

Auditor's Annual Report on Ribble Valley Borough Council

2020-21

March 2022



Contents



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

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



Section	Page
Executive Summary	3
Opinion on the financial statements	4
Statutory and key recommendations	5
Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources	6
Financial sustainability	7
Governance	17
Improving economy, efficiency and effectiveness	25
COVID-19 arrangements	32
Appendices	
A – The responsibilities of the Council	
B – An explanatory note on recommendations	

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

Executive summary



Value for money arrangements and key recommendation(s)

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

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

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

Criteria	Risk assessment	Conclusion
Financial sustainability	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendations made
Governance	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendations made
Improving economy, efficiency and effectiveness	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendations made

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



Financial sustainability

For the period ending 31 March 2021, the Authority is operating in a continuing uncertain financial environment. For the second successive year, the Comprehensive Spending Review was a single year spending review. Ribble Valley, as with all local authorities, will need to continue to plan with little certainty over funding in the medium term.

Despite this uncertainty, and the challenges posed by COVID-19, the Authority has maintained a good financial position. The Authority has put forward a balanced budget for the next three years. In addition, as at 31 March 2021, the Authority held general revenue reserves of £2.5m and held £14.9m of earmarked reserves.

Our work has not identified any significant weaknesses in arrangements to secure financial stability at the Council. Further details can be seen on pages 7-10 of this report. However we have identified a number of improvement recommendations which are set out on pages 11-16.



Governance

Our work for the year ending 31 March 2021, has focussed on developing a detailed understanding of the governance arrangements in place at the Authority and the changes instigated as a response to the pandemic.

Our work has not identified any significant weaknesses in relation to governance arrangements and is set out on pages 17-19. However, we have identified a number of improvement recommendations on the need to update Council policies that are several years old and enhance the risk management framework. Further details can be seen on pages 20-24 of this report.



Improving economy, efficiency and effectiveness

The Authority has demonstrated a good understanding of its role in securing economy, efficiency and effectiveness in its use of resources during the year ending 31 March 21.

Our work has not identified any significant weaknesses in arrangements in relation to delivering economy efficiency and effectiveness. Our work in this area is set out on pages 25-26. We have identified some improvement recommendations on working with partners and improving the performance reporting. Further details can be seen on pages 27-31 of this report.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified audit report opinion on the financial statements on 29 November 2021.

Audit Findings Report (AFR)

More detailed findings can be found in our AFR, which was published and reported to the Council's Audit Committee on 17 November 2021. We have concluded that the other information published with the financial statements, including the Narrative report and Annual Governance Statement, was consistent with our knowledge of the Council and the financial statements we have audited.

Whole of Government Accounts

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

We are unable to complete our work in this area as the Council is still awaiting the appropriate guidance and tools from the Department to complete its submissions.

Preparation of the accounts

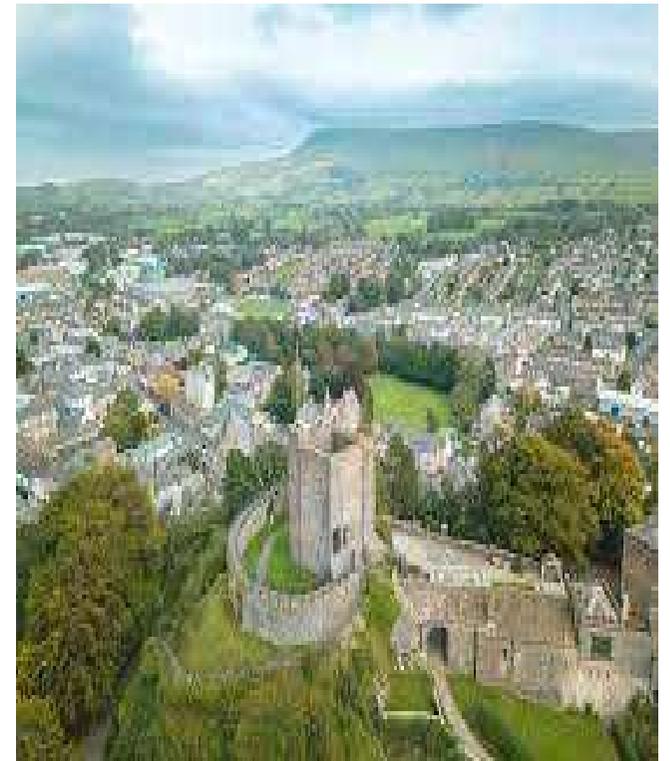
The Council provided draft accounts on the 17th of September 2021 with a good set of working papers to support them.

Issues arising from the accounts:

We identified a small number of disclosure changes to the financial statement which had no impact on the Council's Comprehensive Income and Expenditure Statement. The Council agreed with these changes to the Financial Statements, and they were correctly processed.

Grant Thornton provides an independent opinion ensuring the accounts are:

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



Statutory and key recommendations



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

Our work has not identified any significant weaknesses in arrangements and therefore we have not made any key recommendations.

Appendix C outlines the Use of auditor's statutory powers. These powers include the use of written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.

Our work has not identified any significant and persuasive weaknesses in arrangements and therefore we have not made any statutory recommendations or had to discharge any other wider powers under the Local Audit and Accountability Act 2014, for the 2020/21 audit year.



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

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

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

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

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

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



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 7 to 35. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Council:

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

Overview of the arrangements to ensure financial sustainability

The Council's financial planning allows it to be in a position to deliver the priorities set by the Council, within its resources. Ribble Valley has historically performed well, with a record of strong financial and budgetary management. Covid-19 has had an impact on the Council's finances during 2020/21 with reduced demand for some services and some staff redeployed to support response efforts. Some of the Government's initiatives to respond to the Covid-19 pandemic were supported by additional funding which the Council received in 2020/21.

The 2020/21 budget for committee expenditure was set at £8.392 million and this was reduced with the revised budget to £7.969 million. The outturn position for the year was expenditure of £7.102 million, and after taking into account accounting adjustments an underspend of £0.158 million was achieved.

Overall the Council budgeted to achieve a deficit of £0.143 million for the year, which was increased to £0.187 million in the revised budget. However, the final outturn was a surplus of £0.158 million which was added to the general fund reserves balance. The ability of the Council to return a surplus is in part due to the additional funding in relation to Covid grants being received. The Council has included additional funding in Earmarked reserves for spending in future years.

Generally the Council has a good track record of spending within budget. The table below shows that over the years although the Council has budgeted for a deficit it has generally done better with the exception of 2018/19 which was marginally worse than the revised budget but still an improvement on the original forecast.

	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s
Original Budget	-200	-250	-171	-94	-143
Revised Budget	-8	-283	-54	-156	-187
Actual (Deficit)/Surplus	38	-183	-62	-96	158

{Source: Audited Statement of Accounts}

Financial Pressures and building into plans

The Council's Medium Term Financial Strategy (MTFS) relates to the period 2018/19 to 2021/22. Due to the uncertainty of Central Government Funding Allocations the Council has not updated this MTFS but has included a 3 year projection in each annual budget.

The budget was approved in March 2021 covering the financial period up to 2023/24 and is revised annually alongside the budget setting process. It is prepared in conjunction with and reflects the Council's key strategies. The budget is collated through contributions by budget holders, and is then interrogated by the Budget Working Group and approved by Full Council.

The Council's performance over the last five years shows that it has not deviated significantly from the plan. This demonstrates that the Council has been able to set realistic and achievable budgets by recognising, assessing, and re-evaluating the impact of changes in expenditure drivers, including pay inflation. The Council takes into account any assumptions required, including the assumptions behind expected pay or contractual uplifts.

The Council has no commercial portfolio on which it relies for income but is able to meet the expenditure requirements through, income from fees and charges, government grants, business rates income and council tax precept with a small contribution from reserves when required. The Council, at this time, looks to have sufficient reserves to meet the future requirement for the medium term.

The Council has Financial Regulations in place to provide the overall key control framework which will enable the Council to exercise effective financial management and be able to control its resources and assets. This will support members and staff in the performance of their duties where financial issues are involved. As well as this, the Council has Contract Procedure Rules to ensure there are rules to govern how goods and services are procured to make the most effective and efficient use of resources to deliver best value for the Council and the local community.

As the budget process is taking place the Budget Working Group, is primarily involved in the process. The group provides guidance to service committees on the review and development of their individual budgets. The Working Group will then make recommendations to the Policy and Finance Committee in the setting of the budget. The policy and finance committee use this knowledge and make recommendations to the Council.

Council meetings are open to the public and residents and businesses are able to attend. The Council also invite representatives from business rate payers to consult on budget proposals. Due to Covid the Council was not able to hold a public budget meeting this year however going forward we feel there is scope to expand the consultation process with residents, businesses and the voluntary sector and have made a recommendation in relation to this (page 15).

We also recommend the Council update the MTFS on an annual basis (See page 11), this will ensure the strategy is forward looking and mindful of possible emerging financial issues in the medium term. This will also show the members the current impact of any changes in assumptions.

The Council's budget book includes a section for the robustness of estimates and reserves. However our review of arrangements for 2020-21 noted this primarily shows a review of reserves and confirmation to show they are still relevant. The Council should ensure this includes a review of estimates made and the impact these have. A further review of the recent budget shows the Council has included further details on the factors which have impacted on the budget. We have made a recommendation for the Council to continue and develop this area by including a review of the significant estimates made and the actual outcome (page 12).

Budget Monitoring

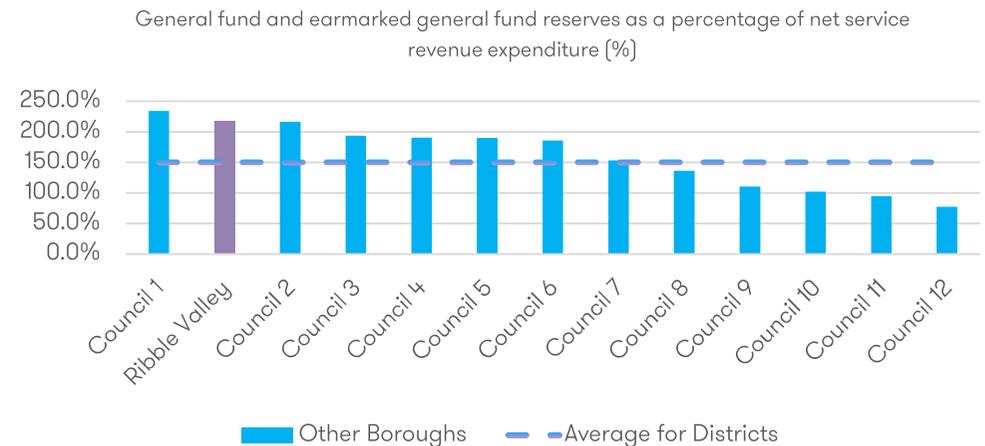
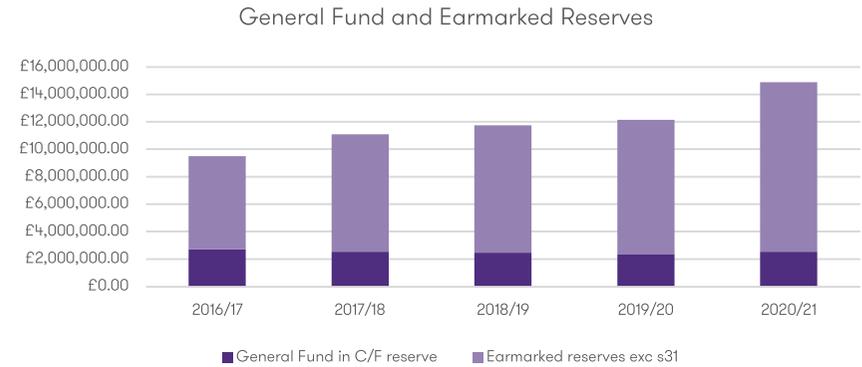
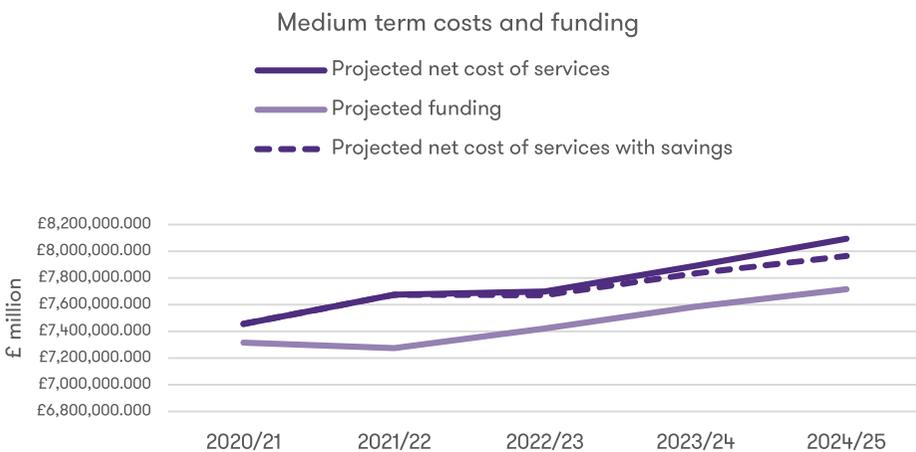
Throughout the year detailed budget monitoring is completed on a monthly basis and reported to the Corporate Management Team. On a quarterly basis this is reported to service committees and an overall report is reported to Policy and Finance and then the Council. To ensure that the Council as a whole does not over or underspend, each service is required to manage its own expenditure within approved resources and to identify any surplus resources for diversion to other programme areas. A mechanism is provided to vire funds between budget heads, including contingencies and reserves. This is to help to maintain service levels and achieve policy objectives.

From our review of the Council's financial planning process, it is robust and there is evidence of it being well scrutinised at Policy and Finance Committee and at Council. It is clear that financial risks for the Council are being managed in the short term. We have not identified any evidence of the Council making significant use of capital resources to relieve short term revenue pressures.

Cash flow forecasting is done at a high level and refined during the detail budget setting process, so by 1 April each year there is a detailed 1 year cash flow forecast for the financial year. This feeds into the Treasury Management Strategy in terms of levels of cash that are available for investing.

The Council has a healthy level of reserves which are reviewed on an annual basis. The Council considers a General Fund position of £700,000 as a minimum level for them and with the level of the General Fund balance at £2.5 million as at 31/03/2021, the Council is well above this minimum level. The Council also have £14.92 million in Earmarked reserves, which includes the s31 business rates grants reserve of £2.58 million. At this time the Council looks to have sufficient reserves to fund any shortfalls in the medium term. The graph below has been completed using the budget forecast to 2024/25 and shows the gap the Council faces between costs and funding. The reserves the Council has in place will meet this gap. There are however uncertainties regarding the outcome of pending key financial reforms to local government finance which may impact on this.

The following graph shows the movement in reserves over the years, which shows the Council has built up healthy balances. The final chart shows the ratio of general fund and earmarked reserves to the net service revenue expenditure for 2020/21. The data has been obtained from the draft 2020/21 statement of accounts, which have been audited. This shows Ribble Valley with the second highest balance across Lancashire districts, hence they are in an appropriate to meet the financial risks it faces. As Councils have received the forth single year settlement, the reserves the council has established will mitigate any future uncertainties.



Funding gaps and Savings plans

The Council's has not been required to make significant savings to meet budget and as such has not yet been required to make key decisions on the provision of discretionary services. The Council three year budget forecast as at February 2021 shows the Council has been able to deliver a balanced budget in 2021/22 with no savings but a £400k use of resources. Over the following three years the Council plans to use £250k of reserves each year but also achieve savings of £29k in 2022/23, £58k in 2023/24 and £134k in 2024/25. Even though the Council has a prudent level of reserves, it needs to ensure it does not overly rely on reserves to support budget.

These savings are not onerous and we are aware the Council has a culture of low spending, prudent financial management whilst providing good services. The Council has also been able to maintain a low Band D Council Tax and have a high council tax collection rate.

At this stage the Council does not have any detailed savings plans as there are adequate resources available to meet the financial demands in the medium term. As mentioned the reserves position is also adequate and is not at risk over the medium term. However with the uncertainty in allocations going forward the Council should ensure this is monitored regularly to assess any changes. We have included a good practice improvement recommendation. We consider it will be good practice, for the Council to look at the requirement to identify a savings going forward as and when funding arrangements become clearer (page 13).

Financial planning

The Council's Corporate Strategy 2019-2023 clearly sets out the key ambitions the Council has over the year. Each cost centre in the ledger has been linked to one of the Council's ambitions. The Council's Detailed Budget shows the expenditure allocated to each cost centre and this is split on the type of expenditure. Although each area of spend is linked to the Council's ambitions, this link is not made within the summary budgets or the budget monitoring reports. As well as this, there is no distinctions on the budgets which are needed to deliver the core statutory services and those which are discretionary that the Council has chosen to invest in outside of the statutory provision. As this is good practice, we have included an improvement recommendation (page 14) that the Council make this distinction clearer, as this will allow users to understand what the Council are doing over and above the core services.

The capital programme supports the Council's corporate priority to continue to be a well-managed council, providing efficient services based on identified customer needs. The Council's actual capital spend was £1.2m in 2020/21, an outturn of 63% against a revised budget of £1.9m. The remaining slippage has been taken into 2021/22. Some of these larger variances were due to the impact of Covid-19, such as a reduced number of schemes approved and completed on Disabled Facilities Grants.

The Council has a Capital and Treasury Management Strategy, which is updated on an annual basis and reflects the linkage between asset management, the capital programme and treasury management activities. This sets out the framework for all aspects of the Council's capital expenditure including planning, management, prioritisation, funding, monitoring and outcomes. We are satisfied the Strategy reflects the linkage between asset management, the capital programme and treasury management activities.

The Council does not have an up to date workforce plan in place. Having a workforce plan helps to ensure that the Council's financial plans are aligned to resource requirements and expectations of service delivery. We have raised a recommendation in relation to this (page 16).

Managing risks to financial resilience

Risks are incorporated into the MTFS and revenue budget and discussions are held with Senior Management Team and Council. There is no evidence of the Council failing to update financial plans to reflect changes in government policy. The Council has incorporated uncertainty into its planning process and budget monitoring reports include an update on key assumptions.

The Council has a healthy balance of earmarked reserves. These are used to support both the revenue and capital budgets. There are plans in place to ensure the balances are reviewed and, where appropriate, replenished.

To ensure the Council is prepared for potential volatility which may adversely impact the budget they should ensure a range of scenario and sensitivity analysis is completed on a regular basis and this should be clearly reported to members on an annual basis. See page 11 for further details of this improvement recommendation.

Conclusion

The Council is well managed and there is a high level of understanding of its budgetary position and budgetary pressures. There is an established process by which the budget is reviewed regularly, and issues reported on a timely basis to those charged with governance. We have identified a number of improvement recommendations which are set out in the following pages.

Improvement recommendations



Improving Financial Sustainability

1 Recommendation	The Council's Medium Term Financial Strategy (MTFS) should be updated on an annual basis and cover a forward looking medium term period. As part of this, and to ensure the Council is prepared for potential volatility which may adversely impact the budget, the Council should ensure a range of scenario and sensitivity analysis is completed on a regular basis and clearly reported to members on an annual basis
Why/impact	The MTFS is a key document to support financial planning over the medium term. It provides the strategic framework and a forward looking approach to achieve longer term financial sustainability. Although the Council's has a forward looking element, the MTFS is a more detailed assessment of future finances and should include key assumptions, the basis for these and any emerging financial risks.
Auditor judgement	Without an annually updated forward looking MTFS, there is a risk that the Council may not fully plan for the impact of changes in key assumptions or funding fluctuations. The MTFS is needed to set the context for the more detailed budget process and looks to balance the Council's strategic objectives against the resources available.
Summary findings	The Council should update the MTFS annually and undertake sensitivity analysis and scenario planning.
Management comment	A Medium Term Financial Strategy will be produced in the summer once there is firmer knowledge around the future around Local Government finance.



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

Improvement recommendations



Improving Financial Sustainability

2 Recommendation	The Council should look to continue and develop their review of the robustness of estimates by including a review of the significant estimates made and the actual outcome .
Why/impact	The Council's budget includes a section for the robustness of estimates and reserves. However our review of arrangements for 2020-21 noted this primarily shows a review of reserves and confirmation to show they are still relevant. There is scope for the section on estimates to be expanded and to include the impact that changes to estimates could have. A further review of the recent budget shows the Council has included further details on the factors which have impacted on the budget.
Auditor judgement	Without detailed consideration of the robustness of estimates there is a risk that budget decisions can not be fully considered in this context and this detail assists members by providing the appropriate assurance required to based decisions on.
Summary findings	Based on 2020-21 arrangements there is scope to improve the consideration and documentation of the robustness of estimates within the budget process.
Management comment	<p>A full detailed review of the robustness of estimates and reserves is already provided within the formal report to Special Policy and Finance committee which meets in the February each year. This report already provides all of the detailed narrative referred to here in this recommendation.</p> <p>The content of the report to Special Policy and Finance Committee reflects the legal requirements under Section 25 of the Local Government Act 2003 on the robustness of the estimates, balances and reserves.</p>



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

Improvement recommendations



Improving Financial Sustainability

3 Recommendation	We consider it will be good practice, for the Council to look at the requirement to identify a savings going forward as and when funding arrangements become clearer .
Why/impact	The Council does not currently have a formal savings plan in place. Given the continuing financial pressures local government bodies are operating within, it would be prudent as and when future funding is confirmed, to consider having a more formalised savings plan in place to help to mitigate future pressures.
Auditor judgement	Without a formalised savings plan there is a risk that emerging pressures would be more difficult to mitigate. In addition there is a risk potential efficiencies may not be identified in a timely manner.
Summary findings	There is currently no formalised savings plan in place at the Council.
Management comment	<p>The report here refers to the 2020/21 financial statements, and at that time the budget gap identified over the life of the 2021/22 to 2024/25 forecast was £221K. This saving could comfortably be met from reserves and was identified as such. As stipulated at that time there was also sizeable uncertainty around future local government funding.</p> <p>The position reported here within this recommendation is from almost 12 months ago and a further budget round has been completed since, with a different resulting budget position.</p> <p>The latest position again highlights great uncertainty around local government funding going forward and as such it has been identified how the use of reserves can help fund potential shortfalls. It is also against this background that future revenue growth and capital bids have been set aside until there is more certainty around local government finance.</p>



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

Improvement recommendations



Improving Financial Sustainability

4 Recommendation Provide a clear distinction between controllable and non-controllable spending in the budgetary information to members and ensure it is published on the website.

Why/impact There is no distinctions on the budgets which are needed to deliver the core statutory services and those which are discretionary that the Council has chosen to invest in outside of the statutory provision. Setting this out clearly would help residents to understand the difference between these types of spending and would help inform them as to any spending which is made as a result of manifesto pledges or following a decision by the Council to undertake a specific project outside or in addition to its statutory obligations.

Auditor judgement The different categories of spending could be made clearer. Currently it is not apparent whether any of the Council's spending is discretionary.

Summary findings No distinction is made in the financial information reported to those charged with governance between statutory and discretionary spending.

Management comment A distinction should be made between references to controllable and non-controllable, and statutory and discretionary.

It is difficult to provide meaningful distinction on a budget between simple categories of controllable and non-controllable as there are many iterations across the spectrum for most budgets, where levels of service may be controllable - whereas there is still a statutory requirement to provide a service.

Additionally, many of our service cost centres contain a mix of both statutory and discretionary services.



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

Improvement recommendations



Improving Financial Sustainability

5 Recommendation	There is scope to expand the consultation process on Council budget and spending with residents, businesses and the voluntary sector.
Why/impact	Due to Covid the Council was not able to hold a meeting with invited business representatives this year however going forward we would recommend a wider consultation process be put in place. This would help the local community understand and support the Council's levels of spending and that they suitably reflect the Council's strategic priorities.
Auditor judgement	Appropriate forms of consultation with stakeholders are a key part of the Council's engagement with the local community.
Summary findings	The Council should look to put in place appropriate forms of consultation and engagement with the local community.
Management comment	We will look at options to develop our consultation process on Council budgets, and compare practices at neighbouring authorities.



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

Improvement recommendations



Improving Financial Sustainability

6 Recommendation The Council should put in place a workforce plan aligned to future service delivery and ensure this is updated regularly.

Why/impact The Council does not currently have an up to date workforce plan in place. Having a current workforce plan helps to ensure that the Council's financial plans are aligned to resource requirements and expectations of service delivery.

Auditor judgement Without an up to date workforce plan in place there is a risk skill gaps may not be identified and this could impact on service delivery.

Summary findings The Council should update their workforce plan and ensure it is aligned to financial plans and service delivery.

Management comment We will update the workforce plan and ensure that it is aligned to financial plans and service delivery.



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

Governance



We considered how the Council:

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

Monitoring and assessing risk

The Council maintains a risk register which is held on a system called Grace. This is reviewed by the Senior Management Team on a regular basis. Higher risk items are reported to Accounts and Audit Committee. The Council's Risk Management Policy sets out the process and provides guidance. However this was last updated in 2003.

Currently the system includes a number of prepopulated risks adapted for the Council. The Council should ensure the risks included in the register are relevant and applicable to the Council. The risk register shows the risk owner responsible for each risk, the controls to mitigate each risk and the score allocated. Each risk is scored based on the likelihood of the risk occurring and the impact this will have on the Council, this is then netted off with the controls in place. This score is used to assess the risk into red, amber and green.

The risks identified are not individually linked to the Council's priorities as stated in the Corporate Strategy. However we note the Council is in the process of changing the system used to record risks and in doing so will update the arrangements in place and include a refresh for the risks. We would also recommend all members and officers are provided more risk awareness training and guidance to enable them to take responsibility for managing risk within their own working environment. We have made a recommendation in relation to the above – see page 20.

The Council has an Internal Audit team which uses a risk based plan of work to be able to provide assurance to management for the Annual Governance Statement.

The Internal Audit Report for 2020/21 reported on 9 out of 11 audits. 8 received substantial assurance and 1 reasonable. No reviews resulted in a 'limited' or 'no' assurance assessment. Internal Audit were not able to deliver 2 audits from the plan due to staff shortages. The Head of Internal

Audit opinion for 2020/21 was a substantial assurance conclusion over the adequacy and effectiveness of the Council's internal control environment.

The Council have had a vacancy for the Head of Internal Audit since 2019 and are working towards getting this vacancy filled. The requirements of the post have been reviewed, including the salary, in the hope that it will be filled. The Council have received the full support from members to complete this.

To ensure Internal Audit have completed adequate work for the Council to be able to rely on the internal control environment, the Council has used the services of Mersey Internal Audit Agency to complete some of the audits in 2021/22.

Our work has also noted that the line management for Internal Audit is to the Head of Financial Services. This is a conflict of interest and line management should be outside of the finance team.

The Council complete an annual internal assessment on the performance of internal audit this is used to provide assurance for the Annual Governance Statement. The Council however should ensure an external assessment of internal audit is completed in line with the PSIAS (Public Sector Internal Audit Standards) requirements (page 21). This should be completed at least once every 5 years.

The Council have an Anti Fraud and Corruption Policy in place which also covers Anti Bribery which all employees have access to. However we note this was last updated in 2007, the Council should review policies on a regular basis and ensure these are easily accessible to all members and employees.

As part of the accounts process we ask the Monitoring Officer throughout the audit, if they have any knowledge of fraud or suspected fraud. They have confirmed they have no knowledge of any actual, suspected or alleged fraud affecting the entity during 2020/21.

Budgetary Setting process

The budget setting process is multi-layered and thorough, with several stages. Budget holders meet with accountants to identify budgets for their service. These are collated and reviewed by relevant committees and also by the Budget Working Group of the Council. The budget working group is involved in the budget setting process and gives guidance to service committees on the review and development of their budgets as part of the budget setting process. They also make recommendations to the Policy and Finance Committee in the setting of the budget and provides scenarios. Any recommendations will then be agreed by the Committee and proposed to the Council for approval.

In previous years, as part of the budget setting process the Council have met with business rate representatives from the Chamber of Trade to discuss the budget. However due to Covid this meeting was not made possible this year but information was sent through an email. We have identified an improvement recommendation for the Council to improve the consultation process for businesses and also include consultations with residents and the voluntary sector (page 15)

Within the MTFP there is a section for risk and sensitivity analysis looking at the impact of small fluctuations on the key assumptions made. However, as reported in the Financial Sustainability section the Council do not review this on an annual basis therefore the sensitivity analysis currently shown is outdated. The Council should also include scenario planning. This will help members to visualise the impact of key decisions on the budget.

Budget holders review budget to outturn on a monthly basis and report the outcomes to Corporate Management Team. Each cycle is reported the Committee, each quarter the overall budget is reported to the Policy and Finance Committee with headlines taken to Council.

Quarterly reports are presented to the Policy and Finance Committee monitoring the Treasury Management performance for the Council. This report could be further enhanced by including the impact on the financial statements. Although we understand the amounts included in this process are not material, we consider it will be good practice especially if this scenario changes in the future. A related recommendation has been raised on page 24.

Budgetary control

The Council has established good systems to provide an oversight of the budget. The Finance Department engages with budget holders to support the establishing of the budgets. As well as a quarterly budget reports to each committee, budget holders have access to real time monitoring reports via the Council's finance system. There is a high level of scrutiny as budget-holders are held accountable at Corporate Management Team meetings, Policy and Finance Committee and Council levels. The quarterly budgets report variances by service level demonstrating regular identification of in-year variances.

Once full Council has approved the revenue budget and capital programme for the year, the resources allocated are used for their intended purposes, i.e. the agreed priority areas. It is a continuous process, enabling the Council to review and adjust its budget targets during the financial year to make the most effective use of resources in delivering the Council's policies and objectives. The budgetary control framework in the Financial Regulations also sets out the accountabilities of managers for defined elements of the budget.

For a number of year the Council has had pressures with refuse collection vehicle maintenance. This was also identified in 2020/21 and the Council requested an external review of the costs of service. This review is currently in progress, however the service is no longer seeing overspends that were seen in previous years. This is largely due to business operations and staffing returning to normal levels.

Leadership and committee effectiveness/decision making

Appropriate leadership is in place. The Council operates an appropriate structure in respect to decision making and good governance. The Council operates through its various committees, including the Accounts and Audit committee and Policy and Finance committee as well as reporting to the full Council.

The work of the Council's committees is governed by the constitution. The constitution is regularly reviewed and updated. The constitution is shared with all staff members on joining and is openly available on the Council's website. The Annual Governance Statement should be read alongside the Council's constitution, which sets out how the Council operates, how decisions are made and the policies which are followed to ensure these are efficient, transparent and accountable to local people.

Where committees are required to approve a decision, the accompanying information is very detailed. The Corporate Management Team (CMT) meet each week to discuss policy issues and also considers internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management. The regularity of CMT meetings was impacted this year by Covid-19 which resulted in the cancellation of meetings and temporary ad-hoc arrangements being put in place before they resumed on a regular basis via remote access.

There is a good suite of policies in place, covering anti-fraud and corruption, however we recommend these should be reviewed and updated on a regular basis (page 22).

Monitoring and ensuring appropriate standards

The Annual Governance Statement is compliant with the CIPFA code. The Council's Local Code of Corporate Governance states that it has adopted the CIPFA/SOLACE framework Delivering Good Governance in Local Government. As previously noted the Council's policies and procedures are not always regularly reviewed and updated.

The gifts and hospitality policy is included in the Code of Conduct for Councillors and the Code of Conduct for Members. The monitoring officer holds a manual copy of the register which shows the current records made. However we have included an improvement recommendation that the Council ensures this is regularly reviewed by the monitoring officer and the Council is able to evidence this. The Council should also consider maintaining the gifts and hospitality register electronically.

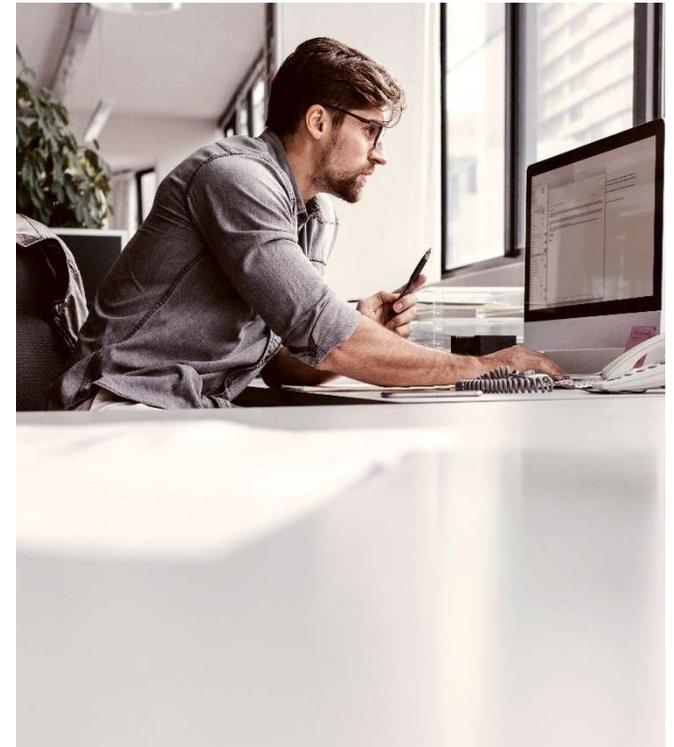
Conclusion

Overall, we found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have identified a number of opportunities can improves its governance arrangements, as set out in the following pages.

Improvement recommendations

Governance

7 Recommendation	The Council's Risk Management Policy has not been updated since 2003 It should be reviewed and updated on a regular basis. The Council should review the risks included in the risk register to ensure they are relevant to the Council and scored correctly. Training should be provided to members and officers to ensure they are relevant to the Council.
Why/impact	Risk recording and reporting is key in highlighting areas to members for consideration in decision making and managing risk.
Auditor judgement	We feel the Council should have a clear understanding of the risks which are applicable and key risks should be reported to members on a regular basis. Officers and members should also be given regular training to ensure they understand the process. The Council needs to ensure its Risk Management Policy is regularly reviewed and updated to facilitate this.
Summary findings	A review of the Councils risk register shows a risks which are inherent from the system. Although the Council has a system to identify and record risks this should be reviewed to ensure it is relevant. There are currently no red risks in the Councils risk register which is highly unusual especially in the current climate with the Covid pandemic and reductions in government allocations. We understand the Council is in the process of updating the system.
Management comment	The council's Risk Management Policy will be updated as part of the transition to the new risk management system. As part of the transfer to the new system, training is to be provided to officers on its use. We will also look to obtain training on the assessment of risk, including the production of a corporate 'basket' of risks. As such we will also provide training to members so that they are better enabled in their role.



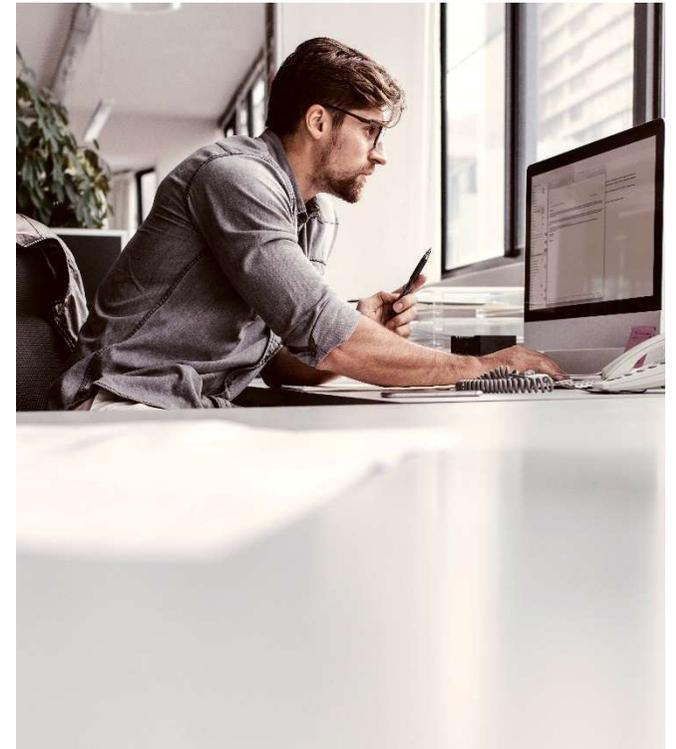
The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Governance

8 Recommendation	In order for Internal Audit to have sufficient capacity to deliver the require assurance the Council needs to continue efforts to fill the post of Head of Internal Audit or engage alternative arrangements and review the reporting arrangements for the post. We also recommend that the line management reporting line be outside of the finance team to negate any potential conflict of interest. We also recommend an external review of Internal Audit is carried out in line with PSAIS.
Why/impact	Capacity of Internal Audit is key for the Council to provide assurance on the system of internal audit. This role should have separate line management from the finance function. Assessment by an external reviewed helps provide additional assurance over the functions of the Internal Audit team.
Auditor judgement	The Council should have a Head of Internal Audit who can provide assurances over the system of internal control and remain independent from the Finance function.
Summary findings	The Council's Principal Auditor retired in 2019, however since then the Council have struggled to fill the post. Although efforts are being made to rectify the position the post remains vacant. We believe if this continues to be the case the Council should engage alternative means. The Council should also ensure this support is separated from the finance function and consider an external assessment of the Internal Audit function.
Management comment	We have now successfully recruited to the post of Internal Audit Manager. It should be noted that during the period of vacancy the council have engaged external consultants to help ensure adequate audit coverage. Enquiries have already been made regarding an external PSIAS review and this will be progressed, particularly as resources will now better allow for this to happen. We will review the reporting arrangements for the Internal Audit Manager Post.

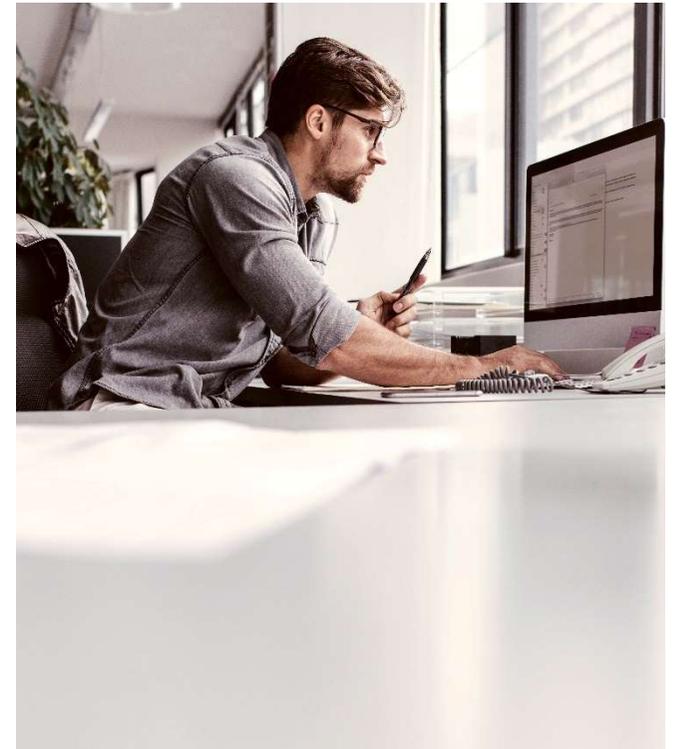


The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

9 Recommendation	Ensure policies are reviewed and updated on an annual or more regular basis to ensure they remain relevant.
Why/impact	It is important that guidance and policies remain accurate and up to date so that members, staff and the public have the correct information to make informed decisions.
Auditor judgement	Where policies and procedures are not updated regularly and are several years there is a risk that they are not fit for purpose, i.e. they do not reflect the Council's current operating requirement or even legal or regulatory requirements.
Summary findings	Policies should be reviewed on an annual or regular basis to ensure they reflect the current environment the Council is operating within.
Management comment	The Anti-Fraud and Corruption Policy will be reviewed in the coming months.

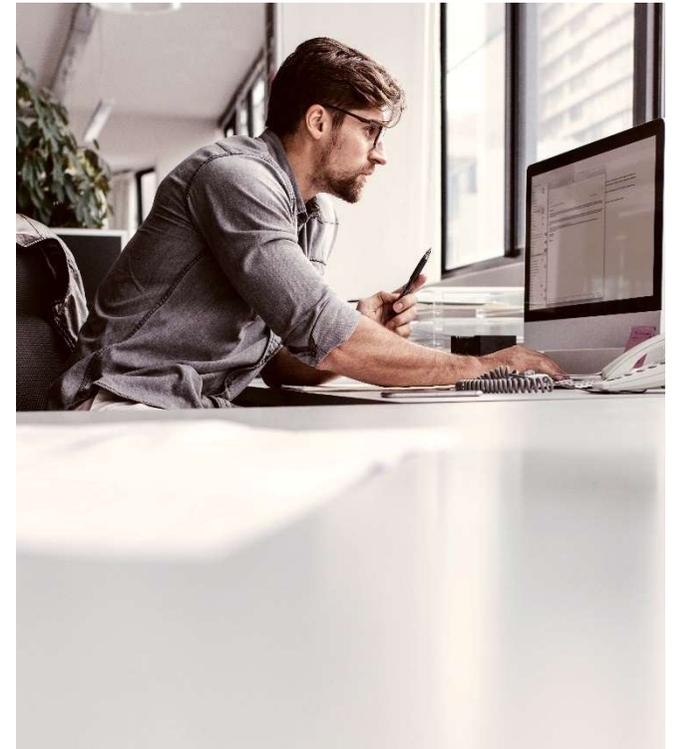


The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

10 Recommendation	The Council should ensure the register of gifts and hospitality is regularly reviewed by the monitoring officer and the Council is able to evidence this. The Council should also consider maintaining the register for gifts and hospitality electronically.
Why/impact	The Council should be able to evidence the review of it's key registers to demonstrate that any declarations have been appropriately considered. Having electronic registers will help officers to record all transactions and ensure these are reviewed on a regular basis.
Auditor judgement	Evidence of review will confirm management have taken into account all declarations made.
Summary findings	Our review showed although a gifts and hospitality register is maintained this is hardcopy and completed alphabetically. This showed no evidence of review from management or the monitoring officer to confirm there have been no risks in accepting the gifts or hospitality.
Management comment	The Council is already planning to move towards using the new ModGov system for maintaining its register of gifts and hospitality electronically. We will seek to expedite progress on this.

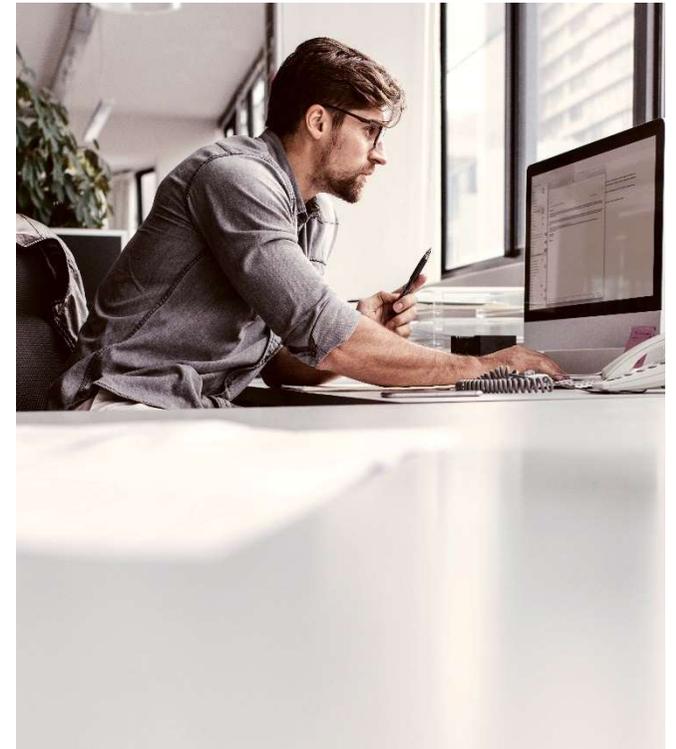


The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

11 Recommendation	We recommend that the Council include the impact on the financial position for any treasury management decisions in the treasury management performance reports.
Why/impact	Including this information will help demonstrate to members the effect of treasury management decisions.
Auditor judgement	It is key for members to be able to understand the impact of any treasury management decisions on the financial position of the Council. Although treasury management is not significant it is good practice to establish this criteria if the circumstances change.
Summary findings	Treasury management decisions will impact on the Council's financial position, however this is not set out within treasury management performance reports.
Management comment	We will include a comparison of budget to actual investment return within future treasury management reports.



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

Improving economy, efficiency and effectiveness



We considered how the Council:

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

Performance review, monitoring and assessment

The Council has introduced a structured performance management framework for all of its services. This provides clear, publicly available information to show their progress. Comprehensive service plans are produced, and these are reviewed and monitored annually to ensure continuous service improvement.

On an annual basis, performance information is presented to the Corporate Management Team and Service Committees. Key performance indicators representing the main functions and activities of the Council are tracked against the targets set in the Corporate Strategy, and monitored to ensure performance is improving. Weaker areas are closely monitored to ascertain reasons for poor performance, and remedial action is taken to ensure that they improve where possible.

Targets for service performance for the year 2020/2021 were provided and a 'traffic light' system used to show variances of actual performance against the target. However due to the Council's priorities changing with the Covid pandemic, performance reporting was halted for the year end performance levels. We understand reporting will resume for 2021/22. We would expect the full Council to see all the performance indicators at least annually. Once this reporting is picked up again, we recommend Internal Audit incorporate this in their review to help ensure the quality of the data (see recommendation on page 28).

Internal audit and external audit report to the Accounts and Audit Committee on a regular basis and this reporting includes any recommendations made and the Council's response. The Council should include a follow up report to Accounts and Audit Committee, showing the progress made on these recommendations (see page 28).

The Council is actively seeking areas to improve, for example by taking part in the Corporate Peer Challenge which is designed to help Council's improve performance. The last peer review was completed in 2017 with a follow up in 2019.

We are not aware of the Council benchmarking cost with any of its neighbours or Councils with similar attributes. Although the Council does work closely with other districts in Lancashire and shares some data such as bank charges. The Council is also able to use the Rural Services Network Benchmarking tool to complete comparisons. Understandably the Council's focus over the past year has been on Covid therefore this tool has not been used. We have identified an improvement recommendation for the Council to further improve its performance management arrangements by introducing more benchmarking of costs and performances against similar bodies. In doing so, the Council can use this to identify areas for improvement. See improvement recommendation on page 29 for further details.

We have not identified any evidence of failure to meet minimum service standards or failure to review and challenge strategic priorities.

Partnership working

For a number of year the council has been the lead in the Business Rates pool for Lancashire. This has seen the Council working with neighbouring councils. Although the Council have members who are involved in a number of organisations the Council does not have any significant partnerships for example to facilitate delivery of services or arrangements for shared services. Working with partners can help achieve the Council's priority to ensure the infrastructure in the Ribble Valley is improved as well as developing additional measures to support the local economy. We have raised a recommendation on page 30.

Procurement

The Council has a procurement strategy in draft to cover the period 2022-2025, which sets out the approach to delivering effective procurement. This strategy has three themes which are explained in detail and provides budget holders a clear process. These include:

Showing Leadership

Behaving Commercially

Achieving Community Benefits.

With each theme having sub headings. Theses are embedded through four enablers, these include:

- Developing talent,
- Exploiting Digital Technology,
- Enabling Innovation and
- Embedding change.

An action plan is shown to identify the process the Council needs to establish the strategy, All actions have a responsible officer and target date assigned. As stated this policy is currently being finalised, although the Council had a policy in place this was out dated. The Council should ensure all policies are reviewed on an annual basis to ensure they remain relevant. The Councils ledger includes a procurement controls built in which ensures the correct authorisations is made. We have made a recommendation that the procurement policy is finalised as soon as possible. [page 31].

The Council have recently published a Climate Change Strategy for the period 2021-2030. This strategy is to raise awareness of the issues surrounding climate change and explain how the Council can reduce its carbon footprint, setting out how to achieve this through by working closely in partnership with other local organisations, businesses, active communities and other regional bodies. The Council Corporate Strategy shares the importance of this as one of the corporate objectives is to aspire to be carbon neutral by 2030. This strategy builds on this and highlights what the Council will be doing to deliver on this pledge,

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its oversight in ensuring economy, efficiency and effectiveness in its use of resources. We have identified some opportunities for improvement on benchmarking performance and identifying and working with partners set out overleaf.



Improvement recommendations

Improving economy, efficiency and effectiveness

12 Recommendation	The Council should ensure performance data is reported to full Council at least annually. The Council should also have Internal Audit incorporate review of performance reporting into their work plan to help provide assurance over the quality of the data.
Why/impact	It is important for Council members to be able to monitor how the Council is performing across key service areas. Members also need to be confident in the quality of the data being reported in order to be able to place reliance on it.
Auditor judgement	If performance indicators are not reported to Full Council there is a risk that service areas going 'off target' are not identified on a timely basis and members are unable to make suitable decisions around corrective action.
Summary findings	Although quarterly performance meetings are held, this has not been reported in full to Council due to the impact of Covid on Council resources. As pressures start to ease the Council should ensure this is now completed and data quality assurance arrangements are put into place.
Management comment	Performance data will continue to be reported annually, as in the past. There was only a temporary pause due to resource prioritisation during the Covid pandemic.



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

Improvement recommendations

Improving economy, efficiency and effectiveness

13 Recommendation	We recommend that a report following up on recommendations made by Internal and External Audit is presented to Accounts and Audit Committee.
Why/impact	It is important that members of the Accounts and Audit Committee have assurance that recommendations have been implemented and actions in a timely manner. Members should be able to monitor the progress made on the recommendations until they have been implemented.
Auditor judgement	The Council should provide a regular report to Accounts and Audit Committee members to show the progress made on recommendations raised through the audit process. There is then a clear accountability trail to ensure the recommendation are addressed and explain the reasons where they are not.
Summary findings	Although recommendations are made on audit reports progress is not reported on until the next review. Members are unable to monitor how progress is being made in the meantime.
Management comment	We will report this information with effect from the next committee cycle.



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

Improvement recommendations



Improving economy, efficiency and effectiveness

14 Recommendation	We recommend that the Council introduce arrangements to benchmark costs and performance against similar bodies.
Why/impact	Introducing this improvement will assist in the Council being able to compare themselves against their peers, helping to identify areas for improvement.
Auditor judgement	Benchmarking could indicate areas for improvement not immediately identified. There is a risk these opportunities could be missed if benchmarking is not undertaken.
Summary findings	Although the Council have a Rural Benchmarking tool this has understandably put on hold during the Covid pandemic. The Council should again make use of the benchmarking services available to compare how the Council is performing with similar councils. If the Council use this to compare costs of services it may help identify any opportunities for the Council to improve their offering of value for money for the residents.
Management comment	<p>Benchmarking is carried out on a needs basis and largely relies on the willingness of other parties to participate.</p> <p>The Rural Services Network benchmarking tools have proved useful to the council in the past, offering better comparisons than purely geographic neighbours. We will continue to use such tools as both need arises and resources allow.</p>



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

Improvement recommendations



Improving economy, efficiency and effectiveness

15 Recommendation	We would recommend the Council explore any opportunities to establish working arrangements with suitable partners.
Why/impact	Working with partners may help the Council achieve its priority of ensuring the infrastructure in Ribble Valley is improved as well as developing additional measures to support the visitor economy.
Auditor judgement	The Council should consider developing strategies with partners to help develop the wider priorities for both the local community and the wider economy.
Summary findings	Although members are involved in a number of organisations the Council does not have any significant partners they work with which will help the wider economy.
Management comment	<p>The scope of partnership working is extremely wide, and as an authority we have been very successful in working with others through the Lancashire Business Rates Pool, helping retain millions of pounds of resources within Lancashire as a result of the pooling arrangements, of which this council act as lead authority.</p> <p>As a very rural authority we also take the opportunity to support voluntary sector organisations that provide services that support our own ambitions, and theirs, through grant support schemes.</p>



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

Improvement recommendations

Improving economy, efficiency and effectiveness

16 Recommendation	The Council's procurement policy in 202-21 had not been reviewed or updated for some time. A policy has been drafted but this is not yet finalised. The Council should ensure its procurement policy is finalised as soon as possible.
Why/impact	It is key that the Council has a final and up to date Procurement Strategy in place. Without this there is a risk that procurement requirement may not be adhered to or that the best value for money is not obtained.
Auditor judgement	The Council should finalise and implement its draft Procurement strategy.
Summary findings	The Council's Procurement Strategy had not been updated for some and although an updated policy is in draft, this has not yet been finalised.
Management comment	The updated Procurement Strategy document will be reviewed by management with a view to seeking approval in the next cycle of committee meetings.



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

COVID-19 arrangements



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

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

Financial sustainability

The impact of COVID-19 has cut across the Council, impacting both its income in the collection rates of Council Tax and Business Rates, however collection rates for Council Tax did hold up better than expected.

The Council has incurred additional operating and staff costs and a reduction in its income. The net impact of this is £274,213. The reductions in income have been due to decrease in parking income as well as reduction in income from leisure services (such as all weather pitches).

The Council has maintained good oversight of its finances. As part of the Covid-19 response, the government announced a range of grant schemes to support businesses to be administered by local billing authorities.

Throughout the period, authorities have been responsible for paying over the grants to businesses and have then been reimbursed by the government using a grant under Section 31 of the Local Government Act 2003 (S31). This is in relation to business rates. Over 2020/21 the Council received Covid grants totalling £30.235 million.

As the continuing response to and recovery from Covid-19 spans financial years, funding received in the financial year 2020/21 can in some cases be carried forward into 2021/22 to support ongoing response and recovery work. Indeed, the specific funding will be critical as the Council continues to deliver Covid-related response and recovery activity alongside an increasing number of Council services returning to business as usual.

Governance

While the Council generally maintained a business-as-usual approach to its governance arrangements during the pandemic, some adjustments were required. As a result of the lockdown restrictions announced on the 16th March 2020, the Council adjusted some of its internal control processes to support effective governance throughout the pandemic. As soon as these were lawful, the Council started holding committee and Council meetings online. Appropriate levels of scrutiny and challenge continue to be applied.

The Council responded quickly to the Covid-19 pandemic. The Emergency Committee approved delegated powers to the Chief Executive (in consultation with the Leader and Leader of the opposition) allowing the Council's agile and expedient response to the Covid-19 pandemic emergency.

Regular reports on the impact of Covid-19 were reported to committees including the Council, allowing for oversight and scrutiny. For example, a report on the changes to the Council's governance and finance arrangements as a result of Covid-19 was presented to the Emergency Committee, in May 2020 to agree it. Demonstrating good governance arrangements. All committees have maintained a keen interest in the Council's response to the pandemic.

The strategic risk register has been updated to ensure Covid-19 related risks are recorded appropriately, mitigated where appropriate and monitored.

COVID-19 arrangements

Governance (cont)

Internal Audit's delivery of the 2020/21 audit plan was not significantly impacted by the pandemic. The audit plan was fully delivered, except for two reviews deferred and included within the 2021/22 plan (Main Accounting and Council Tax), at the request of management. Delivery of the 2020/21 audit plan took place in the second half of the year, allowing staff the focus on the Covid-19 response. Internal Audit did not identify any serious weaknesses in internal controls over the course of the year.

Internal Audit has not yet undertaken any reviews in relation to the Council's response to Covid. However, work within each of the system audits in 2021/22 will include a review of Covid arrangements in place.

Improving economy, efficiency and effectiveness

The Council would in normal circumstances report performance indicators to each committee, however this was delayed due to Covid. The Council hope to continue this for 2021/22.

When lockdown restrictions were announced, for the staff who continued to work in the office adequate safeguards were put in place to allow this. The staff have been redeployed to areas of most need at times and the Council have also ensured the vulnerable in the community are supported by distributing food packages. The Council has been mindful of the impact on the pandemic on its most important resource, its staff. Actions have been put in place to support staff wellbeing and supporting staff remains a key priority for the Council. In aiming to maintain staff wellbeing, the Council has been able to maintain an efficient and effective delivery of its statutory services.

This is clearly demonstrated through the Council's successful administration of £30.194 million of grant funding to businesses and individuals affected by the Covid-19 pandemic. The Council administered £17.26 million coronavirus grants to small and medium businesses.

Individuals and business have been significantly affected by the Covid-19 pandemic. We undertook a review of district councils vulnerability to the immediate and medium-term impacts of Covid-19 and how well placed areas are to respond and recover from Covid-19. The vulnerability index considers six socio-economic factors, as shown in the following diagram:



The recovery index focuses on a number of indicators:

- year at risk;
- level of reserves as a percentage of gross expenditure;
- house price recovery;
- percentage of businesses in 'at risk' sectors;
- Gross Value Added (GVA) – Covid-19 impact on growth;
- business size (mixture/variance);
- reduction in business rates; and
- net additional dwellings (percentage of total dwellings).

COVID-19 arrangements

High/ very high vulnerability socio-economic factors:

People	Further analysis shows that the Ribble Valley Council has a number of high vulnerabilities. These include a high percentage of population over 65, a high working age population and a high level of people in employment with disabilities or long term health conditions.
Place	An area of high vulnerability is place, which is driven by further distance to travel to food shops and premises that do not meet Universal Service Obligation (broadband).
Economy	The Council has very high vulnerability in terms of the percentage of people employed in 'at risk' sectors and high for the Covid GVA impact reduction.
Social care	Similarly to other districts in Lancashire, Ribble Valley Council also has high numbers of children in need, number of child protection plans, free school meals, looked after children and older adult supported in residential.



Conclusion

Our review has not identified any significant weaknesses in the Council's VFM arrangements for responding to the Covid-19 pandemic.

Appendices

Appendix A - Responsibilities of the Council



Role of the Chief Financial Officer (or equivalent):

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

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

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

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

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

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

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



Appendix B - An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	11-16 20-24 27-31

