Implications

5.1 The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

6 Climate Change Appraisal

6.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaptation. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7 Background

7.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit reviews appraises and reports on the efficiency, effectiveness and economy of financial, governance, risk and other management controls. The Audit Committee is the governing body charged with monitoring progress on the work of Internal Audit.

7.2 The 2022/23 Internal Audit Plan was presented to, and approved by, members at the 22nd, February 2022 Audit Committee, with the caveat that further adjustments may be necessary. This report provides an update on progress made against the plan up to 7th August 2022 and includes revisions to the plan.

8 Performance against the plan 2022/23

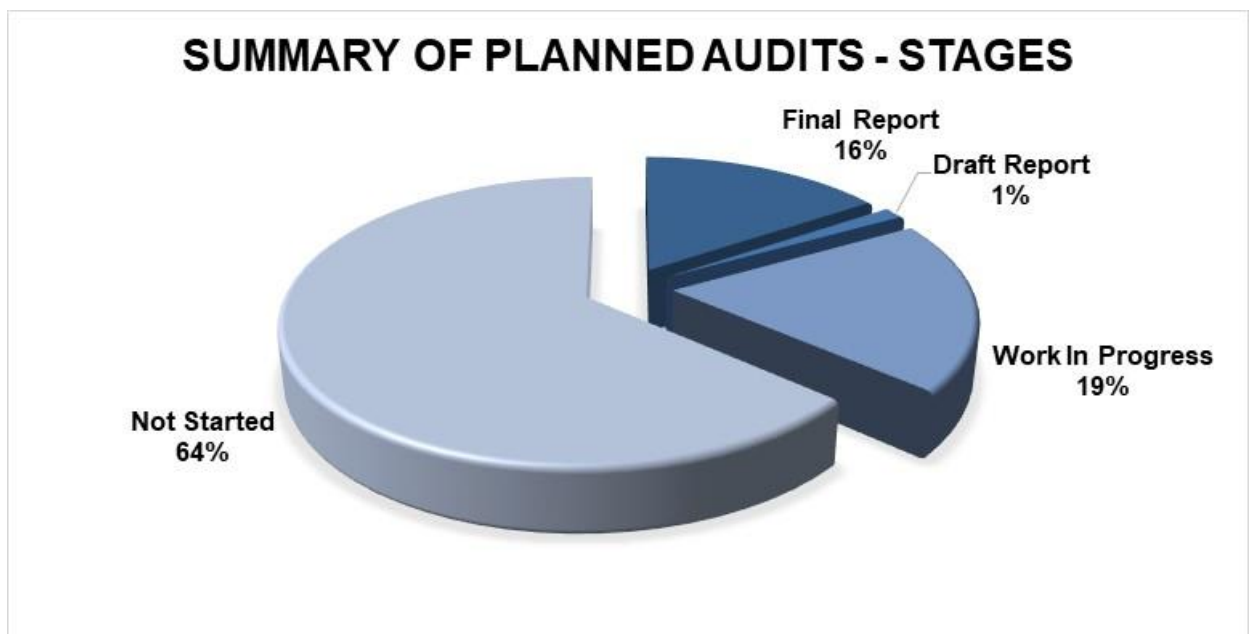
8.1 Revisions to the 2022/23 plan provide for a total of 1,567 days following the delays experienced in recruiting staff. Recruitment to Auditor posts has been successful but slow, with 1.6 of the five FTE¹ posts being recruited to. In addition, following the resignation of a Principal Auditor, the post is out to recruitment and it is hoped to update Members at the Committee meeting. To offset the vacancy challenge, the s151 Officer has agreed for the Head of Audit to engage with three Internal Audit contractors to provide some support for the current year. Coverage will be the equivalent of 240² days and deliver several audits across all Directorates by the end of March 2023. Auditees are fully engaged with the approach and whilst this is a more expensive alternative, it is temporary and will provide a necessary level of assurance to

¹ FTE full time equivalent

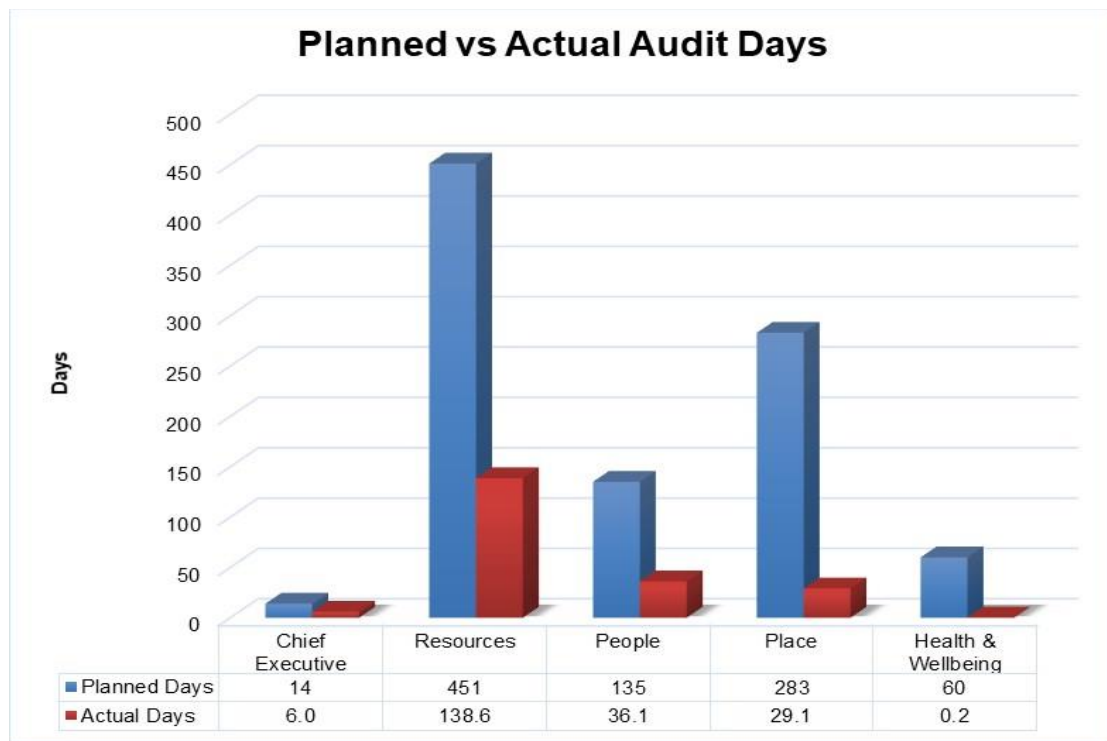
² Equal to 1.2 FTE's

the Council. Principal Auditors continue to coach and mentor trainees and newer recruits to Audit, this impacts on delivery but will ensure a sustainable service for the future. As a result, performance to date is slightly below previous delivery records at 26% (32% 2021/22) but overall, it is hoped that the team is on track to deliver a minimum of 90% of the revised annual plan by the year end. There are plans to go out to the market late 2022, for a third time, to attempt to fill the remaining Auditor posts. This delay will allow time for the market to refresh and for the new recruits to be integrated into the team.

8.2 In total, twelve final reports have been issued in the period from 1st April to 7th August 2022. All are listed with their assurance rating and broken down by service area at **paragraph 8.4**. The following chart shows performance against the approved Internal Audit Plan for 2022/23:



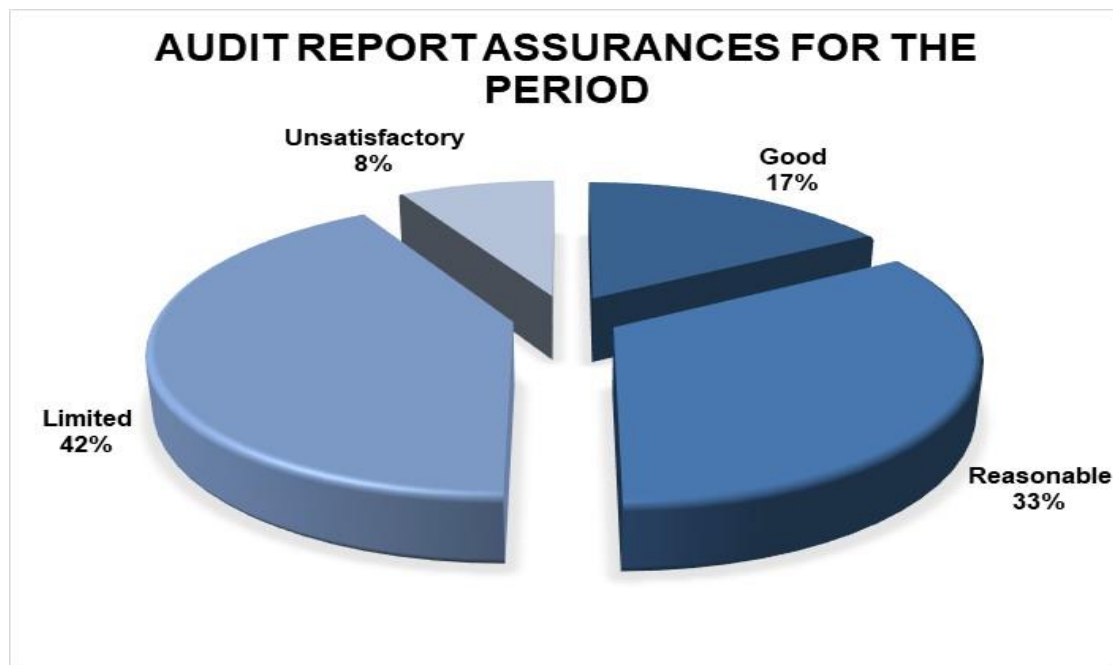
8.3 Audits have been completed over several service areas as planned:



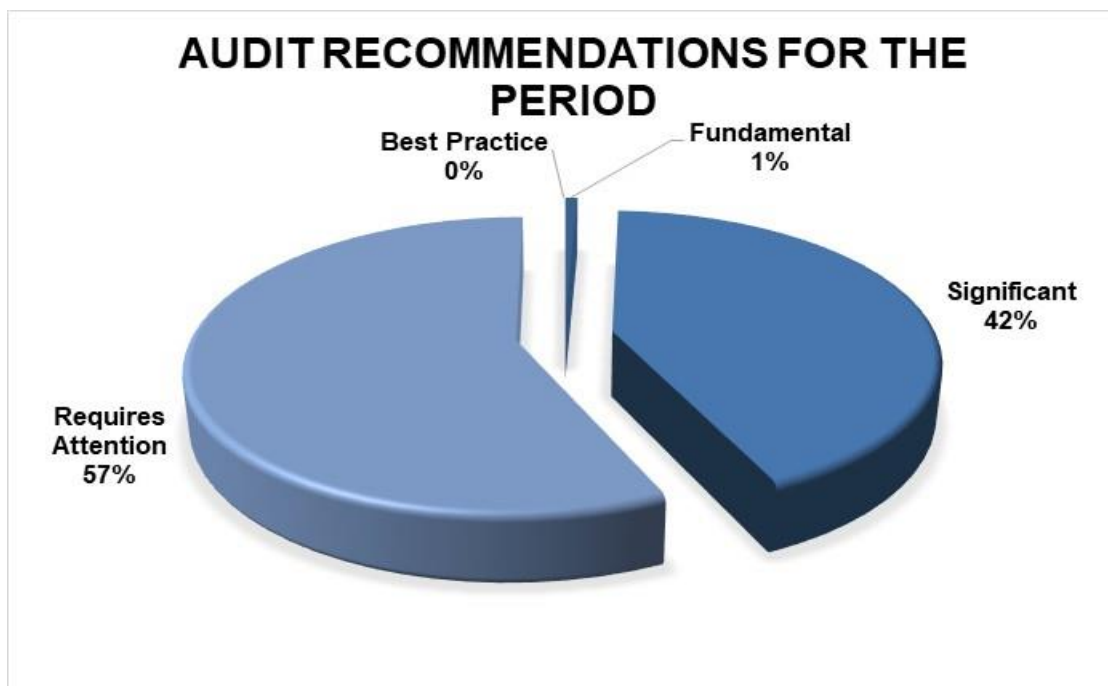
8.4 The following audits have been completed in the period:

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
People - Children								
Supporting Families Grant	1							
Schools Themed Audits 2021/22		1				7	28	
	1	1	0	0	0	7	28	0
Place								
Gladstone Application 2021/22		1				6	5	
WSP Contract Management 2021/22			1			2	9	
	0	1	1	0	0	8	14	0
Resources - Finance and Technology								
Debt Recovery 2021/22			1			5	4	
General Ledger 2021/22			1			7	11	
Sales Ledger - Periodic Income 2021/22		1				4	2	
Sales Ledger 2021/22		1				3	4	
ERP Development and Administration	1					0	1	
Telecommunications, Contracts and Procurement Follow up 2021/22			1			5	3	
Third Party Contractor Access Controls 2021/22			1			2	4	
	1	2	4	0	0	26	29	0
Resources - Workforce and Improvement								
Payroll 2021/22				1	1	19	9	
	0	0	0	1	1	19	9	0
Grand Total	2	4	5	1	1	60	80	0
% Total	17%	33%	42%	8%	1%	42%	57%	0%

8.5 The assurance levels awarded to each completed audit area appear in the graph below:



8.6 The overall spread of recommendations agreed with management following each audit review are as follows:



8.7 At this stage, given the limited data, it is difficult to look for or rely on any patterns; the mix of audit reviews completed varies to previous years and there is no strong pattern of areas attracting lower assurance levels. Up to the 7th August 2022, six reports have been issued providing good or reasonable assurances and accounting for 50% of the opinions delivered.

This represents a significant decrease in the higher levels of assurance for this period, compared to the previous year outturn of 64%. This is offset by a corresponding increase in limited and unsatisfactory assurances, currently 50% compared to the previous year outturn of 36%.

8.8 Members have requested an update from the Information Technology Service to their November meeting, to provide management assurances as to the implementation of recommendations following audit reviews reported with lower assurances to their July meeting. Members may wish to consider the inclusion of audits completed during this period for an update at the same time.

Question 1: What do Members want to do?

8.9 The payroll system is unsatisfactory, given the importance of this system to the financial management of the Council, Members may wish to consider receiving a management update at a future meeting.

Question 2: What do Members want to do?

8.10 Details of control objectives evaluated and not found to be in place as part of the planned audit reviews that resulted in limited and unsatisfactory assurances, appear in **Appendix A, Table 2**. The appendix also includes descriptions of the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 3 and 4** and provides a glossary of common terms, **Table 5**.

8.11 One draft report, awaiting management responses, will be included in the next performance report. Work has also been completed for external clients in addition to the drafting and auditing of financial statements for several honorary funds and the certification of grant claims. There has been a significant increase in Grant Claims requiring certification; in this period resources have been focused on the following;

- BDUK Grant
- COMFF Grant
- DfE Children's Residential Care Grant
- Inpatient Alcohol and Drug Detoxification grant

Grant certification provides a level of assurance for the supporting systems. At least four other grant reviews are in progress.

8.12 A total of 141 recommendations have been made in the 12 final audit reports issued during this period; these are broken down by service area at **paragraph 8.4**. One fundamental recommendation has been identified which is detailed below:

- **Payroll**
Recommendation: An ERP Action Group has been set up to consider the actions required to address the weaknesses in the system as part of

the ERP contract renewal process. It should be ensured that all appropriate stakeholders are represented on the group including but not limited to Payroll Service, Systems Admin, HR and Finance. A full project plan should be developed to incorporate the issues raised by the audit and other issues known to impact the system. Resource requirements in respect of proposed changes should be clearly identified. There should be an appropriate reporting process in place to provide Executive Directors with management assurance regarding improvements made to the system, escalation of and timeframes for issues to be addressed.

Risk: Failure to develop a system that is fit for purpose increases the use of manual work arounds, places additional demands on staff and has the potential to jeopardise the accuracy of the payments made, figures used in both statutory accounts and returns to the Pension fund.

Management Response³: Improvements required will be built into contracts and existing issues reviewed with third parties to achieve improvements. Stakeholders are engaged in service re-design and along with Systems Admin the reprioritisation of activities will be agreed. A review of the roles of Systems Admin and Business Owners will be undertaken, to ensure that the lines of responsibility are correct and communicated. As the payroll system for externals is moving to a cloud based solution, the HR Admin and Payroll Manager will initiate an options appraisal, to scope out requirements for a HR and Payroll system, to include the current ERP solution and requirement for a total system wide review and re-design (and approximate costs for this).

Date to be Actioned: December 2022 - but reliant upon full stakeholder engagement.

Question 3: Do Members wish to receive any updates from managers on any of the remaining low assurances reported in para. 8.4 or the fundamental recommendation?

8.13 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 6 sets out the approach adopted to following up recommendations** highlighting Audit Committee's involvement.

8.14 The following demonstrates areas where Audit have added value with unplanned, project or advisory work, not included in the original plan located at **Appendix A, Table 1**.

- Briefing note to the Executive Director of Resources (S151) on the debt write off process of adult social care.
- Co-ordination, evaluation and review of the Annual Governance Statement to support the Statement of Accounts and Governance arrangements.
- Provision of advice, counter fraud and other internal control requirements for Council Tax Energy Support Grants.

³ Paraphrased for reporting in a public report given some commercial sensitivities

- Delivery of counter fraud checks and provision of evidence to the Cabinet Office to demonstrate these in respect of Emergency Business Grants.
- Supporting information and participation as part of the Local Government Association Finance Peer Review.
- Governance, control and risk management advice on the ResourceLink, payroll and HR system.
- **Schools Financial Value Standard (SFVS)**– assessed for maintained schools to inform the programme of financial assessment and audit. Individual SFVS's are referred to as part of specific audits, to evaluate their alignment with Audit's independent judgements. Audit informs the governing body and the local authority of any major discrepancies in judgements and follows up on recommendations in line with agreed processes.
- Provision of a briefing note to the Executive Director of Resources with a summary of the key ICT audit findings from 2021/22.

Direction of travel

8.15 As noted in paragraph 8.7 above, it is currently too early to reach any sound conclusions on this, in the interim, members are advised to pay initial attention to unsatisfactory assurance areas or fundamental recommendations for updates from management as to improved controls and management of risks.

Performance measures

8.16 All Internal Audit work has been completed in accordance with agreed plans and the outcomes of final reports have been reported to the Audit Committee.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Draft Internal Audit Risk Based Plan 2022/23 - Audit Committee 22nd February 2022

Public Sector Internal Audit Standards (PSIAS)

Audit Management system

Accounts and Audit Regulations 2015, 2018 and Accounts and Audit

(Coronavirus) (Amendment) Regulations 2020, Amendment Regulations 2022

Cabinet Member (Portfolio Holder)

Lezley Picton, Leader of the Council and Brian Williams, Chairman of the Audit Committee

Local Member: All

Appendices

Appendix A

Table 1: Summary of actual audit days delivered against plan 1st April to 7th August 2022

Table 2: Unsatisfactory and limited assurance opinions in the period 1st April to 7th August 2022

Table 3: Audit assurance opinions

Table 4: Audit recommendation categories

Table 5: Glossary of terms

Table 6: Recommendation follow up process (risk based)

Appendix B - Audit plan by service 1st April to 7th August 2022

APPENDIX A

Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period from 1st April to 7th August 2022

	Original Plan	Revised Plan	7 th August 2022 Actual	% of Original Complete	% of Revised Complete
Chief Executive	14	14	6.0	43%	43%
Health and Wellbeing	10	60	0.2	2%	0%
People	65	135	36.1	56%	27%
Adult Services	15	55	20.4	136%	37%
Children's Services	22	47	4.2	19%	9%
Education and Achievement	28	33	11.5	41%	35%
Place	129	283	29.1	23%	10%
Resources	318	451	138.6	44%	31%
Finance and Technology	202	307	95.5	47%	31%
Legal and Governance	49	49	20.1	41%	41%
Workforce and Improvement	67	95	23.0	34%	21%
S151 Planned Audit	536	943	210.0	39%	22%
Contingencies and other chargeable work	682	413	125.8	18%	30%
Total S151 Audit	1,218	1,356	335.8	28%	25%
External Clients	211	211	70.4	33%	33%
Total	1,429	1,567	406.2	28%	26%

Please note that a full breakdown of days by service area is shown at **Appendix B**

Table 2: Unsatisfactory and limited assurance opinions issued in the period from 1st April to 7th August 2022⁴**Unsatisfactory assurance****Resources – Payroll (Unsatisfactory 2019/20)**

- Shropshire Council Payroll System is fit for purpose and able to generate the correct payments to the correct employees at the right time.
- Previous audit recommendations have been implemented.
- Policies and procedures are in place which ensure compliance with legislation and internal regulations.

⁴ Listed are the management controls that were reviewed and found not to be in place and/or operating satisfactorily and therefore positive assurance could not be provided for them.

- Starters are appropriately authorised and set up in line with internal regulations.
- Employees are paid the correct amount each month to reflect contracted hours.
- There is a regular management review of the overpayments data and recoveries are appropriately controlled.
- Annual leave balances are correct.
- Transactions are processed to the ledger and reconciled on a regular basis.

Limited assurance

Place – WSP⁵ Contract (Limited 2019/20)

- The recommendations made and agreed in the previous audit have been implemented as expected.
- The Council have appropriate arrangements in place for the management of the WSP Contract.
- There are suitable arrangements in place to verify that payments to WSP are valid, accurate and correctly authorised.
- There is appropriate segregation of duties in place between the Client and the Contractor.
- Systems access is appropriately controlled, and risk assessed for the contractor.

Resources – Debt Recovery (Unsatisfactory 2019/20)

- Previous audit recommendations have been implemented.
- There are adequate policies and procedures in place in respect of the recovery of debts.
- There are effective debt recovery actions carried out in practice which are in accordance with the policies and procedures.

Resources – General Ledger (Limited 2019/20)

- To establish the extent to which previous recommendations have been implemented.
- Reconciliations are performed to ensure that the general ledger is correct and complete.
- Budget virements are processed to the general ledger in a timely, accurate and controlled manner.
- Payroll data is processed to the general ledger in an accurate, timely, complete and secure manner.
- Council Tax feeder systems are processed to the general ledger in an accurate, timely, complete and secure manner.
- Business Rate feeder systems are processed to the general ledger in an accurate, timely and secure manner.
- Adults and Children's Social Care feeder systems are processed to the general ledger in an accurate, timely and secure manner.
- The reporting function of the general ledger is operating adequately.

⁵ WSP provide Highways and Transport Engineering Consultancy Support to the Council.

Resources – Telecommunications, Contracts and Procurement Follow Up (Limited 2020/21)

- Formal contract management processes are in place with formally assigned responsibility.
- Appropriate management arrangements are in place to recharge budget managers for usage of fixed line and mobile telephony. Managers are provided with timely reports of usage to support this process.

Resources – Third Party Contractor Access Controls

- To ensure only approved and secure methods of third party contractor access are available and these are in line with internal policy, NCSC guidance and current best practice.
- To ensure that third party contractor access to the corporate network is approved, managed, monitored and removed when no longer required. User accounts provided are time restricted based on a limited access requirement.
- To ensure that third party contractor authentication and access devices meet the minimum standards established in the corporate information security policy.
- To ensure that audit/management trails exist in respect of third party access and appropriate monitoring is undertaken on a regular and timely manner.

Table 3: Audit assurance opinions: awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Table 4: Audit recommendation categories: an indicator of the effectiveness of the Council’s internal control environment and are rated according to their priority

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

Table 5: Glossary of terms

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Head of Internal Audit Annual Opinion

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of several individual engagements and other activities for a specific time interval.

Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).

Table 6: Recommendation follow up process (risk based)

When recommendations are agreed the responsibility for implementation rests with management. There are four categories of recommendation: fundamental, significant, requires attention and best practice and there are four assurance levels given to audits: unsatisfactory, limited, reasonable and good.

The process for *fundamental recommendations* will continue to be progressed within the agreed time frame with the lead Executive Director being asked to confirm implementation. Audit will conduct testing, either specifically on the recommendation or as part of a re-audit of the whole system. Please note that all agreed fundamental recommendations will continue to be reported to Audit Committee. Fundamental recommendations not implemented after the agreed date, plus one revision to that date where required, will in discussion with the Section 151 Officer be reported to Audit Committee for consideration.

APPENDIX B
AUDIT PLAN BY SERVICE – PERFORMANCE REPORT FROM 1st APRIL to 7th AUGUST 2022

	Original Plan Days	August Revision	Revised Plan Days	7th August 2022 Actual	% of Original Complete	% of Revised Complete
CHIEF EXECUTIVE						
Governance	14	0	14	6.0	43%	43%
CHIEF EXECUTIVE	14	0	14	6.0	43%	43%
RESOURCES						
Finance and Technology						
Finance Transactions	30	54	84	51.5	172%	61%
Finance and S151 Officer	22	2	24	10.3	47%	43%
Financial Management	30	11	41	18.3	61%	45%
ICT	104	18	122	15.2	15%	12%
Information Governance	8	0	8	0.0	0%	0%
Revenues and Benefits	8	20	28	0.2	3%	1%
	202	105	307	95.5	47%	31%
Workforce and Improvement						
Risk Management and Insurance	10	10	20	0.0	0%	0%
Human Resources	57	18	75	23.0	40%	31%
	67	28	95	23.0	34%	24%
Legal and Governance						
Procurement	33	0	33	20.1	61%	61%
Information Governance	16	0	16	0.0	0%	0%
	49	0	49	20.1	41%	41%
RESOURCES	318	133	451	138.6	44%	31%

	Original Plan Days	August Revision	Revised Plan Days	7th August 2022 Actual	% of Original Complete	% of Revised Complete
PEOPLE						
Joint Commissioning						
Community and Partnerships	15	0	15	7.8	52%	52%
Business Support	0	20	20	12.6	0%	63%
	15	20	35	20.4	136%	58%
Adult Social Care						
Long Term Support	0	20	20	0.0	0%	0%
	0	20	20	0.0	0%	0%
Education and Achievement						
Education and Achievement	8	0	8	4.6	58%	58%
Primary/Special Schools	20	0	20	6.9	35%	35%
Business Support	0	5	5	0.0	0%	0%
	28	5	33	11.5	41%	35%
Children's Social Care and Safeguarding						
Safeguarding	14	0	14	4.1	29%	29%
Children's Placement Services & Joint Adoption	8	25	33	0.1	1%	0%
	22	25	47	4.2	19%	9%
PEOPLE	65	70	135	36.1	56%	27%

	Original Plan Days	August Revision	Revised Plan Days	7th August 2022 Actual	% of Original Complete	% of Revised Complete
PLACE						
Business Enterprise and Commercial Services						
Property and Development	0	31	31	0.8	0%	3%
Development Management	0	15	15	0.0	0%	0%
	0	46	46	0.8	0%	2%
Economy and Place						
Business Growth and Investment	10	15	25	0.0	0%	0%
Environment and Sustainability	5	0	5	0.0	0%	0%
Planning and Corporate Policy	0	10	10	0.0	0%	0%
	15	25	40	0.0	0%	0%
Infrastructure and Communities						
Highways	26	35	61	2.5	10%	4%
Public Transport	0	15	15	0.0	0%	0%
Library Services	15	0	15	0.0	0%	0%
	41	50	91	2.5	6%	3%
Culture and Heritage						
Theatre Severn and OMH	15	0	15	0.6	4%	4%
Leisure Services	33	3	36	15.3	46%	43%
Outdoor Recreation	10	0	10	9.9	99%	99%
	58	3	61	25.8	44%	42%
Homes and Communities						
Superintendent Registrar	15	0	15	0.0	0%	0%
Business and Consumer Protection	0	30	30	0.0	0%	0%
	15	30	45	0.0	0%	0%
PLACE	129	154	283	29.1	23%	10%

	Original Plan Days	August Revision	Revised Plan Days	7th August 2022 Actual	% of Original Complete	% of Revised Complete
HEALTH AND WELLBEING						
Public Health						
Public Health	10	10	20	0.2	2%	1%
Ecology and Pest Control	0	10	10	0.0	0%	0%
Community Safety	0	15	15	0.0	0%	0%
Environmental Protection	0	15	15	0.0	0%	0%
	10	50	60	0.2	2%	0%
HEALTH AND WELLBEING	10	50	60	0.2	2%	0%
Total Shropshire Council Planned Work	536	407	943	210.0	39%	22%
CONTINGENCIES						
Advisory Contingency	50	0	50	27.3	55%	55%
Fraud Contingency	50	0	50	25.4	51%	51%
Unplanned Audit Contingency	383	-269	114	0.0	0%	0%
Other non audit Chargeable Work	199	0	199	73.1	37%	37%
CONTINGENCIES	682	-269	413	125.8	18%	30%
Total for Shropshire	1,218	138	1,356	335.8	28%	25%
EXTERNAL CLIENTS	211	0	211	70.4	33%	33%
Total Chargeable	1,429	138	1,567	406.2	28%	26%

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