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# Informal Consultative Meeting of Audit Committee

**Thursday 26th May 2022**

**10.00 am**

**A virtual meeting via Zoom Meeting  
Software**

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The following members are requested to attend this meeting:

**Chairman:** Martin Carnell  
**Vice-chairman:** Mike Hewitson

Robin Bastable  
Mike Best  
Dave Bulmer

Malcolm Cavill  
Brian Hamilton  
Tim Kerley

Tony Lock  
Paul Maxwell  
Colin Winder (sub)  
Derek Yeomans (IM)

Any members of the public wishing to address the meeting at Public Question Time need to email [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk) by 9.00am Wednesday 25<sup>th</sup> May 2022.

The meeting will be viewable online by selecting the committee meeting at:  
**[https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF\\_soA](https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA)**

For further information on the items to be discussed, please contact  
[democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk)

This Agenda was issued on Wednesday 18 May 2022.

**Jane Portman**, *Chief Executive Officer*

This information is also available on our website  
**[www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)** and via the mod.gov app

## Information for the Public

In light of the coronavirus pandemic (COVID-19), Audit Committee will meet virtually via video-conferencing to consider reports. As of 7 May 2021 some interim arrangements are in place for committee meetings.

At the meeting of Full Council on 15 April 2021 it was agreed to make the following changes to the Council's Constitution:

- a) To continue to enable members to hold remote, virtual meetings using available technology;
- b) To amend Part 3 (Responsibility for Functions) of the Council's Constitution to allow those remote meetings to function as consultative bodies and delegate decisions, including Executive and Quasi-Judicial decisions, that would have been taken by those meetings if the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 had continued in force to the Chief Executive (or the relevant Director in the Chief Executive's absence) in consultation with those meetings and those members to whom the decision would otherwise have been delegated under Part 3 of the Constitution;
- c) The delegated authority given under (b) will expire on 31 July 2021 unless continued by a future decision of this Council;

For full details and to view the report please see -

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=2981&Ver=4>

Further to the above, at the meeting of Full Council on 8 July 2021, it was agreed to extend the arrangements for a further 6 months to 8 January 2022. For full details and to view the report please see -

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=3033&Ver=4>

Further to the above, at the meeting of Full Council on 16 December 2021, it was agreed to extend the arrangements for a further 6 months to 8 July 2022 for all meetings apart from Full Council - Full Council will be in person. For full details and to view the report please see -

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=2991&Ver=4>

## Information about Audit Committee

### Statement of purpose

Our audit committee is a key component of South Somerset District Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of South Somerset District Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Terms of Reference of the Audit Committee are (as revised and agreed at Full Council in March 2022):

## **1. Governance, risk and control**

- 1.1 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 1.2 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 1.3 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 1.4 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 1.5 To monitor the effective development and operation of risk management in the council.
- 1.6 To monitor progress in addressing risk-related issues reported to the committee.
- 1.7 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 1.8 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 1.9 To monitor the counter-fraud strategy, actions and resources.
- 1.10 To review the governance and assurance arrangements for significant partnerships or collaborations.

## **2. Internal audit**

- 2.1 To approve the internal audit charter.
- 2.2 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 2.3 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 2.4 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 2.5 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 2.6 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 2.7 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
  - b) regular reports on the results of the QAIP
  - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- 2.8 To consider the head of internal audit's annual report:
  - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.

- b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

- 2.9 To consider summaries of specific internal audit reports as requested.
- 2.10 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 2.11 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 2.12 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).
- 2.13 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

### **3. External audit**

- 3.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 3.2 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 3.3 To consider specific reports as agreed with the external auditor.
- 3.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 3.5 To commission work from internal and external audit.
- 3.6 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **4. Financial reporting**

- 4.1 To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 4.2 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 4.3 To review and recommend to Council changes to Financial Procedure Rules and Procurement Procedure Rules.

### **5. Treasury Management**

- 5.1 To provide a scrutiny role in Treasury Management matters including regular monitoring of treasury activity and practices.
- 5.2 The committee will also review and recommend the Annual Treasury Management Strategy Statement and Investment Strategy, MRP Strategy, and Prudential Indicators to Council.



## **6. Accountability arrangements**

- 6.1 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 6.2 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 6.3 To publish an annual report on the work of the committee.

## **Members questions on reports prior to the Meeting**

Members of the Committee are requested to contact report authors on points of clarification prior to the Committee meeting.

## **Audit Committee**

Meetings of the Audit Committee are usually held bi-monthly including at least one meeting with the Council's external auditor, although in practice the external auditor attends more frequently. However during the coronavirus pandemic these meetings will be held remotely via Zoom video-conferencing and the starting time may vary.

Agendas and minutes of this committee are published on the Council's website at <http://modgov.southsomerset.gov.uk/ieDocHome.aspx?bcr=1>

Agendas and minutes can also be viewed via the mod.gov app (free) available for iPads and Android devices. Search for 'mod.gov' in the app store for your device, install, and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

## **Public participation at meetings (held via Zoom)**

### **Public question time**

We recognise that these are challenging times but we still value the public's contribution to our virtual meetings.

If you would like to address the virtual meeting during Public Question Time, please email [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk) by 9.00am on 25<sup>th</sup> May 2022. When you have registered, the Chairman will invite you to speak at the appropriate time during the virtual meeting.

The period allowed for participation in Public Question Time shall not exceed 15 minutes except with the consent of the Chairman and members of the Committee. Each individual speaker shall be restricted to a total of three minutes.

This meeting will be streamed online via YouTube at:  
[https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF\\_soA](https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA)

### **Virtual meeting etiquette:**

- Consider joining the meeting early to ensure your technology is working correctly.
- Please note that we will mute all public attendees to minimise background noise. If you have registered to speak during the virtual meeting, the Chairman or Administrator will un-mute your microphone at the appropriate time. We also respectfully request that you turn off video cameras until asked to speak.
- Each individual speaker shall be restricted to a total of three minutes.
- When speaking, keep your points clear and concise.
- Please speak clearly – the Councillors are interested in your comments.

### **Recording and photography at council meetings**

Recording of council meetings is permitted, however anyone wishing to do so should let the Chairperson of the meeting know prior to the start of the meeting. The recording should be overt and clearly visible to anyone at the meeting, but non-disruptive. If someone is recording the meeting, the Chairman will make an announcement at the beginning of the meeting. If anyone making public representation does not wish to be recorded they must let the Chairperson know.

The full 'Policy on Audio/Visual Recording and Photography at Council Meetings' can be viewed online at:

<http://modgov.southsomerset.gov.uk/documents/s3327/Policy%20on%20the%20recording%20of%20council%20meetings.pdf>

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# **Informal Consultative Meeting of Audit Committee**

**Thursday 26 May 2022**

## **Agenda**

### ***Preliminary Items***

**1. Minutes**

To approve as a correct record the minutes of the previous meeting held on 24<sup>th</sup> March 2022.

**2. Apologies for absence**

**3. Declarations of Interest**

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the agenda for this meeting.

**4. Public question time**

**5. Date of next meeting**

Councillors are requested to note that the next Audit Committee meeting is scheduled to be held at 10.00am on Thursday 30<sup>th</sup> June 2022 via Zoom.

### ***Items for Discussion***

**6. Progress Report on audit of 2020/21 Statement of Accounts** (Pages 8 - 10)

**7. 2020/21 Audit Findings: Interim Management Response** (Pages 11 - 22)

**8. SSDC's approach to Regeneration Programme and Project Management**  
(Pages 23 - 32)

**9. Risk Management Update Q4 2021/22** (Pages 33 - 54)

**10. Annual Health & Safety Update 2021** (Pages 55 - 60)

**11. Annual Civil Contingencies Update 2021/22** (Pages 61 - 63)

**12. Internal Audit Outturn Report 2021-22** (Pages 64 - 78)

**13. Improving Environmental Services and Corporate Governance - achievements to date and planned further action** (Pages 79 - 97)

**14. Audit Committee Forward Plan** (Pages 98 - 101)

# External Audit Update for South Somerset District Council

**Year ended 31 March 2021**

South Somerset District Council

6 May 2022

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# 1. External Audit Progress at 18 May 2022

## 2020-21

As discussed with the Audit Committee at the meeting on 24 March 2022, we were working towards completion of the audit work in time to sign the accounts on 9<sup>th</sup> May 2022. We set out below the reasons that this timeframe was not met.

In order to be in a position to issue our opinion we were clear that all audit work would need to be complete prior to our work on NHS accounts commencing, this was due to start 26 April 2022. This would require the Council providing all outstanding information to us with sufficient time for us to audit, raise any subsequent clarification queries and then review by senior members of the audit team. The following issues meant that we were unable to complete all our work prior to beginning NHS accounts:

- We did not receive a copy of the updated Group financial statements until the 27 April 2022 and the Group working papers were not provided until the 10 May 2022, meaning that we were unable to undertake any audit work on this information;
- Management's going concern assessment did not comment on the group entities. This was shared with us on the 3 May 2022 and we returned it requesting additional consideration. At the time of drafting this update, we understand that management are awaiting information on the going concern status of Elleston Services Limited in order to inform the overall assessment.
- We await an updated statement; We requested a full review of the grants population as we had identified two errors in our initial testing. We received the additional evidence requested on the 5 May 2022;
- At the time of writing, we are still in discussions with management, the companies' external valuer and Directors of Opium Power to obtain all the information required to perform our work on the valuation of Group Property, Plant and Equipment, specifically the underlying calculations to support the valuation of the battery units; and
- We are still awaiting responses on our queries in relation to two recharges, one in relation to fees & charges and the other relating to investment income.

We have agreed with management that we are now seeking to complete the audit in time for the Audit Committee at the end of July 2022. This remains a challenging timescale and requires appropriate and sufficient evidence to be provided to us in a timely manner, particularly as audit resources are not available until after mid-June 2022.



## 2020/21 Audit Findings: Interim Management Response

|                             |   |
|-----------------------------|---|
| Executive Portfolio Holder: | Peter Seib, Finance and Legal Services  |
| SLT Lead Officers:          | Jane Portman, Chief Executive<br>Karen Watling, Chief Finance Officer<br>Jill Bryon, Monitoring Officer |
| Report Author:              | Karen Watling, Chief Finance Officer  |
| Contact Details:            | <i>karen.watling@southsomerset.gov.uk or 07521 460 232</i>  |

### Purpose of the Report

1. Audit Committee received an interim Audit Findings Report from Grant Thornton, SSDC's external auditors, at its meeting on 24<sup>th</sup> March 2022. This report is management's interim response to the issues raised within that report.

### Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 26<sup>th</sup> May 2022.

### Public Interest

3. South Somerset District Council (SSDC) spent £123.1 million in 2020/21 delivering services to its residents (£80.9m revenue expenditure and £42.2m on capital expenditure). This is a significant sum of public money.
4. Financial statements are the main way in which councils account for how they use their resources. Councils must prepare and publish financial statements setting out their financial performance for the year. To do this, they need to maintain proper accounting records and ensure they have effective systems of internal control.
5. Taxpayers, national bodies, and other stakeholders reasonably expect that the external auditor will normally be able to assure that the financial statements have been properly prepared, are free from material error, and that the body has proper arrangements in place to secure value for money.
6. Where the auditors are satisfied that the financial statements present a true and fair view of the council's financial position and that they have been prepared properly in accordance with relevant legislation and codes of practice, they issue an unqualified opinion.
7. Where they are not satisfied, or where they have other matters to which they wish to draw attention, they give a qualified report. Where the auditors consider that a particular matter is sufficiently serious to draw it to public attention more widely, including informing the relevant Secretary of State, they may choose to make a statutory recommendation requiring a public response or issue a Public Interest Report (PIR).
8. SSDC has not yet received a final opinion from the external auditors, Grant Thornton, on the council's 2020/21 Statement of Accounts: Audit Committee should receive this at its July 2022 meeting subject to the final audit work being able to be completed.



9. The auditors' interim Audit Findings Report however, presented to Audit Committee on 24<sup>th</sup> March 2022, stated: "we have substantially completed our audit of your financial statements and, subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion".
10. The auditors' have raised issues about how the council's officers have handled the process of preparing the accounts and their subsequent audit. To put the issues raised by the external auditors in context, they did not advise Audit Committee that at that time, and subject to outstanding issues being concluded satisfactorily, they had any concerns about the possible need for them to issue a qualified opinion nor to write a Public Interest Report.
11. This report is in response to Audit Committee's request that management respond to the issues that the external auditors' did however raise, regarding the process of preparing the 2020/21 statements and their subsequent audit. We acknowledge that improvements need to be made by SSDC to expedite an efficient audit process. The actions we are taking in making the required improvements are highlighted in the report.
12. One of the issues raised by Grant Thornton is the lateness of receiving the draft statement of accounts and the lateness of being able to give an audit opinion. To put this into the overall national context, 85% of English local government and police bodies met the statutory publication date for the draft unaudited statements: SSDC was one of them, but we did subsequently find that we had omitted a new subsidiary, Fareham Energy Reserve Limited, from the draft group accounts and subsequently informed external audit.
13. The majority (91%), including SSDC, missed the statutory deadline of 30 September 2021 for publication of their audited 2020/21 accounts: by the end of December 2021 that figure had fallen to 60%. (Source: Local Government Association: *Update on Local Audit*, 2<sup>nd</sup> March 2022).
14. As at the end of April 2022, 45%, including SSDC, had still to publish audited financial statements for the 2020/21 financial year (source Director, Grant Thornton, from published data consolidated by Public Sector Audit Appointments (PSAA)). It should be noted however that many of the councils that are still outstanding now are upper and unitary tier councils and the issue holding up their final audit largely relates on how infrastructure (highways) assets should be valued. But the underlying point is that SSDC are not unique.

## Recommendations

15. That Audit Committee:
  - a) Considers Management's interim response to the issues raised by Grant Thornton in their Initial Audit Findings Reports and the actions management has taken, or are about to implement, to address these issues.
  - b) Notes that a final management response addressing all issues fully will come to Audit Committee at its meeting in July 2022 alongside the external auditors' final Audit Findings Report for 2020/21.



## Background

16. Grant Thornton, the council's external auditors, presented an interim Audit Findings Report to Audit Committee at its meeting on 24<sup>th</sup> March 2022. This was an interim report, as the external audit had not been finalised at that date, nor has it been at the time of writing this report.
17. Whilst the auditors concluded that they anticipated issuing an unqualified opinion, on the assumption that outstanding matters were resolved, they did highlight a number of issues in their report. The issues raised can be grouped under the following key areas:
  - a) Inappropriate challenge and unprofessionalism from a few council officers in response to the auditors' questions.
  - b) Delays in preparing the draft statement of accounts and then undertaking the audit process efficiently.
  - c) Insufficient quality/completeness of working papers and audit responses.
  - d) Management not implementing prior-period audit recommendations.
  - e) Errors in the draft accounts prepared.
  - f) Valuation of Property, Plant and Equipment (PPE) assets including the group assets.
  - g) Whether the MRP (Minimum Revenue Provision) charges in the accounts are sufficient and comply with relevant codes of practice.
  - h) Whether the investigation of a previous Director is appropriately disclosed in the 2020/21 Annual Governance Statement.
18. This report will give an initial response to all of these issues excepting items (e) and (f) above. Errors identified by the external auditors, item (e), are usual at this stage of the audit process and, given this position may change at the end of the audit; we will address that issue in our final management response. Item (f), regarding MRP charges, are still in discussion with the external auditors and therefore we will again address this issue in our final management response.

## Management's Initial Response

### **Inappropriate challenge and unprofessionalism from a few council officers in response to the auditors' questions**

19. We agree that this has happened and we acknowledge that this is unacceptable behaviour. The Chief Executive has apologised to Grant Thornton in public (at the last Audit Committee) and privately when she became aware of the issue. Both the Monitoring Officer and the Chief Finance Officer intervened immediately, when the auditor first raised this as an issue, thus enabling the auditors to get the information they needed to undertake the audit.

20. The key area of the council exhibiting these behaviours was outside of the Finance team. One of the key individuals involved is now no longer employed by the organisation.

21. **Actions/Improvements for 2021/22 :**

- We have undertaken end-of-closure briefings for all staff involved in the process across the Council including emphasising the role and importance of the external auditors in the process.
- We are currently finalising a Communications/Engagement Protocol for all staff that are involved in the external audit process and who provide information to the external auditors.

**Delays in preparing the statement of accounts and undertaking the audit process efficiently**

22. The external auditors highlight the following as being the key causes for the delays experienced and the consequential need to stop and restart the audit process: remote working because of Covid, lack of capacity in SSDC's finance team, conflicting SSDC work priorities, and delays in obtaining information from SSDC internal valuers and SSDC Opium Power Ltd.'s valuers.

**General Context**

23. External audit firms work to tight and precise deadlines as they have multiple clients often with the same audit deadline. If an agreed deadline is missed, the audit firm will often need to reschedule the restart the audit some months ahead as it will need to move onto other clients in order that they can get the overall yearly audit work delivered.

24. SSDC, in line with most district councils, has a small generalist finance team that undertakes all of the work needed across the financial year: i.e budget preparation, in-year budget monitoring, year-end closure, preparation of the annual Statement of Accounts, and liaison with the external auditors. This contrasts with upper tier councils who have large and specialist finance teams, often including one team primarily focused on producing the Statement of Accounts and undertaking the liaison needed with the external auditors. On top of this, SSDC's finance team deals with ad-hoc queries from management and budget holders, analyses the financial implications of proposals to District Executive and Council, and more recently is engaged in a number of finance sub-work streams in the LGR (Local Government Reorganisation) programme.

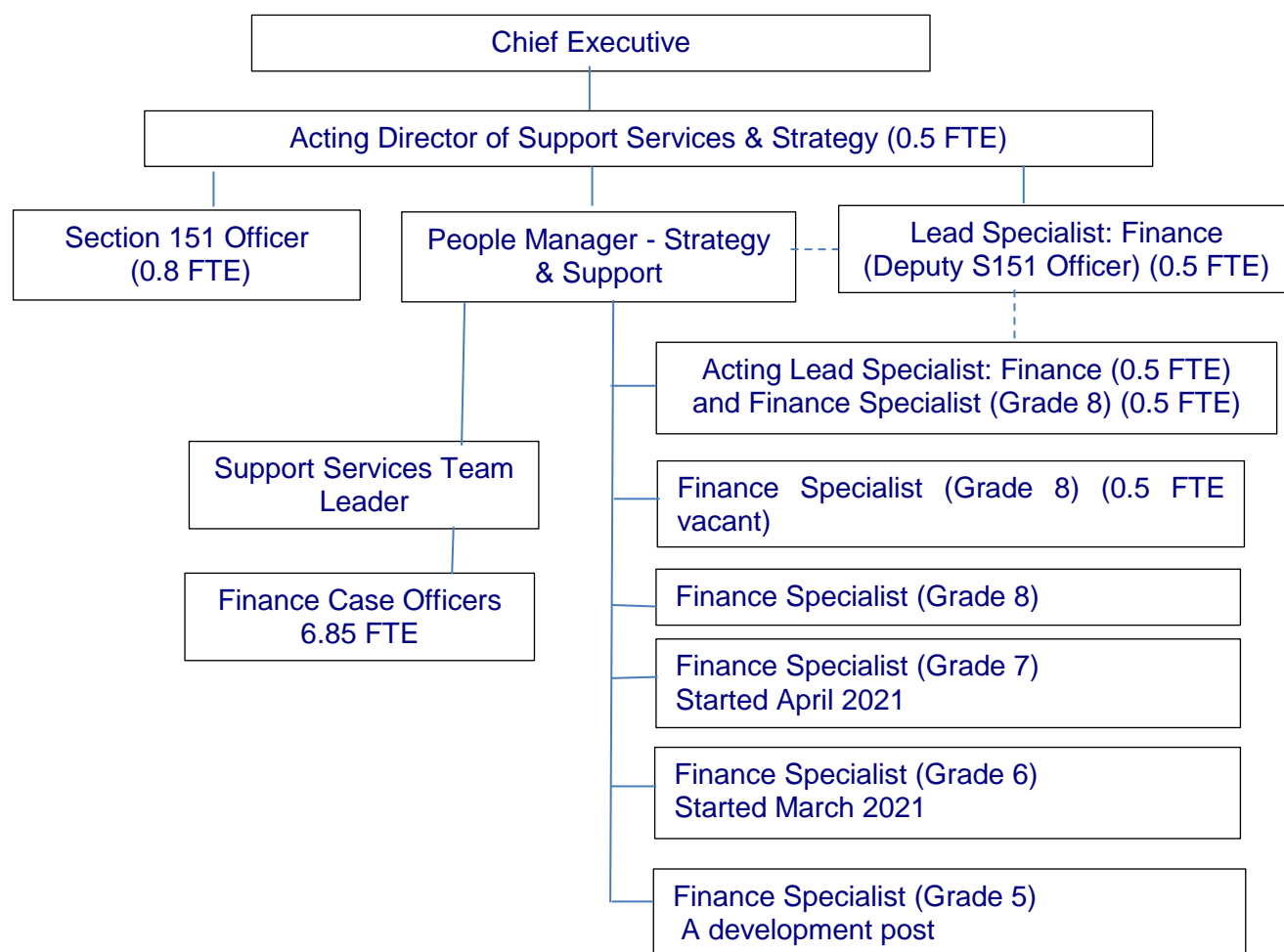
25. Ideally, a small generalist finance team therefore needs to be able to undertake the key yearly financial tasks in a logical and mostly progressive order i.e budget setting for new financial year, then closure of last financial year and its audit, followed by in-year budget monitoring before the cycle starts again. Problems and knock-on impacts start to occur and increase as soon as this order of work is compromised and agreed deadlines are missed. This is complicated further when the external auditors' ability to undertake the audit, given the firm's workload with other clients, also has to be taken into account.

**Lack of capacity in the SSDC finance team**

26. The previous S151 Officer, along with SLT membership of that time, agreed with Grant Thornton that the latter could start the 2020/21 audit in mid-June 2021 on the basis that SSDC would have prepared the draft statements by the end of May 2021, before the statutory deadline of end of July 2021.

27. That decision at the time was a robust and valid one. The Finance Team was almost fully staffed, relatively experienced, and stable (although it did have two new members, both recruited from other district council finance teams and with relevant experience). In addition, the prior year's deadline agreed with the external auditors had been achieved, and therefore there was no reason known at the time to agree a later deadline with Grant Thornton.
28. Diagram One below shows the finance team capacity as it existed at the time the closedown for 2020/21 started in March /April 2021.

**Diagram One: Finance Team capacity and management structure as at start of closure process (March/April 2021)**



29. Since then there has been a significant amount of change in the finance team due to resignation/retirement, internal promotions, and new members of staff. The changes up to the end of June 2022 (the deadline agreed with Grant Thornton for producing the draft statement of accounts) comprise:
- The resignation of the S151 Officer and subsequent appointment of an interim post holder from mid-March 2022, initially at 0.7 FTE (Full Time Equivalent), although the hours worked increased during this time-period.
  - The retirement of a very experienced and long-standing team member (Finance Specialist grade 8) in March 2021.

- The internal promotion of the Acting Lead Specialist Finance (grade 8) in May 2021 to the permanent grade 9 role and the Deputy Section 151 Officer designation.
  - The internal promotion of the Lead Specialist Finance (Deputy S151 Officer) (0.5FTE) to the role of Director Strategy and Support on a full time permanent basis which resulted in a further loss of significant experience and capacity in the team.
  - The internal promotion of one of the grade 7 Finance Specialists to a grade 8 role from May 2021 and the unrelated resignation of the other grade 7 postholder in late May 2021. This then created two vacancies at grade 7, which were not filled, following a permanent staff recruitment process, until September 2021 due to the notice period of the individuals appointed.
30. The consequential impact of these changes on the closure process was that some team members had to undertake and lead on complex areas of the accounts with no previous experience in that area (in particular the Collection Fund, capital accounting, and day-to-day coordination of the closure process in general).
31. The then new Section 151 Officer, over this period, was primarily engaged in undertaking a deep dive financial review of the Regeneration Programme, along with the newly appointed Director for Regeneration and Place. Given the scale, in terms of financial impact and risk of these budgets, and the importance of the work needed in this area to deliver corporate priorities, coupled with the fact that this work could not practically be continued personally by the S151 Officer given her other responsibilities, approval was sought and given by Senior Leadership Team to recruit to an interim Regeneration Accountant role. This appointment commenced in July 2021.
32. In hindsight, agreeing to an earlier than statutorily required date) for the production of the draft statements was always going to be a challenge, given the significant changes that occurred to the finance team after that decision was taken. Grant Thornton had no option but to move onto other clients' work in mid July 2021. It is important however to note that the statutory deadline for the production and publication of draft accounts was achieved at the end of July.

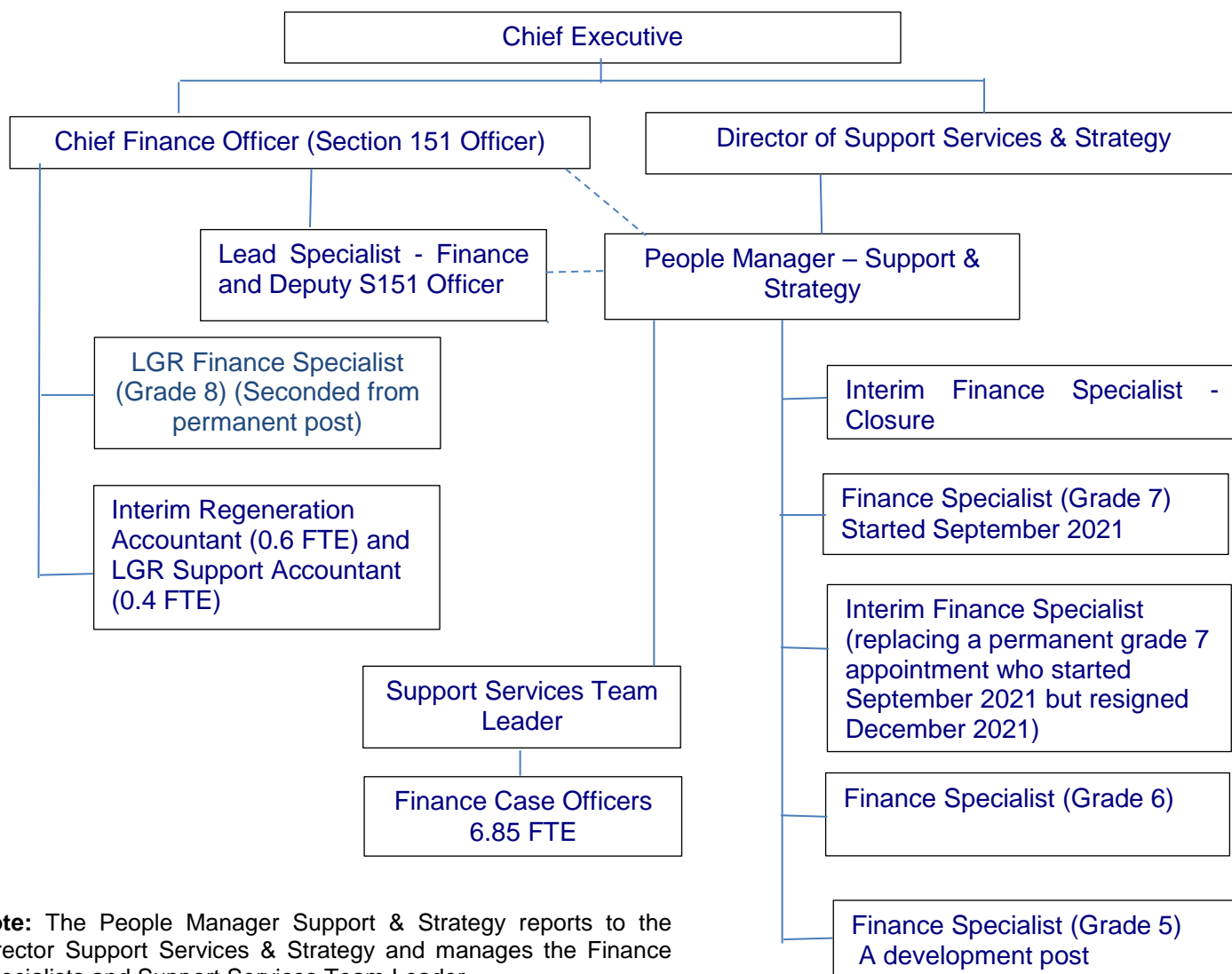
#### Conflicting priorities

33. The recommencement of Grant Thornton's audit work in 2021 was agreed between Grant Thornton and the Council. Given where we were in the financial cycle this immediately put pressure on the team to undertake the work required to achieve the budget-setting timetable as well as the audit. The Chief Finance Officer subsequently took the decision to prioritise the budget setting work in full knowledge that this would slow down the audit process. The agreement of the annual budget is a key decision as it sets out the budget allocations and funding for service delivery and key corporate priorities. Because of its importance for Elected Members and the need to meet the statutory deadline for agreeing the annual budget and Council Tax, budget work was prioritised over all other work in many instances.
34. The Chief Finance Officer and Lead Specialist Finance did however appoint an experienced close down accountant on an interim basis from January 29<sup>th</sup> 2022 to end of April 2022, who had worked with the Council before, and who was given the sole task of finalising the audit process from our side. This appointment did have a significantly beneficial impact on progress.



35. In addition, the budget process undertaken with SLT and District Executive members was more in-depth and iterative than occurred in previous years and this took more finance team time than normal. It was particularly important that SSDC's last budget was as robust as possible and that some historic budgets were reviewed and zero-based prior to these figures being used and consolidated as a starting point for preparing the new Somerset Council's 2023/24 budget.
36. The time needed to participate in the LGR work programme has also increased exponentially from January 2022: affecting significantly the workload of the Chief Finance Officer, the Lead Specialist Finance, and the Finance Specialist grade 8.
37. **Actions/Improvements for 2021/22:** The current capacity and management structure of the finance team is shown in Diagram Two. We have:
- Shielded the core finance team who will undertake the closure process, as far as possible from LGR work demands, by seconding and employing interim resources on the LGR programme, alongside the Chief Finance Officer and Lead Specialist Finance.
  - Filled seconded and vacant posts with interim appointments who have prior experience of the work they are undertaking. The team is currently fully staffed.
  - Improved the transparency and effectiveness of management responsibilities and accountabilities with a minor restructuring of the service as agreed by Full Council in February 2022 ("*Ensuring sufficient staffing capacity during 2022/23*").

**Diagram Two: current Finance Team capacity and management structure**



**Note:** The People Manager Support & Strategy reports to the Director Support Services & Strategy and manages the Finance Specialists and Support Services Team Leader.

It should be noted that the Chief Finance Officer has professional oversight and direction of the work undertaken by the finance teams.

#### Delays in obtaining information on the value of SSDC Opium Power's assets

38. A valuation of the company's assets (battery storage units) is needed to produce group accounts: that is, a consolidated financial position of the council and its subsidiaries. The valuation of such assets is far more complex than valuing operational or investment property as this industry is relatively new. In addition, the valuer also needs input from a specialist "optimiser" who models future income streams arising from the use of the battery storage units given future market projections and assumptions.
39. The situation described above as background is further complicated by the optimisers in this market being unable to share background models, formulas, and assumptions, as the model is essentially their business product and is commercially confidential. This has been the case with the optimiser appointed by SSDC Opium Power upon which the valuer, a separate



company appointed by SSDC Opium Power, has relied on, after a review, to produce the valuation.

40. This has coincided with the regulator requiring audit firms to focus on the inherent risks on balances that are subject to estimates and judgements and their challenge of the underlying assumptions. Grant Thornton have been required therefore to ask for the detail and formulas behind the summary figures given by the optimiser and this has been a difficult and lengthy process to obtain. It has not helped the situation that the optimiser involved is no longer employed by SSDC Opium Power and the work was done two years ago.
41. Council officers continue to work with SSDC Opium Power, the valuer, and the auditors to resolve this matter, which is now the key item outstanding on the audit.
42. The technical knowledge of how these assets are valued is not something SSDC's finance team nor the core external audit team possess: specific expertise is required. The latter need to use Grant Thornton's specialist valuation team in order to undertake this part of the audit. It is the view of the Chief Finance Officer that this fact has delayed both teams in understanding and articulating what information is exactly required for the audit. Until recently, SSDC's finance team has been simply passing the auditors' requests over to the company and its valuer, and then passing the responses back to the auditors, who then go back to their specialists.
43. **Actions/Improvements for 2021/22:** We will;
  - Continue the more proactive role SSDC has recently undertaken in resolving this issue by inviting all the parties involved to meetings for discussion rather than just relying on email exchanges.
  - Ensure that the deadline for the company and its valuers to prepare the 2021/22 valuation is understood and achievable along with providing the exact information needed by the auditors.
  - Ensure that any contracts the company undertakes for procuring advice from optimisers includes the requirement to share with external auditors under a Non-Disclosure Agreement.

#### **Insufficient quality/completeness of working papers and audit responses**

44. The external auditors have raised the issue of working papers and audit responses being of insufficient quality and/or not being fully complete.
45. Given that most of the team were either new or were undertaking new elements of the closure process, their first port of call on preparing a working paper for 2020/21 would be the one produced and audited for 2019/20. However as mentioned in paragraph 37, the additional information and challenge the external auditors were obliged to undertake for 2020/21 (and onwards) by the regulators, did mean that some working papers acceptable in the 2019/20 audit were no longer sufficient for 2020/21.
46. That said, it is the view of the Chief Finance Officer, that considerable improvement can be made to the working papers and that additions can be made to either eliminate or reduce the auditor's questions, in order to increase the overall efficiency of the audit process. In addition, the prior year's working paper, whilst useful as a starting point, should always be reviewed to ensure it is still fit for purpose in the new year's audit process.



47. **Actions/Improvements for 2021/22:** We are:

48. Issuing a Working Paper and Filing Protocol to all those in the organisation that are required to produce information for the statement of accounts and respond subsequently to any questions the auditors may have (this has already been issued to the finance team). This will include an updated format for working papers that will be obligatory for all officers to use and will include new mandatory information requirements: as examples:

- A written description of the purpose of the working paper and where it sits in the production of the Statement of Accounts.
- Identification of where the information has come from.
- Identification of any assumptions or professional expertise used in its production.
- Attachments of emails and/or journal transfers undertaken in producing the working paper.
- Reference to compliance with Codes of Practice and/or legislation.
- if there is a financial model involved – then attachment of the model so that the auditors can see formulas and are able to manipulate the data to stress test assumptions.
- A requirement for the producer of the working paper to review prior year's audit questions to ensure that the questions are addressed in this year's working paper.
- Date of production, by whom, and date of the quality review undertaken (and who undertook this).

49. Enhancing quality assurance of working papers: either peer-to-peer, amongst the Finance Specialists, or, for significant values and/or where auditors' have raised issues in the past, a more senior review (Interim Closure Finance Specialist, Deputy S151 Officer, or Chief Finance Officer).

**Management not implementing prior-period audit recommendations**

50. We accept this these were not undertaken. The prior period audit recommendations were:

- Valuation movement between the valuation date and the year-end – management to undertake an exercise using indices to review the movement in value of land and building assets revalued in year.
- Subsidiary company audit requirement – all the council's subsidiary companies have an annual audit
- De-minimis Level – a formal policy for the review and agreement of the deminimis level is formally agreed.



51. **Actions/Improvements for 2021/22:**

- We have undertaken the required annual audits for the council's subsidiary for 2020/21 and the audit required for the 2021/22 accounts for all companies has been agreed.
- We have reviewed the de-minimis level as recommended. This was included in the report on Accounting Policies for the 2021/22 statement of accounts, which went to Audit Committee's meeting in March 2022. Audit Committee agreed to revise the limit from £2,000 to £500. The review of accounting policies (including review of the de-minimis limit) will be reviewed by Audit Committee on an annual basis.
- We will ensure that asset valuation movements between the valuation date and year-end are reviewed and reported and will use indices to review any such movements.

**Disclosure of the investigation of a previous Director in the Annual Governance Statement**

52. The external auditors stated; "our review of the draft Annual Governance Statement (AGS) has identified that the statement does not make reference of the actions of a previous council director who left employment after a series of allegations emerged after the year end. We believe that appropriate wording should be included within the AGS as part of the section on significant governance issues identified in this period".
53. We have now added the following paragraph to the 2020/21 statement: "An issue was identified and investigated during the 2021/22 financial year which related to activities during the 2020/2021 year and previous financial years. Following a full and independent investigation, a former Director of the Council was dismissed in October 2021. Senior Management will be taking a public report on the council's response to the recommendations following the investigation, the actions taken, and the improvements made to our corporate governance arrangements which include tightening our control and monitoring processes, to the meeting of the Audit Committee on 26<sup>th</sup> May 2022. This will be fully reflected in our Annual Governance Statement for 2021/22.'

**Conclusion**

54. We accept the need for SSDC to make significant improvements in some areas regarding the production of the accounts and our part in ensuring a subsequent efficient audit process. We have set out in the report that actions we are taking. A final management report will be presented at Audit Committee at its meeting in July 2022 to address the outstanding issues not addressed here, and any new issues included in the final Audit Findings Report.
55. We are committed to deliver the draft statement of accounts for 2021/22, and to work with the auditors to complete our part in the audit, by the agreed deadlines.
56. We are establishing a statutory officers meeting to regularly review progress being made on the 2021/22 process. This will be in addition to existing management oversight arrangements and will involve the Chief Executive, Chief Finance Officer, Monitoring Officer, and the Deputy S151 Officer, with others in attendance as required.
57. We will continue having regular meetings between all the statutory officers and the external auditors, following best practice guidelines, and expect that Grant Thornton will brief us on any future need for them to issue a similar audit findings report in the future.



58. Both ourselves and the external auditors have the shared goal of ensuring that the overall audit process is undertaken as efficiently as possible whilst meeting all statutory and regulatory requirements. We will explore with Grant Thornton, given this shared goal, aspects of the way the audit was conducted that we feel could be improved by the audit team. Examples include:

- The same audit questions asked from different members of the audit team.
- Audit team members who seemed to have no prior experience of local government audit and asked fairly basic questions, for example how councils are funded, from the finance team rather than from their audit colleagues.
- The need to be very explicit and more informative, at times, about what information the audit team is exactly requiring.

### Background Papers

*Interim Audit Findings Report* from Grant Thornton, Audit Committee, 24<sup>th</sup> March 2022

Local Government Association: *Update on Local Audit*, 2<sup>nd</sup> March 2022

## Regeneration Programme Management Arrangements

|                     |  |
|---------------------|--|
| Strategic Director: | Jan Gamon, Director of Place and Recovery  |
| Service Manager:    | Natalie Fortt, Regeneration Programme Manager  |
| Lead Officer:       | Natalie Fortt, Regeneration Programme Manager  |
| Contact Details:    | <a href="mailto:Natalie.fortt@southsomerset.gov.uk">Natalie.fortt@southsomerset.gov.uk</a> |

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## Purpose of the Report

Audit committee is requested to review current arrangements for the management of SSDC's regeneration programme for the purpose of assurance that adequate governance arrangements are in place and/or to suggest areas for improvement.

## Public Interest

SSDC has an ongoing programme of regeneration across a number of sites in South Somerset. Large sums of money are allocated to these projects and Audit Committee will wish to be assured that decisions regarding scope, timings and costs are made in accordance with agreed procedures.

## Recommendations

Audit Committee is requested to:

1. endorse current governance arrangements, noting plans for further strengthening of these by October 2022
2. Consider and comment on the arrangements and propose any additional amendments

## Background

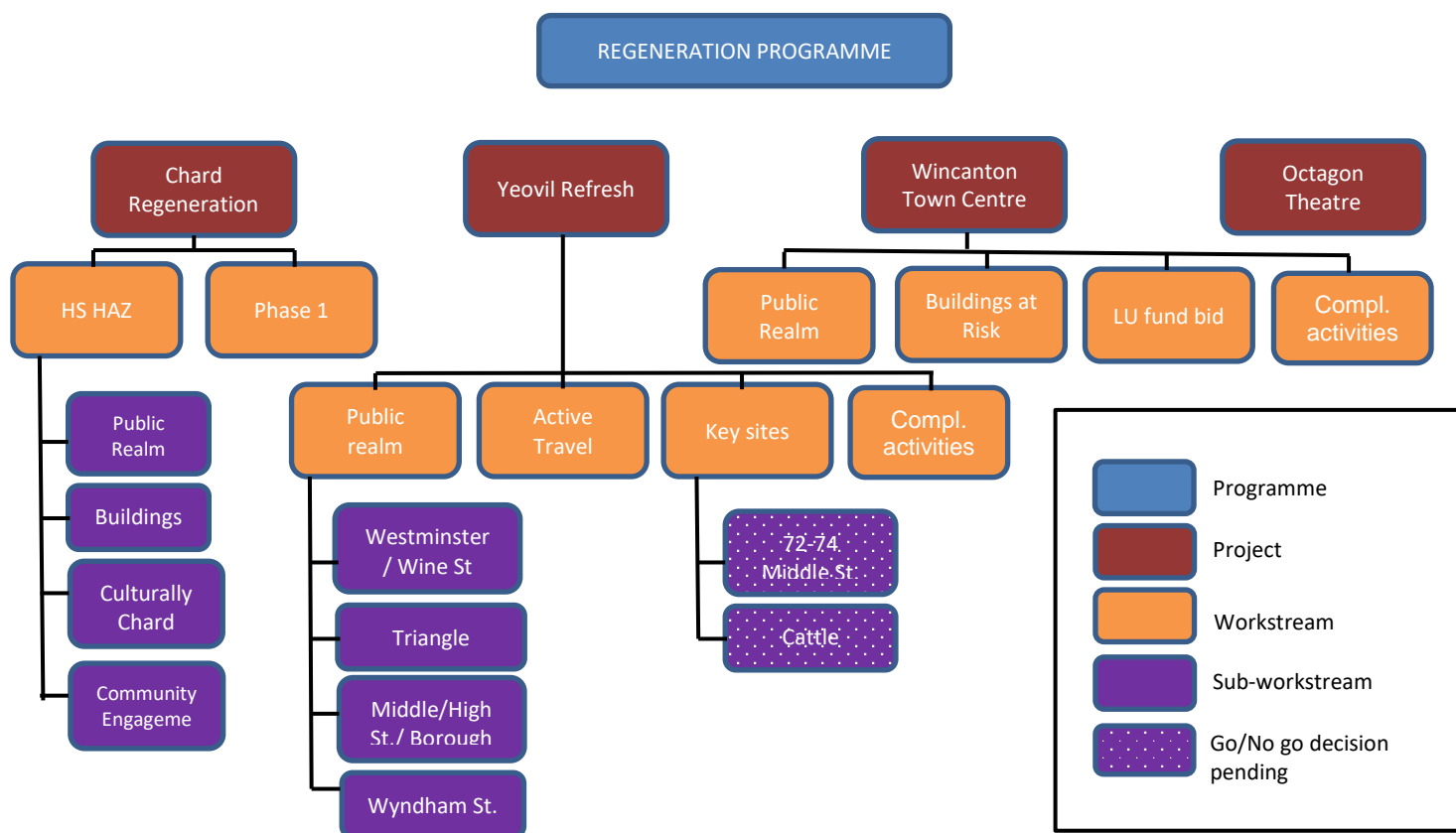
The regeneration project team manages a range of regeneration projects on behalf of the council. Over the last few months, there have been changes to the way in which we manage this programme and projects in order to improve governance and audit outcomes. We believe that our approach has been strengthened as a result; in addition, we have identified further opportunities for improvement and these are identified in para 5.

## Report Detail

1. The scope of the current Regeneration Programme is shown below. We take a Programme, Project and Workstream approach to project management. Chart 1

shows the projects and workstreams which currently fall within the overarching programme.

Chart 1: Regeneration Programme Structure



2. Jan Gamon is the Senior Responsible Officer for the Octagon Theatre and Yeovil key sites projects and is supported by Peter Paddon in his role as Acting Director as SRO for the Chard, Wincanton and Yeovil (excluding Key sites) projects. Natalie Fortt is the Programme Manager and has overall responsibility for the allocation of resource across the projects, for monitoring our financial position and for supporting the Project Managers. The Project Manager for Chard Phase 1 and the Octagon Theatre is Dan Bennett; for the Yeovil Refresh it is Ian Timms and, for Wincanton Pam Williams. The role of Project Manager for the Chard HS HAZ project is currently vacant following the departure of Anna Matthews but is being actively recruited to.

Each of the Project Managers brings technical expertise to their role; however, none of them is able to commit 100% of their working time to these projects and, for that reason, each project is supported by external project management capacity.

3. Governance Arrangements:

- a. Each of the Regeneration Projects is supported by an advisory Project Board, the membership of which include members, senior officers and external stakeholders, as appropriate. The Terms of Reference for the Yeovil Board is appended at Appendix A; the remaining Boards operate under equivalent ToR. The Project Board reaches decisions by consensus and, where no consensus is achieved, the decision is referred to the Chief Executive and Leader for a decision. Approval for spend within approved budget is delegated to the Director of Place and Recovery.
- b. The Project Boards report into a Strategic Development Board. The Strategic Development Board (SDB) has been granted executive powers by full council and ensures consistency across all of the regeneration projects. The role of the SDB is to provide strategic oversight of the financial capital and revenue implications from these projects. It also routinely assesses strategic risks to SSDC from these activities and ensures appropriate responses are in place. The SDB also tracks progress against project timetables and seeks to understand any deviations from timetable. The full Terms of Reference are appended at Appendix B. It should be noted that the SDB is only authorised to make decisions within agreed scope or budget. If the scope changes, or additional budget is sought, this must be referred to District Executive and Full Council for a decision.
- c. Although decision-making is determined to some extent within the current Terms of Reference, this is an area we plan to review over the next six months, to make explicit the limitations for decision-making at each level of the programme and where decisions must be escalated for consideration.

4. Meeting arrangements:

- a. Board meetings take place approximately quarterly, but additional meetings can be requested at key stages of a project. Meetings of the project team happen more frequently; for example, the Octagon project team, comprising the internal client, SRO, programme manager, project manager (internal), project management (external), architects and design team currently take place on a weekly basis. There will, of course, be numerous additional on site visits during construction.
- b. Regeneration projects are progressed using a staged approach, to represent the key stages: initiation stage, Stages 1, 2, 3 etc. and closing stage. These stages will usually coincide with the timetable of key decisions being made. At the end of each stage, we review whether the project is within agreed tolerances for time, cost and scope. Although this process is largely followed already, there is scope to increase the rigour of our approach, with standard documentation being available to support the end of each stage and the project plan being updated to ensure that the business case is still evidenced.

5. Further improvements underway:

- a. To date, regeneration projects have worked with approved budgets and agreed scope. Where external funding has been available, this is often accompanied by quality criteria which must be met in order for the funding to be forthcoming. We now propose to work with a more rigorous approach to agreeing tolerances for each regeneration project and workstream in respect of cost, time, scope and quality. The benefit of this approach is that any deviation from agreed tolerances will trigger the need for a member decision at SDB level. Decisions within agreed tolerances may be made at Project Board level.
- b. This, in turn, will inform a much more detailed matrix outlining where decisions may be made by an officer or SRO, where these must be made by the Project Board chair, the Board itself, or escalated to the Leader and CEO. In addition to recording where officers must refer decisions to members, it will also identify where the responsibility for some activities rests with officers and not members
- c. We plan to introduce a staged approach to project management which will recognise the learning from the Chard lessons learned report in ensuring that the end of each stage is accompanied by a consideration of whether the business case is still justified and records key decisions about changes to tolerances

These proposed improvements will be discussed at the Project Boards during May/June 2022 before being taken to SDB on 1<sup>st</sup> July 2022.

### **Financial Implications**

There are no direct financial implications arising from this report

### **Council Plan Implications**

The regeneration programme is a cornerstone of the council's approach to driving improvements to our places, encompassing key infrastructure, keeping our towns vibrant and supporting the development of strong communities: [Council Plan | South Somerset District Council](#)

### **Carbon Emissions and Climate Change Implications**

Regeneration is not specifically aimed at addressing our ambitions to be carbon neutral by 2030, but we ensure that the buildings are environmentally sustainable and incorporate energy efficient design.

## Equality and Diversity Implications

|   |                     |
|---|---------------------|
| <i>An Equality Impact Relevance Check Form has been completed in respect of the Proposal?</i>   | Yes / <del>No</del> |
| <i>The Impact Relevance Check indicated that a full EIA was required?</i>   | <del>Yes</del> / No |
| <i>If an EIA was <b>not</b> required please attach the Impact Relevance Check Form as an Appendix to this report and provide a brief summary of its findings in the comments box below. Attached as Appendix C.</i> |                     |
| <i>If an EIA <b>was</b> required please attach the completed EIA form as an Appendix to this report and provide a brief summary of the result of your Equality Impact Assessment in the comment box below.</i>      |                     |
| <b>Additional Comments</b>  |                     |
|   |                     |

## Background Papers

Please bear in mind that, for executive decisions, all background papers listed here must be available for public inspection and posted on the SSDC website. Do not list working files.

- Appendix A: Project Board Terms of Reference
- Appendix B: Strategic Development Board Terms of Reference

# **Yeovil Refresh Board Terms of Reference September 2021**

## **1. Purpose**

The Project Board is responsible for guiding and delivering the broad aims of the Project. The board will operate with a degree of decision making in order to move the programme forward efficiently and to also create clear accountability.

## **2. Membership**

This Board will comprise:

- Chair: lead member for Area South
- Leader of the Council
- Three additional members, with representation from liberal democrats, conservative and independents group where possible
- Director, Place and Recovery
- S151 officer/Project accountant

Key delivery partners to be invited to attend as appropriate, including representation from SCC

## **3. Aims & Objectives**

The key aims of the board are:

- To ensure the delivery of the Yeovil Refresh
- To work with the external stakeholders to ensure that clear messages are given and feedback is received and circulated to all partners engaged in the regeneration process.

## **4. Roles & Responsibilities**

The board is responsible for guiding the delivery of the broad aims of the Yeovil Refresh and is required to put in place robust project management arrangements including risk log mitigation measures. The board must oversee the production of an outline programme, details of the objectives and outcomes, a delivery plan and a programme risk log and hold the project officer and programme manager accountable for delivery against objectives and on timetable, within reason. The board is responsible for developing business cases for project investment which follow the approach detailed in the council's Commercial Strategy.

The regeneration project will be led by a project officer. The project officer is responsible for managing the end-to-end process of design and build, working within the agreed budget. S/he also identifies risk to project success or strategic risk emanating from the project and identifies appropriate mitigation. Any risks which are outside of the authority's risk appetite must be referred the Strategic Development Board (SDB). The project officer manages the timetable, ensuring that delivery runs to schedule and alerting the board to any potential delays. The project officer will be supported by a case officer in providing agenda for meetings, minuting key decisions and ensuring follow up.

The project officer reports into an over-arching Programme Manager, who has responsibility for discharging our commitment to regenerate our town centres, ensuring that funds are spent appropriately, and decisions recorded. S/he identifies how best to deploy available resources across the projects and ensures that best practice is captured and shared. S/he



will report progress to the SDB, highlighting any risks which fall outside of SSDC appetite, agreeing appropriate action. S/he will have oversight of delivery against timetable for all projects and risks associated with any delay. Any changes which may require additional capital or revenue funding will be scheduled for discussion and decision at District Executive and Full Council meetings.

## **5. Meetings**

The meetings will be chaired by the Chair of Area South to ensure strong links are maintained with the Strategic Development board and the Area Committee work plan. The Board will meet every quarter, but more frequent meetings may be called - for instance to sign off business plans — and will be hybrid meetings unless decided otherwise.

## **6. Decision-making**

The Strategic Development Board and the Project Boards have been granted executive powers by Full Council. The Strategic Development Board (SDB) will ensure consistency across the Chard Regeneration and High Street Heritage Action Zone, Wincanton Regeneration and Yeovil Refresh Boards. From September 2021, its remit will also include the Octagon Theatre project. The role of the SDB is to provide strategic oversight of the financial capital and revenue implications from these projects. It will also routinely assess strategic risks to SSDC from these activities and ensure appropriate mitigations are in place where possible. The SDB will also track progress against project timetables and seek to understand any deviations from timetable.

It is expected that the Yeovil Refresh Board will operate by consensus. However, if differences occur that cannot be reconciled, then they will be referred to the CEO and Leader for a decision and in exceptional circumstance to District Executive. The role of the Board in respect of financial decisions is advisory. Expenditure within budget is delegated to the Director of Place and Recovery, who has accountability for expenditure, together with the S151, who has responsibility for funding of agreed expenditure.

The Board is responsible for achieving the aims of the Yeovil Refresh Programme within the stated budget. Any request for additional funding will only be considered upon production of a detailed delivery plan including objectives, outcomes and a clear financial plan and will need to be considered by committee for a final decision

## **7. Financial Approach**

The Board is responsible for delivering the broad aims of the scheme within budget. Projects that can generate surpluses will seek to generate the maximum return in regeneration and financial terms in order to provide support to those projects which are not self-financing and require a subsidy.

If the Board needs to go outside of its budget or wants to change the programme substantially to that which was agreed, the Board will need to take recommendations to District Executive and Full Council for further approval.

Financial performance will be managed through delegated arrangements and periodically reported to Full Council in line with the Council's performance and reporting framework.

## **8. Review**

The Terms of Reference will be reviewed annually.

# **Strategic Development Board**

## **Terms of Reference**

### **September 2021**

#### **1. Purpose**

The Strategic Development Board will help shape, oversee and monitor delivery of the Council's development ambitions for the District including: Homes, Infrastructure, Regeneration and Economic Development. It will champion and drive forward the overall programme and provide assurance to the Council that decision making and any financial impacts are within the parameters agreed by Council for the programme.

#### **2. Membership**

This Board will comprise:

- Leader of the Council
- Portfolio Holders covering Finance, Economy, Place
- Chairs of the Chard, Yeovil and Wincanton Regeneration Project Boards
- Chief Executive Officer
- S151 Officer
- Director, Place and Recovery

Optional attendee: Portfolio holder for Environment

Officers attending:

Regeneration Programme Manager  
Regeneration Project Accountant, where appropriate  
Lead Specialist, Economic Development  
Lead Specialist, Accelerated Housing Delivery  
Specialist, Local Plan Review  
Monitoring Officer, where appropriate

#### **3. Quorum**

There must be three Elected Members present for the meeting to be considered quorate.

#### **4. Aims & Objectives**

The key aims of the board are to:

- To help shape and have oversight of strategic development in the district to ensure the relevant ambitions of the Council are being delivered
- Provide continued commitment and endorsement in support of the programme objectives at executive and communications events: championing the programme
- Assure there is appropriate governance and strategic oversight and monitoring of our regeneration programme by senior Elected Members and relevant Council Officers
- Regularly review, both at individual project and at whole programme level, the total costs being incurred, future estimated costs, and project funding plans
- Ensure that any deviations which negatively impact on the Council's financial position are referred to DX/Council for a decision
- Review strategic risks to ensure activity remains within our risk appetite and mitigations are in place
- Authorise individual projects in the Programme to continue at each decision-point if they are within the financial and scope parameters agreed by Council for the project
- Resolve strategic and directional issues between projects, that need the input and agreement of senior stakeholders to ensure progress

- Critically review any Regeneration Project Business Case prior to it being submitted to Council for approval
- Agree criteria for Allocation of CIL funding, review alternative bids for funds, determine allocation of funds on an annual basis

## **5. Roles & Responsibilities**

The Strategic Development Board advises District Executive, which is held to account through Scrutiny and Full Council and will make an annual report on status to each. Financial performance will be monitored and included in the quarterly budget monitoring reports.

The board is responsible for monitoring and shaping the Regeneration Programme and making recommendations to District Executive. As an informal member/officer Board, it has no formal decision making powers; these powers have been delegated by the Council to the Director of Place and Recovery (for expenditure decisions within the agreed budgets) and the S151 Officer (for funding the programme within the agreed MTFP). Delivery of the Regeneration Programme remains with the Programme Manager and relevant Regeneration Project Boards.

The Programme Manager has responsibility for ensuring that funds are spent appropriately, deploys available resources across the projects and ensures that best practice is captured and shared. S/he will report progress to the SDB, highlighting any risks which fall outside of SSDC appetite and agreeing appropriate action. S/he will have oversight of delivery against timetable for all projects and risks associated with any delay. Any changes which may require additional capital or revenue funding will be scheduled for discussion and decision at District Executive and Full Council meetings.

The board will ensure consistency amongst the Chard, Wincanton, Yeovil and Octagon Theatre Regeneration Boards and ensure that efficiencies and value for money are gained through shared knowledge and/or procurement processes.

The board has responsibility for overseeing and managing the cumulative impact of the development programmes and identifying any potential conflicts between the ambitions of each programme.

## **6. Meetings**

The Leader of the Council will chair the meetings. The Board will meet quarterly unless decided otherwise. Additional meetings may be called if required to deal with urgent matters.

## **7. Decision-making**

It is intended that the board will operate by consensus. However, if differences occur that cannot be reconciled, then they will be referred to the CEO and Leader for a decision and in exceptional circumstance to District Executive.

Should there be a significant change proposed to the scope, objectives or budget of a development programme or project, this will need to be referred to DX and Full Council for decision.

The board will make recommendations to District Executive annually regarding the allocation of CIL monies.

## **8. Review**

The Terms of Reference will be reviewed annually.

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## **Risk Management Update Q4 2021/22**

|                     |   |
|---------------------|---|
| Strategic Director: | Nicola Hix - Strategy and Commissioning |
| Service Manager:    | Brendan Downes - Lead Specialist, PPC   |
| Lead Officer:       | Brendan Downes - Lead Specialist, PPC   |
| Contact Details:    | brendan.downes@southsomerset.gov.uk     |

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### **Purpose of the Report**

This report is provided to inform Audit Committee of recent changes to the delivery of risk management at the council, and share the status of the Strategic and Corporate Risk Register as at 17<sup>th</sup> May 2022.

### **Public Interest**

Effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving our ability to deliver key priorities, improve outcomes for residents, maintain good governance and minimise any damage to its reputation.

### **Recommendations**

1. Audit committee note the recent changes to delivery of risk management for SSDC
2. Audit committee note the SSDC Strategic & Corporate Risk profile at 17<sup>th</sup> May 2022

### **Background**

Risk: "The effect of uncertainty on objectives, often described by an event or a change in circumstances"

Risk Management: "Coordinated activities to direct and control an organisation with regard to risk"

### **Report Detail**

#### **Changes to Risk Management approach**

1. During 2021 there was a significant amount of disruption to the arrangements around risk management at the council due to changes in the leadership team and reassignment of duties at an officer level. In January 2022 the opportunity was

identified to refine the approach to risk at the council to develop a more rigorous and integrated approach to risk monitoring through to April 2023.

2. In support of this, a share point risk register platform has been developed to record, develop and manage risks. This change of approach away from excel registers enables the collation of all strategic, corporate and project risk registers into a single dataset which supports improved reporting functionality (supported by Power BI analysis) and thereby greater transparency on the overall risk position for the authority.  
All existing risk registers were migrated onto the new platform, and then their content reviewed and challenged in terms of their ongoing relevance. Through this process several legacy risks (including COVID related) were either retired or redrafted, and new risks were developed.
3. The model and guidance for risk impact and likelihood scoring has been retained, as this approach to identifying and analysing risk has gained a level of familiarity with officers.
4. A separate actions list – used to record proposed actions to mitigate risks - has been created to enable better monitoring and challenge of ongoing actions for risks. An advantage of this is that a single action can be linked to several different risks therefore highlighting the value and importance of mitigating actions, as well as reducing duplication of actions.

### **Strategic and Corporate Risk Position**

5. In December 2021 Zurich Risk Management were engaged through our insurance arrangements to facilitate a risk workshop with SLT to identify the current strategic risks to the organisation. Primary strategic risk items were identified, and ownership of these risks agreed across the Senior Leadership Team. Following the workshop, these risks have been developed, analysed and scored by the risk owners and mitigating actions identified to further reduce the residual risk where desirable.
6. Following this re-assessment of strategic risks, the corporate risk profile was also analysed and updated in the light of the current organisational context. The corporate risk register includes organisational risks that require a consolidated corporate response or action plan. The approach to develop and maintain the corporate risk register through review with risk category leads has been maintained, with assessment of these risks progressed through Q4 of 21/22 with category risk leads. Significant updates to the risk profile were brought forward in the finance area and on H&S risks following benchmarking with other authorities



and resetting of risks in line with the updated H&S policy. In addition a specific staffing risk & mediation workshop was held with people managers on 4th March.

7. This review has resulted in a new strategic and corporate risk profile consisting of 33 risks across 7 categories, which are presented in appendix 1.

### **Risk Categories**

8. The category approach to describing our corporate risks means when a risk is created it will be allocated to a risk category (Financial, Legal etc.), and the monitoring of that category of risk will be led by the relevant officers within the organisation, for example People Managers Forum for Staffing risks, Health and Safety Steering Group for Health and Safety risks etc. It is intended that the use of categories in the risk system provides better focus by relevant experts and supports greater consistency in risk description and analysis, as well as enabling oversight of all risks (strategic, corporate and project) assigned to that category. As well as enabling meaningful groupings of risks aligned to relevant interest groups, category risk management also provides a clearer route of risk escalation through the organisation.

### **Project Risk Registers**

9. The risk dataset is currently being populated with project risk registers for all capital projects, to support the new platform for corporate performance monitoring being introduced for 2022/23. Most of this work is expected to be completed by the end of May. It is expected that integrating project risk registers into the same data set as strategic and corporate risks will help reduce duplications of risks across the council, provide greater oversight of the councils' overall risk exposure and focus attention on the most impactful risks and delivery of their mitigating actions.

### **Focus on risk actions and frequency of risk reviews.**

10. As described above, actions which are being undertaken to further mitigate risks are now recorded in a specific share point list. This will enable more meaningful reporting and analysis on the planned and ongoing activities which should protect and support organisational performance and mitigate risks.
11. A monthly risk update will be provided to SLT through 22/23, covering the Strategic and Corporate risks and associated actions, and project risks by exception when requiring escalation.

## Financial Implications

None

## Council Plan Implications

Include links to Council Plan 2020 – 2024 – which can be found on the staff portal at this link: [Council Plan | South Somerset District Council](#)

## Carbon Emissions and Climate Change Implications

None

## Equality and Diversity Implications

Please describe the outcome of your Equality Impact Assessment. As a minimum an Equality Impact Relevance Check form must be completed which will indicate whether a full Equality Impact Assessment is required. Please see template guidance notes. [Equality Impact Assessment - South Somerset District Council](#)

Please complete the questions in the box below along with a brief summary of the outcome of the EIA process. A copy of either the Impact Relevance Check form or full Equality Impact Assessment form should be appended to this report.

|  |           |
|--|-----------|
| <i>An Equality Impact Relevance Check Form has been completed in respect of the Proposal?</i>  | <i>No</i> |
| <i>The Impact Relevance Check indicated that a full EIA was required?</i>  | <i>No</i> |
| <i>If an EIA was <b>not</b> required please attach the Impact Relevance Check Form as an Appendix to this report and provide a brief summary of its findings in the comments box below.</i>                    |           |
| <i>If an EIA <b>was</b> required please attach the completed EIA form as an Appendix to this report and provide a brief summary of the result of your Equality Impact Assessment in the comment box below.</i> |           |
| <b>Additional Comments</b>   |           |
| <b><i>It is my understanding that a risk report does not require assessment.</i></b>   |           |

## Background Papers

1. Presentation showing status of Strategic and Corporate risks register on May 17<sup>th</sup> 2022.





# SSDC Strategic & Corporate Risks Status on 17.05.2022

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**Brendan Downes**

**Lead Specialist – Procurement, Performance and Change**

**South Somerset District Council**

**V1.00**



33

Total of Active/Live Risks

**Inherent Score**

0

Total Green Risks

1

Total Yellow Risks

22

Total Orange Risks

10

Total Red Risks

0

Total Risks In Development

**Residual Score**

4

Total Green Risks

8

Total Yellow Risks

13

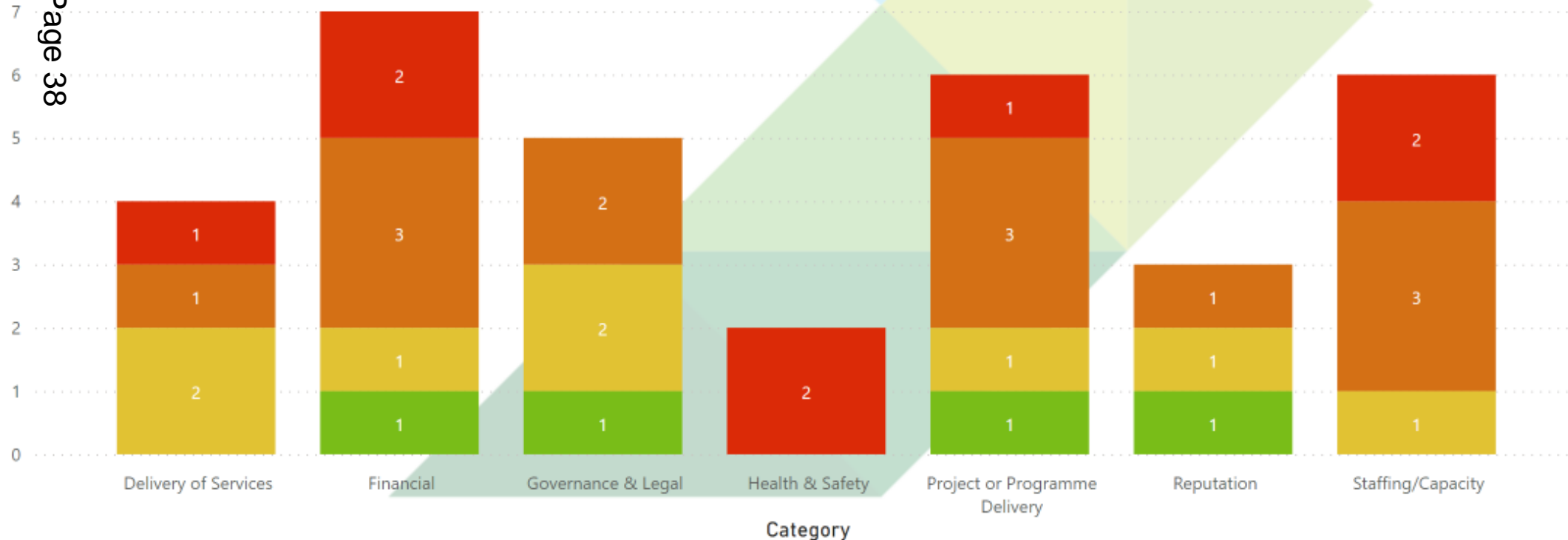
Total Orange Risks

8

Total Red Risks

Total Active Risks By Residual Score

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| Title     | Risk Title  | Risk Owner     | RiskLevel     | Category                      | Score<br>▼ |
|-----------|---|----------------|---------------|-------------------------------|------------|
| DOS-02    | Increasing numbers of public needing our services   | Kirsty Larkins | (2) Corporate | Delivery of Services          | 25         |
| FIN-06    | Management of financial / commercial Investments  | Karen Watling  | (1) Strategic | Financial                     | 23         |
| HAS-01    | Failures in Statutory compliance and practice - Health & Safety   | Nicola Hix     | (1) Strategic | Health & Safety               | 23         |
| HAS-02    | Poor implementation or failure of new Health and Safety framework (systems and infrastructure)                        | Jess Power     | (2) Corporate | Health & Safety               | 23         |
| PAP-04    | Poor or partial planning and execution of strategic priority projects   | Natalie Fortt  | (2) Corporate | Project or Programme Delivery | 23         |
| FIN-03    | Lower Business Rates Income than anticipated  | Karen Watling  | (2) Corporate | Financial                     | 21         |
| PEOPLE-03 | Inability to recruit to meet resourcing needs   | Brendan Downes | (2) Corporate | Staffing/Capacity             | 21         |
| PEOPLE-04 | Staff morale & wellbeing affected by organisational pressures and unitary transition                                  | Brendan Downes | (2) Corporate | Staffing/Capacity             | 21         |
| FIN-01    | Rising costs of borrowing adding increased pressure on budgets  | Karen Watling  | (2) Corporate | Financial                     | 20         |
| FIN-02    | Increase in inflation risking cost overspends   | Karen Watling  | (2) Corporate | Financial                     | 20         |
| PAP-01    | LGR programe creates tensions shifting priorities / tensions between BAU & LGR work                                   | Jan Gamon      | (1) Strategic | Project or Programme Delivery | 20         |
| PAP-02    | COVID - Supply Chain issues impacting the costs and delivery of materials and services                                | Jan Gamon      | (1) Strategic | Project or Programme Delivery | 20         |
| PEOPLE-05 | SSDC staff have a lack of change readiness/resilience to the LGR transition period                                    | Brendan Downes | (2) Corporate | Staffing/Capacity             | 20         |
| DOS-04    | Risk to the confidentiality, integrity or availability of information assets due to malicious activity or user error. | Toffer Beattie | (2) Corporate | Delivery of Services          | 19         |
| FIN-05    | Further local or national pandemic restrictions impacting daily council business                                      | Karen Watling  | (2) Corporate | Financial                     | 19         |
| PAP-06    | External project funding is less than anticipated   | Natalie Fortt  | (2) Corporate | Project or Programme Delivery | 19         |
| REP-01    | Risk that SSDC members lose engagement and focus on strategic priorities post election during unitary transition      | Jane Portman   | (1) Strategic | Reputation                    | 18         |
| PEOPLE-06 | Risk of deterioration in quality of work being delivered by staff   | Brendan Downes | (2) Corporate | Staffing/Capacity             | 16         |
| GAL-03    | Failure in Statutory compliance and practice - Information Governance   | Jill Byron     | (1) Strategic | Governance & Legal            | 15         |
| GAL-05    | Failure to deliver mandatory statutory functions (e.g. planning, licensing)   | Kirsty Larkins | (2) Corporate | Governance & Legal            | 15         |
| PEOPLE-01 | Risk of a potential lack of organisational capacity to deliver key objectives.  | Nicola Hix     | (1) Strategic | Staffing/Capacity             | 15         |
| DOS-01    | COVID - Risk of SSDC not being prepared for Business continuity issues / Civil contingency enactment                  | Nicola Hix     | (1) Strategic | Delivery of Services          | 14         |
| DOS-03    | Ineffective or inadequate delivery to customers through SSDC partnerships   | Kirsty Larkins | (1) Strategic | Delivery of Services          | 14         |
| GAL-02    | Failure in Statutory compliance and practice - Equalities   | Jan Gamon      | (1) Strategic | Governance & Legal            | 14         |
| PAP-05    | Loss of stakeholder support to projects   | Natalie Fortt  | (2) Corporate | Project or Programme Delivery | 14         |
| PEOPLE-02 | Risk of failing to retain staff   | Brendan Downes | (2) Corporate | Staffing/Capacity             | 14         |
| GAL-03    | Risk of officer or member inducement, bribery or corruption   | Jill Byron     | (2) Corporate | Governance & Legal            | 13         |
| REP-03    | Risk of reputational damage if regeneration projects are not delivered or proposed changes are not well presented.    | Natalie Fortt  | (2) Corporate | Reputation                    | 13         |
| FIN-04    | Financial system risks  | Paul Matravers | (2) Corporate | Financial                     | 12         |
| GAL-04    | Failure to comply with corporate procedures   | Jane Portman   | (2) Corporate | Governance & Legal            | 9          |
| REP-02    | Risk of reputational harm to SSDC due to all ongoing issues   | Richard Birch  | (2) Corporate | Reputation                    | 9          |
| FIN-07    | Governance and decision making around use of public money   | Karen Watling  | (1) Strategic | Financial                     | 8          |
| PAP-03    | Lack of organisational knowledge base on projects   | Natalie Fortt  | (2) Corporate | Project or Programme Delivery | 8          |



Inherent Score

Residual Score

|                |                                   |              |              |               |                  |                   |
|----------------|-----------------------------------|--------------|--------------|---------------|------------------|-------------------|
| LIKELIHOOD (A) | 5<br>Certain<br>>80% chance       | 0            | 0            | 0             | 6                | 4                 |
|                | 4<br>Probable<br>51 to 80% chance | 0            | 0            | 3             | 6                | 3                 |
|                | 3<br>Possible<br>21 - 50% chance  | 0            | 0            | 1             | 6                | 3                 |
|                | 2<br>Unlikely<br>6 - 20% chance   | 0            | 0            | 0             | 1                | 0                 |
|                | 1<br>Remote<br>0-5% chance        | 0            | 0            | 0             | 0                | 0                 |
|                |                                   | Minimal<br>1 | Limited<br>2 | Moderate<br>3 | Significant<br>4 | Catastrophic<br>5 |
| IMPACT (B)     |                                   |              |              |               |                  |                   |

|                |                                   |              |              |               |                  |                   |
|----------------|-----------------------------------|--------------|--------------|---------------|------------------|-------------------|
| LIKELIHOOD (A) | 5<br>Certain<br>>80% chance       | 0            | 0            | 1             | 3                | 1                 |
|                | 4<br>Probable<br>51 to 80% chance | 0            | 0            | 3             | 5                | 0                 |
|                | 3<br>Possible<br>21 - 50% chance  | 0            | 2            | 5             | 3                | 4                 |
|                | 2<br>Unlikely<br>6 - 20% chance   | 0            | 2            | 2             | 1                | 0                 |
|                | 1<br>Remote<br>0-5% chance        | 0            | 0            | 0             | 1                | 0                 |
|                |                                   | Minimal<br>1 | Limited<br>2 | Moderate<br>3 | Significant<br>4 | Catastrophic<br>5 |
| IMPACT (B)     |                                   |              |              |               |                  |                   |

33

Total Risks





# Strategic & Corporate Risks: Delivery of Service 17/5/22



| Title  | Risk Title  | RiskLevel     | Risk Owner     | Cause   | Effect   | Inherent Score | Residual Score |
|--------|---|---------------|----------------|---|--|----------------|----------------|
| DOS-02 | Increasing numbers of public needing our services   | (2) Corporate | Kirsty Larkins | <b>Cause:</b> <ul style="list-style-type: none"> <li>- COVID has increased stresses for low-income / families in poverty</li> <li>- Significant community impacts from COVID on the most vulnerable</li> <li>- increasing numbers of residents experiencing homelessness, food poverty, domestic violence, redundancy...</li> </ul>   | <b>Effect:</b> <ul style="list-style-type: none"> <li>- Increased demands on services</li> <li>- Increased service costs</li> <li>- shortfall in revenues</li> <li>- Increase in staffing requirements across all service areas</li> </ul>   | 25             | 25             |
| DOS-04 | Risk to the confidentiality, integrity or availability of information assets due to malicious activity or user error. | (2) Corporate | Toffer Beattie | <b>Cause:</b> <ul style="list-style-type: none"> <li>- Compromise of the network by malicious actor leading to the introduction of malicious software (malware)</li> <li>- Unlawful or negligent use of data by members or officers</li> <li>- Breach of confidentiality on information or data SSDC holds</li> </ul>   | <b>Effect:</b> <ul style="list-style-type: none"> <li>- Inability to deliver services (customer and corporate) owing to loss of access to key computer systems</li> <li>- Inability to deliver services owing to the malicious encryption of data (Ransomware).</li> <li>- Loss of connection to the Government Network</li> <li>- Financial losses from legal action for breach of duty of confidence</li> <li>- Reputational harm for the authority</li> <li>- Inability to process payments</li> <li>- Loss of Data</li> </ul>  | 23             | 19             |
| DOS-01 | COVID - Risk of SSDC not being prepared for Business continuity issues / Civil contingency enactment                  | (1) Strategic | Nicola Hix     | <ul style="list-style-type: none"> <li>- Council not sufficiently prepared for major business continuity issues / business disruption</li> <li>- catastrophic event (accident, fire, flood, sabotage, contamination (pollution) or other restrictions</li> <li>- Environmental factors affect the access to and from the depot</li> <li>- Damage to council buildings, sites or facilities</li> <li>- Systems vulnerability to business disruption</li> <li>- Insufficient system and data resilience</li> </ul> <p>Under COVID restrictions:</p> <ul style="list-style-type: none"> <li>- Concurrent emergency event during COVID lockdown</li> <li>- Failure to formalise the revised planning &amp; protocols for the evacuation of residents during the Covid-19 emergency situation.</li> <li>- PPE not available where and when required</li> </ul> | <ul style="list-style-type: none"> <li>- Public denied access to council sites</li> <li>- Loss of function of a large proportion of staff</li> <li>- Staff unable to provide services to the public /Service provision failure</li> <li>- Failure to provide statutory services</li> <li>- Unable to fulfil financial obligations.</li> <li>- Unable to provide services to customers at the first point of contact</li> <li>- Failure of work flow for many council services</li> </ul> <p>Under COVID restrictions:</p> <ul style="list-style-type: none"> <li>- Health risk to residents and emergency responders,</li> <li>- Inadequate shelter (rest centre, temp accommodation) provision for those that need to be isolated.</li> </ul> | 19             | 14             |



| Title  | Risk Title  | RiskLevel     | Risk Owner     | Cause   | Effect   | Inherent Score | Residual Score |
|--------|---|---------------|----------------|---|--|----------------|----------------|
| DOS-03 | Ineffective or inadequate delivery to customers through SSDC partnerships | (1) Strategic | Kirsty Larkins | Partnerships - LA / Private / strain & stress during transition phase<br>Partners concerns about the future<br>Poor partner selection and management<br>key partners don't contribute fully | <ul style="list-style-type: none"><li>- Partners withdraw services or cease operations</li><li>- Increase in SSDC costs having to go to commercial partners or self fund</li><li>- Services to vulnerable customers reduced or not available</li><li>- Additional benefits not realised for community.</li></ul> | 20             | 14             |



| Title  | Risk Title   | RiskLevel     | Risk Owner    | Cause  | Effect   | Inherent Score | Residual Score |
|--------|--|---------------|---------------|--|--|----------------|----------------|
| FIN-06 | Management of financial / commercial Investments               | (1) Strategic | Karen Watling | Substantial amount of capital invested to deliver a yeild and annual income<br>New Prudential Code hinders ability of SSDC to manage the portfolio in a commercial way to maximise income<br>Over reliant on key individuals with specific skills in this area   | Loss of income / revenue yeild<br>Impairment of asset value<br>Tenant management not to market standard  | 23             | 23             |
| FIN-03 | Lower Business Rates Income than anticipated                   | (2) Corporate | Karen Watling | Cause:<br>- Funding from business rates is based on the accurate calculation of the NNDR1 form.<br>- There is volatility in the estimates due to various factors, such as anticipated discretionary and mandatory reliefs, growth in the rateable value, bad debts, and volume of appeals.<br>- All of these factors can affect the surplus or deficit position on the collection fund   | Effect:<br>- Potentially more use of reserves than anticipated<br>- Organisational effort in collecting debts  | 25             | 21             |
| FIN-01 | Rising costs of borrowing adding increased pressure on budgets | (2) Corporate | Karen Watling | Cause:<br>- Interest Rate rises or reductions. (Whilst interest rates remain low at 0.5% there is now an expectation that they will rise to at least 1% over the next two financial years to help curb rising inflation rates.)<br>- SSDC has a high Capital Financing Requirement (indebtedness) and currently borrows on a short term basis through peer-to-peer lending,<br>- Impact of LGR on making longer term borrowing decisions | Effect:<br>- Challenge to viability of Regeneration projects<br>- Additional pressure on revenue budgets due to increased borrowing costs or reduced investment income<br>- Future impacts to new somerset council of not thinking longer term with regards to borrowing needs | 20             | 20             |



| Title  | Risk Title   | RiskLevel     | Risk Owner    | Cause  | Effect  | Inherent Score | Residual Score |
|--------|--|---------------|---------------|--|---|----------------|----------------|
| FIN-02 | Increase in inflation risking cost overspends                                    | (2) Corporate | Karen Watling | <p>- General inflation is expected to peak at 7% in the first quarter of the 2022/23 financial year</p> <p>- Inflation on fuel, gas and electricity is even higher (for example inflation on gas prices was some 28% in December 2021).</p> <p>Construction Projects- Construction inflation is currently running at 20% to 40%.</p> <p>Pay Awards:</p> <p>- 2021/22 pay award for local government services employees remains unresolved as the unions have rejected the employer's offer.</p> <p>- Negotiations on the pay award for 2022-23 do not form part of this year's dispute and will be considered separately once the pay award for 1 April 2021 has been finalised.</p> | <p>- Cost Overspend</p> <p>- unviable projects</p> <p>- 22/23 pay award maybe above the amounts estimated in these budget proposals.</p>  | 20             | 20             |
| FIN-05 | Further local or national pandemic restrictions impacting daily council business | (2) Corporate | Karen Watling | <p>Cause</p> <p>- Pandemic could continue in 2022/23 and in future years in a way that requires further responses</p>  | <p>Effect</p> <p>- impacts on the Councils service provision and/or financial standing.</p> <p>- Impact on delivery of priority projects</p> <p>- Need to redirect resources to essential front line services &amp; vulnerable customers.</p> | 19             | 19             |





| Title  | Risk Title  | RiskLevel     | Risk Owner     | Cause  | Effect   | Inherent Score | Residual Score |
|--------|---|---------------|----------------|--|--|----------------|----------------|
| FIN-04 | Financial system risks                                    | (2) Corporate | Paul Matravers | <b>Cause:</b> <ul style="list-style-type: none"><li>- Breakdown in financial systems controls</li><li>- Financial security regulations for card payments not met</li><li>- Failure to produce accurate financial information leading to inability to produce financial accounts</li><li>- Inappropriate access to systems by external or internal staff</li><li>- payment of fraudulent invoices / Claim of fraudulent credit note</li><li>- Counter and Cheque Fraud,</li><li>- Counterparty risk in financial institutions collapsing that SSDC has lent money to.</li></ul> | <b>Effect:</b> <ul style="list-style-type: none"><li>- Audit Challenge</li><li>- Reputational</li><li>- Innappropriate use / access of council systems</li></ul> | 19             | 12             |
| FIN-05 | Governance and decision making around use of public money | (1) Strategic | Karen Watling  | <ul style="list-style-type: none"><li>- Officers pushing / rushing to get projects completed / money spent</li><li>- Committing to projects that won't deliver pre April 2023</li><li>- Insufficient governance &amp; decision making</li><li>- Loss of sight of priorities</li></ul>  | Not achieveing Vfm outputs across SSDC during transiton phase  | 24             | 8              |



| Title  | Risk Title  | RiskLevel     | Risk Owner     | Cause  | Effect   | Inherent Score | Residual Score |
|--------|---|---------------|----------------|--|--|----------------|----------------|
| GAL-01 | Failure in Statutory compliance and practice<br>- Information Governance    | (1) Strategic | Jill Byron     | Failure to comply with GDPR requirements<br>Failure to comply with FOI requirements<br>Failure to comply with environmental regulations (EIR)  | Escalation to ICO<br>Exposure to Penalties<br>Potential reputational harm  | 20             | 15             |
| GAL-05 | Failure to deliver mandatory statutory functions (e.g. planning, licensing) | (2) Corporate | Kirsty Larkins | This risk relates to tactical/ Operational Procedures e.g. Planning, Environmental Health. Only to Statutory Duties where we are obliged to act, not statutory powers, for which we have a discretion.<br>Cause:<br>- Failure to horizon scan changes in statutory duties<br>- Insufficient resilience or resources in the service to maintain functions<br>- Increased workloads through increased scope of duties (eg public residential building)<br>- Employment Market challenges and pay | Effect:<br>- Resources and financial implications<br>- Reputational Harm<br>- Penalties<br>- Judicial review / - Legal Challenge<br>- Complaints to ombudsman<br>- Potential for public harm<br>- Increased costs to developers due to increased uncertaintyeffective regulation | 21             | 15             |
| GAL-02 | Failure in Statutory compliance and practice<br>- Equalities                | (1) Strategic | Jan Gamon      | Insufficinet account is taken of the needs of those with protected characteristics in the way we design services, develop projects or programmes.  | Customers/Communities/Staff members are disadvantaged by our actions   | 15             | 14             |



| Title  | Risk Title  | RiskLevel     | Risk Owner   | Cause  | Effect  | Inherent Score | Residual Score |
|--------|---|---------------|--------------|--|---|----------------|----------------|
| GAL-03 | Risk of officer or member inducement, bribery or corruption | (2) Corporate | Jill Byron   | Cause: <ul style="list-style-type: none"><li>- Officers open to bribery from contractor, friend, family etc.</li><li>- Inappropriate use of position as an officer to gain advantage for self or others, or disadvantage others.</li><li>- Inappropriate use of position as a member o gain advantage for self or others, or disadvantage others. (Impacts reputation also)</li></ul>  | Effect:<br>Can impact many areas, examples being <ul style="list-style-type: none"><li>- Inappropriate leniency when issuing completion certificates and/or approvals (Building Control),</li><li>- reduced quotations for a favoured client or for financial gain (Building Control),</li><li>- Inappropriate leniency when processing grant and loan applications.(Environmental Health)</li><li>- Retrospective investigation on previous member decisions / Judicial Review.</li><li>- Prosecution or penal ies for organisation or individuals</li></ul> | 15             | 13             |
| GAL-04 | Failure to comply with corporate procedures                 | (2) Corporate | Jane Portman | Cause: <ul style="list-style-type: none"><li>- Onerous / Unworkable procedures</li><li>- Perception that Internal processes can stifle opportunity</li><li>- Lack of clarity on requirements</li><li>- Perceived complexity of legislation (e.g. EU Procurement rules)</li><li>- Lack of visibility or understanding of procedures by staff</li><li>- outdated systems and policies</li><li>- Bad Apples and Rotten Eggs</li><li>- Lack of effective sanctions for non-compliance with procedures</li><li>- Management failure to challenge poor practices</li></ul> | Effect: <ul style="list-style-type: none"><li>- Non compliance in operations</li><li>- financial losses</li><li>- Cost of mitigation of breaches</li><li>- Disciplinary actions leading to dismissal of staff.</li><li>- Reputational damage</li></ul>  | 15             | 9              |



# Strategic & Corporate Risks: Health & Safety 17/5/22



| Title  | Risk Title   | RiskLevel     | Risk Owner | Cause  | Effect  | Inherent Score | Residual Score |
|--------|--|---------------|------------|--|---|----------------|----------------|
| HAS-01 | Failures in Statutory compliance and practice - Health & Safety                                | (1) Strategic | Nicola Hix | Lack of up to date Policy and compliance documents in high risk areas eg Lufton<br>Single point of failure eg O license holder<br>Newly adopted Health & Safety policy not yet embedded<br>Individual service health & safety policies (chapter 4) to be completed or updated<br>Newly adopted Fire Safety and First aid provision not yet embedded<br>Statutory LMS training not yet completed<br>Service training matrix in need of development  | Higher level of accidents and incidents<br>Financial exposure (insurance claims)<br>inability to deliver services through non compliance eg fleet and O license<br>Lack of staff awareness and an increased risk to staff due to lack of training<br>Potential unsafe working practices due to lack of policy development   | 24             | 23             |
| HAS-02 | Poor implementation or failure of new Health and Safety framework (systems and infrastructure) | (2) Corporate | Jess Power | This Health and Safety risk is about the (potential) limitations of the system/infrastructure of H&S management at the Council<br>• Failure to manage the health and safety risk of the Council's undertakings<br>• Lack of Health and Safety training<br>• Lack of awareness and understanding of duties and responsibilities<br>• Lack of staff resources to carry out the required Health and Safety tasks<br>• Failure of operational teams to adopt and implement the new Health and Safety framework | • Failure to protect the Public and Staff (Health and Safety)<br>• Increase in the number of health and safety incidents/accidents and near misses<br>• Inability to carry out roles safely and effectively<br>• Potential Impact of Death or injury<br>• Damage to reputation<br>• Key Health and Safety work is delayed or missed<br>• Litigation or prosecutions<br>• Financial claims and increasing insurance premiums | 24             | 23             |





# Strategic & Corporate Risks: Project or Programme Delivery 17/5/22



| Title  | Risk Title   | RiskLevel     | Risk Owner    | Cause  | Effect   | Inherent Score | Residual Score |
|--------|--|---------------|---------------|--|--|----------------|----------------|
| PAP-04 | Poor or partial planning and execution of strategic priority projects                  | (2) Corporate | Natalie Fortt | Cause:<br>- Funds withdrawn and no improvements planned or interventions undertaken<br>- Insufficient PM expertise within SSDC with sufficient knowledge, experience and time to deliver proposals<br>- Insufficient Organisational in-house resources to inhabit project team structure<br>- Inadequate Project {Planning methodologies}<br>- Lack of organisational capacity to have fully scoped project teams<br>- Inefficient decision making processes (e.g. tolerances not defined, not reporting by exception, lack of empowerment.) | Effect:<br>- Project (or part) could be abandoned<br>- delays, poor quality schemes with additional costs<br>- Projects fail to deliver required project outputs or programme outcomes<br>- Reputational harm<br>- Member dissatisfaction<br>- Project dependencies affected: e.g. non delivery of council priorities.<br>- Deteriorating Staff morale | 23             | 23             |
| PAP-01 | LGR programe creates tensions shifting priorities / tensions between BAU & LGR work    | (1) Strategic | Jan Gamon     | Transition between current arrangements and new unitary.<br><br>LGR Discovery work highlights areas of existing weakness/gaps that need immediate attention  | Officers are put under undue pressure to meet competing priorities, with attendant increase in recorded absence<br><br>Officers seek employment outside of SSDC, with further negative impact on available resource  | 21             | 20             |
| PAP-02 | COVID - Supply Chain issues impacting the costs and delivery of materials and services | (1) Strategic | Jan Gamon     | COVID<br>- Inability to procure construction contractors (compaby failures)<br>- Inability of contractors to mobilise because of shortages of key staff/equipment<br>- Inability to procure designers because of demise of companies<br>- Lack of availability of materials as a result of suspension of manufacture and competition<br>- Potential restrictions being reintroduced which impact BAU on facilities/construction sites  | Increased cost of materials<br>Delays in delivery of materials, which in turn leads to increased cost<br>Increased cost of supply, due to demand-led environment   | 20             | 20             |
| PAP-06 | External project funding is less than anticipated                                      | (2) Corporate | Natalie Fortt | - Government's approach to town centres and regeneration could change, leading to, for example, to the reallocation of the Future High Streets Fund monies being allocated elsewhere.<br>- Inability to create own funding from asset sales  | Inabiity to deliver all or part of agreed projects   | 19             | 19             |



| Title  | Risk Title  | RiskLevel     | Risk Owner    | Cause   | Effect   | Inherent Score | Residual Score |
|--------|---|---------------|---------------|---|--|----------------|----------------|
| PAP-05 | Loss of stakeholder support to projects           | (2) Corporate | Natalie Fortt | <ul style="list-style-type: none"><li>- Stakeholders do not support plans for progression or cannot reach consensus (4)</li><li>- Political impact, pressures and changes to member composition of Council, together with elections (5)</li><li>- Failure of relationships with delivery partners (3)</li></ul> | <ul style="list-style-type: none"><li>- Regeneration proposals cannot be delivered, e.g. Highways Authority does not support public realm schemes (3)</li><li>- Impacts on delivery of Heritage and Conservation projects, which require stakeholder support e.g South West Heritage Trust, English Heritage</li></ul>   | 21             | 14             |
| PAP-03 | Lack of organisational knowledge base on projects | (2) Corporate | Natalie Fortt | <p>Cause:</p> <ul style="list-style-type: none"><li>- Dependency on a single key member of staff</li><li>- Single points of failure in project teams</li><li>- Poor information sharing, capture, management and monitoring</li><li>- Poor knowledge exchange within projects and across organisation</li></ul> | <p>Effect:</p> <ul style="list-style-type: none"><li>- loss of knowledge and delays should single points of reliance leave or be unavailable for a period of time</li><li>- Failure to learn</li><li>- Repeat of poor practice</li><li>- No lessons learned culture</li><li>- Poor project selection and execution</li><li>- Poor handover to project managers (succession planning)</li></ul> | 18             | 8              |



| Title  | Risk Title   | RiskLevel     | Risk Owner    | Cause  | Effect  | Inherent Score | Residual Score |
|--------|--|---------------|---------------|--|---|----------------|----------------|
| REP-01 | Risk that SSDC members lose engagement and focus on strategic priorities post election during unitary transition   | (1) Strategic | Jane Portman  | Member led authority (60 members)<br>Uncertainty whether members wish to be part of the new unitary<br>SSDC members are not elected to the new authority<br>Political Tensions - Dual members, and members focus on the new authority<br>Conflict between Member Priorities v Strategic ambitions<br>Political aspiration and campaigning strategies | Political oversight weakens during transition<br>Lose engagement & oversight pre & post elections<br>Weakens our focus on strategic priorities we are committed to<br>Member resignation  | 19             | 18             |
| REP-03 | Risk of reputational damage if regeneration projects are not delivered or proposed changes are not well presented. | (2) Corporate | Natalie Fortt | - Adverse publicity<br>- Decisions could still be made by boards which are unpalatable for wider stakeholders...   | - Damages perceived value of programme delivery<br>- Detracts from positive impacts<br>- Could negatively impact on wider council, not only on programme  | 19             | 13             |
| REP-02 | Risk of reputational harm to SSDC due to all ongoing issues  | (2) Corporate | Richard Birch | LGR pressure exposing existing areas of weakness - taking eye off BAU<br>Reduced organisational scrutiny due to capacity<br>Increased external scrutiny around performance and controls<br>Could lead to an event causing further reputational harm to SSDC<br>Significant changes to political landscape affecting members engagement.              | Reduces resources, weakens perception of organisational controls and position of SSDC place at the LGR table; ineffective communications when behaviour change is required (external – residents, businesses, stakeholders/partners) leading to increased strain on Connect or other services | 14             | 9              |



| Title     | Risk Title   | RiskLevel     | Risk Owner     | Cause   | Effect   | Inherent Score | Residual Score |
|-----------|--|---------------|----------------|---|--|----------------|----------------|
| PEOPLE-03 | Inability to recruit to meet resourcing needs  | (2) Corporate | Brendan Downes | <p>Market Challenges (Payrates)<br/>LGR - uncertainty<br/>Current fixed term strategy<br/>Reputation in some professional / technical area<br/>Shortages and demographiic shift in come professional fields (planning, )<br/>South Somerset is not geographically well placed to recruit.</p>   | <p>Impact on BAU delivery<br/>Stresses on existing workload to backfill gaps<br/>Customer and stakeholder impacts<br/>Turnover, sickness and retention challenges<br/>Reliance on temporary staff</p>  | 25             | 21             |
| PEOPLE-04 | Staff morale & wellbeing affected by organisational pressures and unitary transition | (2) Corporate | Brendan Downes | <p>Uncertainty around LGR Transition<br/>Organisational pressures.<br/>The impact on staff of the speed and additional work that has to be undertaken through transition</p> <ul style="list-style-type: none"> <li>- Poor care of staff</li> <li>- Perceived lack of leadership understanding and action to address employee concerns/uncertainty (volumes of work, uncertainty of the future)</li> <li>- Lack of understanding on when the LGR unknowns will become clear</li> <li>- Disruption to existing teams due to redeployment to LGR</li> <li>- Increasingly individualised organisational culture (self protection)</li> <li>- Loss of SSDC Cultural strengths which could be of support</li> <li>- Lack of social / workplace connection</li> </ul> | <p>Falling Retention<br/>Sickness rates<br/>Employee Disengagement<br/>Failure of services<br/>Staff Burnout</p> <ul style="list-style-type: none"> <li>- Loss of capacity due to illness</li> <li>- Loss of capacity due to turnover/ attrition</li> <li>- Inability to deliver services</li> <li>- Impacts of support services</li> <li>- Poor behaviours leading to employee relations issues</li> <li>- Productivity impacts</li> <li>- Demand on wellbeing/advisory services</li> </ul> | 21             | 21             |
| PEOPLE-05 | SSDC staff have a lack of change readiness/resilience to the LGR transition period   | (2) Corporate | Brendan Downes | <p>LGR Programme<br/>SSDC will have to go through TUPE<br/>Some teams and individuals still recovering from Transformation<br/>No dedicated internal change management resource</p>   | <p>SSDC staff fail to adopt the change culture /mentality that is rrquired / expected of them<br/>Wellbing impacts<br/>Potential for Resistance to change effort (becomes harder to move programme forward intrenally)<br/>Missed transition opportunities<br/>Lack of engagement to the programme or existing BAU.</p>  | 20             | 20             |





| Title     | Risk Title   | RiskLevel     | Risk Owner     | Cause   | Effect  | Inherent Score | Residual Score |
|-----------|--|---------------|----------------|---|---|----------------|----------------|
| PEOPLE-06 | Risk of deterioration in quality of work being delivered by staff              | (2) Corporate | Brendan Downes | <b>Cause:</b> <ul style="list-style-type: none"><li>- Staff sickness &amp; absence</li><li>- Workload pressures leading to shortcuts being taken and errors made</li><li>- inadequate training</li><li>- increase in number of staff giving advise other than experts (e.g. Pest Officers)</li><li>- Lack of Multi-skilling / cross functional training. (Single point of failure)</li><li>- burn out from additional tasks and increased workload - LGR effort is on top of BAU, resources are the same.</li></ul>   | <b>Effect:</b> <ul style="list-style-type: none"><li>- Customer dissatisfaction and Complaints</li><li>- Failure to give correct advice/guidance</li><li>- Inappropriate Professional Advice</li><li>- Failing to meet timescales/limitation periods,</li></ul>   | 21             | 16             |
| PEOPLE-01 | Risk of a potential lack of organisational capacity to deliver key objectives. | (1) Strategic | Nicola Hix     | <ul style="list-style-type: none"><li>- Inability to retain staff and attract new recruits</li><li>- Poor resilience and staff unable to cope with change</li><li>- Over Reliance on Key staff / Single Points of Failure</li><li>- Recruitment shortage in key areas where national issue</li><li>- COVID impacts</li><li>- LGR transition workstreams</li><li>- Delays in internal financial approvals to recruitments.</li><li>- Number of staff on contracts ending April 2023.</li><li>- Wellbeing, illness and burnout of staff</li><li>- Reduction in discretionary effort</li></ul> | <ul style="list-style-type: none"><li>- Inability to deliver the BAU services.</li><li>- Impact on LGR programme delivery</li><li>- Initiatives and work becomes delayed, Jeopardising future delivery</li><li>- productivity losses</li><li>- Insufficient availability of appropriate skills within the organisation to deliver</li><li>- Low morale and motivation in the workforce</li><li>- stress and mental health issues.</li><li>- Reshuffle and organisational effort to backfill/redeploy/recruit to vacancies</li></ul> | 21             | 15             |



| Title     | Risk Title                      | RiskLevel     | Risk Owner     | Cause  | Effect  | Inherent Score | Residual Score |
|-----------|---------------------------------|---------------|----------------|--|---|----------------|----------------|
| PEOPLE-02 | Risk of failing to retain staff | (2) Corporate | Brendan Downes | <b>Cause:</b> <ul style="list-style-type: none"><li>- Morale of staff (low enjoyment levels, too much pressure, too little capacity, lack of tools / job role design)</li><li>- Organisation moving faster than staff can cope with</li><li>- Better pay available in private sector</li><li>- Colleagues who left in transformation positive about life after SSDC</li><li>- professional development and growth to staff who then move outside the organisation</li><li>- Age profile of staff</li><li>- Gaps in resource + backlogs forming</li><li>- Added uncertainty around LGR</li><li>- Use of fixed term contracts (lower job security)</li></ul> | <b>Effect:</b> <ul style="list-style-type: none"><li>- Limited resilience, poor wellbeing</li><li>- Unmet resource demand in the future</li><li>- Inadequate service delivery to community</li><li>- Losing the goodwill of staff who have identified themselves as available but yet to be redeployed/ engagement across the system</li><li>- Insufficient workforce capacity to fill critical roles</li><li>- Significant HR resource needed having to repeat recruitment activity into posts.</li><li>- Service provision failure</li><li>- Higher spending on external resources</li><li>- Reputational risk - SSDC not employer of choice</li><li>- Financial impact due to overspend of missing income target</li><li>- Customer can't get Housing benefits payments and risk losing home</li><li>- Homelessness not prevented</li><li>- Planning delays</li><li>- Council can't collect council tax / business rates</li></ul> | 25             | 14             |

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## Health and Safety Update

Strategic Director: Nicola Hix, Support Services and Strategy  
Assistant Director: James Divall, Support Services and Strategy  
Service Manager: Jess Power, Lead Specialist Strategic Planning  
Contact Details: [jessica.power@southsomerset.gov.uk](mailto:jessica.power@southsomerset.gov.uk) or 01935 462300

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## Purpose of the Report

1. To update Audit Committee on the strategic Health and Safety situation and provide monitoring data for the period of January to December 2021.

## Public Interest

2. This report provides an update to the Audit Committee on Health and Safety at South Somerset District Council, focusing on monitoring and progress with the Councils Health & Safety Policy.

## Recommendations

3. That the Committee note the current update on health and safety as detailed in this report; and
4. That Members complete the Health and Safety training on the Learning Management Systems if they have not already done so.

## Background

5. South Somerset District Council is committed to ensuring the health, safety and wellbeing of all its employees, Members and other persons who may be affected by the Council's activities.
6. The Audit Committee considers the health and safety performance of the Council annually. They delegate responsibility to the Health and Safety Steering Group for developing policies and systems, and for the regular management of health and safety matters. The Steering Group is made up of lead specialists/managers representing all service areas of the Council and reports to the Senior Leadership Team on a quarterly basis.
7. The Health and Safety Working Group is the consultative group on health and safety for the Council and is made up of a cross section of operational individuals from across all areas. It reports to the Steering Group. Both the Steering and Working groups meet regularly and oversee that health and safety is managed effectively at strategic and operational levels.



## **Health & Safety Monitoring**

8. Appendix One includes monitoring information, set out in tables and graphs.
9. Table 1 shows the number of reported accidents and incidents over a number of years, up to the end of 2021.
10. While there is an increase in the number of staff accidents compared with 2020 this is lower than the pre-covid period in 2019. This increase likely reflects the return to more normal working practices as the Covid lockdowns were lifted in 2021. There is also a notable drop in the number of reported accidents involving members of the public over the last couple of years.
11. While the levels of reported violence to staff incidents is showing lower than recent years, there is a possibility that the number of actual incidents may be higher than reported. Further work is therefore underway to raise awareness to staff of the importance of reporting incidents, including abuse via email communication and social media. Reporting helps to identify issues and take appropriate action.
12. Table 2 shows the reported incidents with a breakdown per quarter and indication of whether any incidents were reportable to the Health & Safety Executive, under RIDDOR (Reporting of injuries, diseases and dangerous occurrences regulation 2013).
13. Table 3 shows more detail of the staff only accidents during 2021, within which teams and any that were RIDDOR reportable. Environmental Services and Countryside remain the two teams with the highest rate of staff accidents because of the nature of their work.

## **Policy and Reporting Developments**

14. An updated corporate Health and Safety Policy was approved and adopted by Full Council in December 2021. This policy provides the framework for health and safety management at the Council. The Steering Group is now tasked with overseeing the next phase of policy development, focusing on updating service level policies to align with the adopted corporate policy.
15. The Working Group already has a detailed work programme with actions assigned to specific officers on the Group. The progress made on the programme is regularly shared with the Steering Group and the Senior Leadership Team. We have identified actions that need addressing, a new maturity assessment is being developed to understand more clearly the level of support needed per service area as well as the introduction of an enhanced corporate health and safety implementation plan. This work will also help us in the transition to the new Unitary Authority.



16. The Lead Specialist – Strategic Planning represents SSDC on the Health and Safety Local Government Reorganisation (LGR) Sub-Workstream. The group comprises of Health and Safety representatives from Somerset County Council, Somerset West and Taunton, Mendip and Sedgemoor District Councils to ensure we are prepared for Vesting Day.
17. As part of our Work Programme at SSDC we have already improved the reporting and monitoring of incidents and accidents and the Council now has a new online reporting tool, which went live in January 2022. More information is captured in these new forms about the incidents / accidents and the following actions that are taken, or, need to happen. This will help managers to identify any issues and track and monitor progress with any areas in need of improvement, to stop similar accidents reoccurring. An online data dashboard has also been developed to give Managers access to high-level reported data and this analysis will also be reviewed regularly by the Steering and Working Groups.
18. All staff and Members have been invited to complete a training course for health and safety on the Council's Learning Management System. Managers are also asked to complete additional health and safety training and staff also undertake specific role related training for their area of work.

### **Financial Implications**

19. None.

### **Council Plan Implications**

20. Aligned to our Council Plan values of empowering a confident, flexible workforce.

### **Carbon Emissions and Climate Change Implications**

21. None.

### **Equality and Diversity Implications**

22. As this report is for information and no decisions are being asked from Members an equality impact assessment is not required.

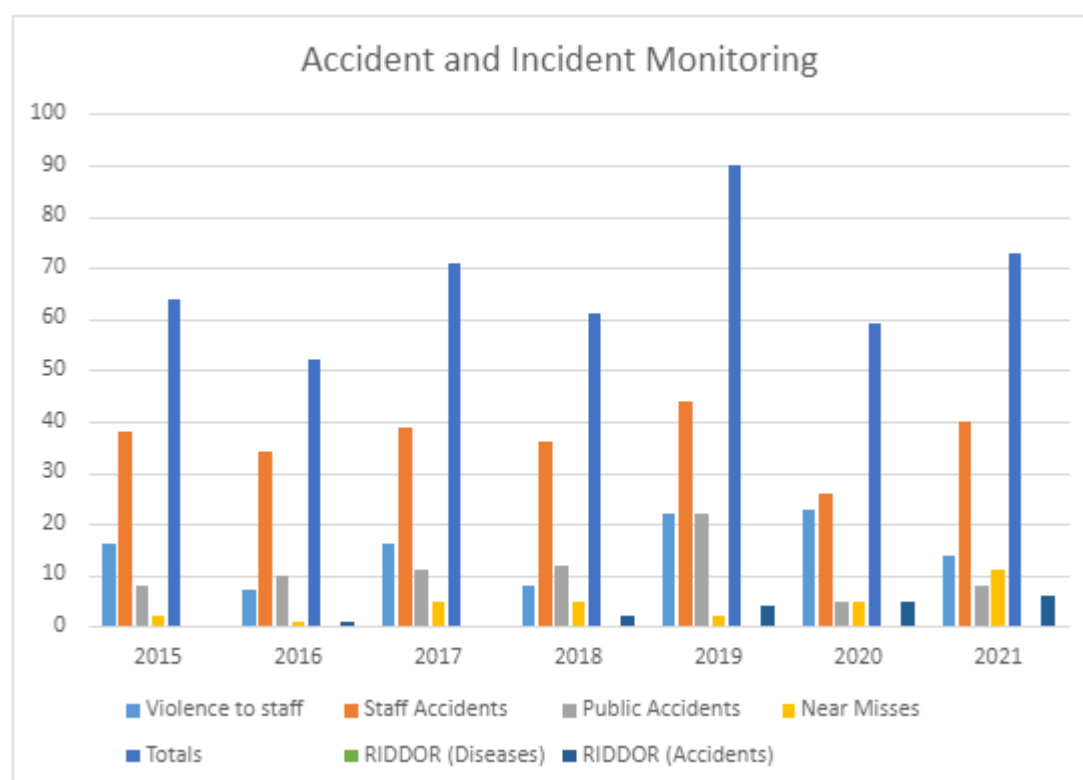
### **Background Papers**

23. None.

## Appendix One

**Table 1 (and linked graph) - Summary of reported incidents yearly.**

|                    | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------|------|------|------|------|------|------|------|
| Violence to staff  | 16   | 7    | 16   | 8    | 22   | 23   | 14   |
| Staff Accidents    | 38   | 34   | 39   | 36   | 44   | 26   | 40   |
| Public Accidents   | 8    | 10   | 11   | 12   | 22   | 5    | 8    |
| Near Misses        | 2    | 1    | 5    | 5    | 2    | 5    | 11   |
| Totals             | 64   | 52   | 71   | 61   | 90   | 59   | 73   |
| RIDDOR (Diseases)  | 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| RIDDOR (Accidents) | 0    | 1    | 0    | 2    | 4    | 5    | 6    |



**Table 2**  
**Summary of reported incidents for 2021 (January to December 2021)**

| Count of Incidents Reported      |                  | Years     | Quarters  |           |           |             |
|----------------------------------|------------------|-----------|-----------|-----------|-----------|-------------|
|                                  |                  | 2021      |           |           |           | Grand Total |
|                                  |                  | Qtr1      | Qtr2      | Qtr3      | Qtr4      |             |
| Incident category                | RIDDOR Reported? |           |           |           |           |             |
| Near miss                        |                  | 7         | 2         | 2         |           | 11          |
| Public                           | Yes              |           |           |           | 2         | 2           |
|                                  | No               |           | 1         | 4         | 1         | 6           |
| <b>Public - Total</b>            |                  |           | <b>1</b>  | <b>4</b>  | <b>3</b>  | <b>8</b>    |
| Violence To Staff                | No               | 6         | 1         | 2         | 5         | 14          |
| <b>Violence To Staff - Total</b> |                  | <b>6</b>  | <b>1</b>  | <b>2</b>  | <b>5</b>  | <b>14</b>   |
| Accident To Staff                | Yes              | 2         | 1         | 1         |           | 4           |
|                                  | No               | 11        | 9         | 8         | 8         | 36          |
| <b>Accident To Staff - Total</b> |                  | <b>13</b> | <b>10</b> | <b>9</b>  | <b>8</b>  | <b>40</b>   |
| <b>Grand Total</b>               |                  | <b>26</b> | <b>14</b> | <b>17</b> | <b>16</b> | <b>73</b>   |

N.B The numbers in bold font are the totals for sections

**Table 3 – breakdown of accidents involving staff for 2021 (including RIDDOR)**

| Service Group/Team                      | No        | Outline   |
|---|-----------|---|
| <b>Environmental Services</b>           | 28        | 2 x eye injury<br>5 x cuts - minor cuts<br>5 x back injury (2 RIDDOR reportable)<br>5 x twist/sprain - minor slips and trips<br>5 x impact - minor injuries to fingers involving equipment (1 RIDDOR reportable)<br>2 x burn - from machinery<br>3 x needle<br>1 x fall |
| <b>Countryside</b>                      | 7         | 4 x cut - minor cuts<br>1 x break - fall incident whilst holding machinery (1 RIDDOR reportable)<br>2 x back injury   |
| <b>Sport &amp; Leisure</b>              | 1         | 1 x impact - minor injury to fingers involving equipment  |
| <b>Locality</b>                         | 1         | 1 x impact - minor due to slip and trip   |
| <b>Service Delivery</b>                 | 2         | 1 x cut – minor<br>1 x Repetitive Strain Injury   |
| <b>Arts &amp; Entertainment</b>         | 1         | 1 x burn  |
| <b>Total accidents involving staff:</b> | <b>40</b> |   |

**Near misses:** 11 incidents: 1 x regarding misuse of machinery at Lufton. 1 x Vehicle damaged, 1 x Livestock incident, 3 x Fly Tipping, 2 x Vandalism, 1 x needle found, 1 x water contamination and 1 x Machinery caused stone to break car window.

**RIDDOR:** 6 reports: 3 x 7 day absence, 1 x fracture, 2 x Public Accident

**Public accidents:** 3 x medical conditions that required first aid, 1 x gang related violence, 3 x fall and 1 x play park injury.

**Violence to staff:** 14 incidents of verbal abuse; 8 of which were over the phone, 6 face to face



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## **Civil Contingencies Update**

Strategic Director: Nicola Hix, Support Services and Strategy  
Assistant Director: James Divall, Support Services and Strategy  
Lead Officer: Jess Power, Lead Specialist Strategic Planning  
Contact Details: [jessica.power@southsomerset.gov.uk](mailto:jessica.power@southsomerset.gov.uk) or 01935 462300

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## **Purpose of the Report**

1. To provide Audit Committee with an annual update on strategic civil contingencies work that has occurred from 1<sup>st</sup> April 2021 onwards.

## **Public Interest**

2. The Council works with local communities and emergency responders to respond to, and recover from, emergencies as required by the Civil Contingencies Act 2004.

## **Recommendations**

3. That Audit Committee notes the contents of this report.

## **Background**

4. The Civil Contingencies Act and supporting regulations and guidance, establish a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level.
5. The Council has maintained its approach with Civil Contingency capability and has a pool of trained officers from within the staff team to plan, prepare and respond to emergencies and business continuity matters. Out of hours calls are, largely, initially managed through the Deane Helpline call centre, who then redirect calls for emergency civil contingencies and/ or unsafe structures that present a risk to the safety and welfare of members of the public, through to the Strategic Duty Officer (SDO) who is on duty at that time.
6. There is a Strategic Duty Officer on call 24/7 on a weekly rotation. The Strategic Duty Officer is supported by an Operational Duty Officer (ODO) (from within the Leadership & Management Team) who are also available 24/7. This gives the Council the ability to quickly establish high level command and control whilst at the same time having an officer available to deploy to the scene of an incident to liaise with the emergency services on the scene, other responders, and the local community.



### **Civil Contingency Update**

7. The Council continues to be a member of the Somerset Local Authority Civil Contingency Partnership (SLACCP). A suite of county-wide plans and guidance is updated by the Civil Contingency Unit (CCU) including the partnership work plan and the Joint Corporate Emergency Response & Recovery Plan (JCERRP).
8. The Partnership's staffed unit hosted a number of training activities over the last year to further support our duty officers and other staff who might also be called in to support major incidents. This has included virtual based induction for new duty officers, and, exercise sessions for all duty officers that involved planning through and role playing a real situation. An in-person familiarisation session was also hosted for some duty officers and other staff identified as potential rest centre managers to be better prepared for response in the event of an evacuation and a rest centre being set up. Loggist training was also completed by a number of case officers who would be asked to support the strategic management team upon activation of a major incident.
9. A number of duty officer call outs and major incidents occurred over the last year that required duty officers and the strategic management team to stand up. The first back in April 2021 with the sad passing of the Duke of Edinburgh, which activated the Death of a Senior Figure protocol. In addition, there were flooding incidents in the West of the District, in Chard and Ilminster and Somerset County Council as the Lead Local Flood Authority (LLFA) has Section 19 investigations ongoing for these incidents. In 2022, duty officers were once again stood up to plan and respond to the major incident concerning Storm Eunice which required liaison with partner agencies through the Avon and Somerset Local Resilience Forum (ASLRF).
10. A feedback and planning session was held earlier this year with a number of duty officers who had been involved in some of those call outs, to gain insight from their experiences and identify any opportunities to further improve efficiencies and procedures with our planning and response to emergencies.
11. Representatives of the Avon and Somerset Resilience Forum met as either a Strategic Management Group or a Tactical Awareness Group to respond to the challenges and requirements arising during Covid. An Officer Group of Emergency Planners and representatives continues to meet on a monthly basis to discuss civil contingencies matters arising, including potential fuel shortages, refugees, planned events and protests to continually share awareness across the partnership.

### **Duty Officer Resource Hub**

12. The Council has over the last year developed an online resource hub to further support the duty officers with the planning, response and recovery with civil



contingencies, bringing together all documentation and logging records into one site and with ease of access.

### **Financial Implications**

13. There are no financial implications as a result of this report.

### **Council Plan Implications**

14. Aligned to our Council Plan values of empowering a confident, flexible workforce.

### **Carbon Emissions and Climate Change Implications**

15. None.

### **Equality and Diversity Implications**

16. As this report is for information and no decisions are being asked from Members an equality impact assessment is not required.

### **Background Papers**

17. None.

## **SWAP Internal Audit Outturn Report 2021-22**

|                  |  |
|------------------|--|
| SWAP CEO:        | Dave Hill – Chief Executive - SWAP     |
| Lead Officer:    | Alastair Woodland – Assistant Director |
| Contact Details: | Alastair.Woodland@SWAPAudit.co.uk      |

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### **Purpose of the Report**

To update members on the Internal Audit Plan 2021/22 progress and bring to their attention any significant findings identified through our work since the previous update in February.

### **Public Interest**

Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes.

### **Recommendations**

1. Members are asked to note progress made in delivery of the 2021/22 internal audit plan and the significant findings since the previous update.

### **Background**

The Internal Audit function plays a central role in corporate governance by providing independent assurance to the Audit Committee over the effectiveness of internal controls, governance and risk management. The 2021/22 Annual Audit Plan was approved by the Audit Committee at its March 2021 meeting and is to provide independent and objective assurance on SSDC's Internal Control Environment and this work will support the Annual Governance Statement.

## Report Detail

This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in February 2022.
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

Please refer to the attached SWAP Progress Report 2021-22 for further details.

## Financial Implications

There are no financial implications associated with these recommendations.

## Council Plan Implications

Delivery of corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, SWAP Internal Audit Services.

## Carbon Emissions and Climate Change Implications

There are no implications arising from this report.

## Equality and Diversity Implications

There are no implications arising from this report.

## Background Papers

- Internal Audit Plan and Charter 2021-22 March 2021
- Internal Audit Progress Report July 2021
- Internal Audit Progress Report October 2021
- Internal Audit Progress Report February 2022



# SWAP

INTERNAL AUDIT SERVICES

Helping Organisations to Succeed

# South Somerset District Council

## Report of Internal Audit Activity

2021-22 Outturn Report May 2022

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# Contents

## The contacts at SWAP in connection with this report are:

### David Hill

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## Internal Audit Plan Progress 2021-22

### Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



### Role of Internal Audit

The Internal Audit service for the South Somerset District Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting in March 2021.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Senior Management Team. This 2021-22 Audit Plan was reported to and approved by this Committee at its meeting in March 2021. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.



## Internal Audit Plan Progress 2021-22

### Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 3 being minor or administrative concerns to 1 being areas of major concern requiring immediate corrective action.



### Internal Audit Work Programme Update

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2021/22. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on **Appendix A** of this document.

The following table summarises Audits finalised since the last update in February 2022:

| Audit Area                                  | Opinion    |
|---|------------|
| Council Tax and NDR                         | Limited    |
| Audit Committee Terms of Reference          | Advisory   |
| S106 Follow Up                              | Follow Up  |
| ICT & Digital Minimum Viable Products (MVP) | Advisory   |
| Debtors                                     | Reasonable |
| Covid-19 External Recovery Plan             | Advisory   |

## Internal Audit Plan Progress 2021-22

**Significant Corporate Risks**  
**Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.**

### **Completed Assignments:**

**Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.**

- **Limited or No Assurance Opinions**
- **Follow-ups**



### **Significant Corporate Risks**

We provide a definition of the 3 Risk Levels applied within audit reports and these are detailed in **Appendix A**. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports included with significant corporate risks.



### **Summary of Work Completed – Limited or No Assurance Opinions**

One audit completed in the period received Limited Assurance, **Council Tax and NDR**. A one-page summary of our findings is included in **Appendix C**.

One follow-up report was completed in the period for **Section 106**. A one-page summary of progress against previous recommendations is included in **Appendix C**.

## Internal Audit Plan Progress 2021-22

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



### SSDC Plan Performance

SWAP now provides the Internal Audit service for 24 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for South Somerset District Council for the 2021/22 (as of May 2022) were as follows:

| Performance Target  | Target Year End | Average Performance |
|---|-----------------|---------------------|
| <b><u>Audit Plan – Percentage Progress</u></b><br>Final, Draft and Discussion<br>In progress<br>Yet to complete   | >90%            | 90%<br>10%<br>0%    |
| <b><u>Quality of Audit Work</u></b><br>Customer Satisfaction Questionnaire  | >95%            | 100%                |
| <b><u>Outcomes from Audit Work</u></b><br>Value to the Organisation<br><i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i> | >95%            | Reported Year End   |

## Internal Audit Plan Progress 2021-22

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time.



### Approved Changes to the Plan

We will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Details of our current work areas are provided in **Appendix B**.

Unplanned work, special reviews or projects carried out on a responsive basis which are requested as new and emerging risk areas and which result in significant changes to the agreed plan will be reported to the Audit Committee.

The following table highlights changes to the plan since the February update report. There are also some required/requested timing changes of reviews which would be separately identified if considered to be significant.

| Assignment   | Amendment | Reason  |
|--|-----------|---|
| User Access Management arrangements                    | Deferred  | User Access Management Arrangements replaced with ICT & Digital Minimum Viable Products. A collective work to support the Unitary arrangements. |
| ICT & Digital Minimum Viable Products (MVP)            | Added     |   |
| <b>NEW:</b> Decarbonisation Grant CIA Sign-Off         | Deferred  | Sign-off not required until 22/23   |
| Covid-19 Discretionary grants                          | Deferred  | This work was deferred due to the Omicron grants. It will now be included in our rolling audit plan for future prioritisation.                  |
| Covid-19 Grants – Post Payment Assurance Restart Grant | Deferred  | This work was deferred due to the Omicron grants. Will now be undertaken as part of the 22/23 audit plan.                                       |
| Audit Committee Terms of Reference Support             | Added     | Support provided on developing the Audit Committee Terms of Reference.  |

## Assurance Definitions

|                             |   |
|-----------------------------|---|
| <b>No</b>                   | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.         |
| <b>Limited</b>              | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.                                |
| <b>Reasonable</b>           | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.                              |
| <b>Substantial</b>          | A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.  |
| <b>Non-Opinion/Advisory</b> | In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. |

## Definition of Corporate Risks

| <b>Risk</b>   | <b>Reporting Implications</b>  |
|---------------|--|
| <b>High</b>   | Issues that we consider need to be brought to the attention of both Senior Management and the Audit Committee. |
| <b>Medium</b> | Issues which should be addressed by management in their areas of responsibility.                               |
| <b>Low</b>    | Issues of a minor nature or best practice where some improvement can be made.                                  |

## Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

|                   |   |
|-------------------|---|
| <b>Priority 1</b> | Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management. |
| <b>Priority 2</b> | Important findings that need to be resolved by management.  |
| <b>Priority 3</b> | Finding that requires attention.  |

| Audit Type          | Audit Area  | Status | Opinion              | No of Rec | 1 = Major      | ↔  | 3 = Minor | Comments   |
|---------------------|---|--------|----------------------|-----------|----------------|----|-----------|--|
|                     |   |        |                      |           | Recommendation |    |           |  |
|                     |   |        |                      |           | 1              | 2  | 3         |  |
| Completed Work      |   |        |                      |           |                |    |           |  |
| Advisory            | Fraud Risk Assessment                                     | Final  | Advisory             | 0         | 0              | 0  | 0         |  |
| Assurance           | Boden Mill & Chard Regeneration Scheme Accounts Review    | Final  | Advisory             | 0         | 0              | 0  | 0         |  |
| Assurance           | <b>New:</b> Growth Deal Capital Expenditure Certification | Final  | Advisory             | 0         | 0              | 0  | 0         |  |
| Assurance           | Yeovil Cemetery & Crematorium Annual Accounts             | Final  | Advisory             | 1         | 0              | 0  | 1         |  |
| Assurance           | <b>New:</b> Patch Management                              | Final  | Reasonable           | 2         | 0              | 0  | 2         |  |
| Assurance           | Procurement   | Final  | Reasonable           | 4         | 0              | 1  | 3         |  |
| Assurance           | Homelessness Follow Up                                    | Final  | Follow Up (Advisory) | 5         | 0              | 3  | 2         | Relates to outstanding recommendations raised in 2020-21                               |
| Assurance           | Chard Regeneration Project – Lessons Learnt               | Final  | Advisory             | -         | -              | -  | -         | No formal recommendation raised but lessons learnt have been captured for future work. |
| Grant Certification | Green Homes Grant   | Final  | Grant Certification  | -         | -              | -  | -         |  |
| Confidential matter | Lufton depot investigation                                | Final  | Advisory             | -         | -              | 14 | -         | Review includes separate controls assurance report.                                    |
| Assurance           | Project Governance Regeneration Projects Follow Up        | Final  | Follow Up (Advisory) | 3         | -              | 2  | 1         | Two recommendations complete. 1 P2 and 1 P3.   |
| Assurance           | Covid-19 - External Recovery plan                         | Final  | Advisory             |           |                |    |           |  |

# One page summary of Limited Assurance/Follow Up audits

# Appendix C

| Audit Type   | Audit Area                                       | Status      | Opinion   | No of Rec | 1 = Major      | ↔ | 3 = Minor | Comments |
|--|--|-------------|---|-----------|----------------|---|-----------|----------|
|  |  |             |   |           | Recommendation |   |           |          |
|  |  |             |   |           | 1              | 2 | 3         |          |
| Assurance  | Council Tax & NNDR                               | Final       | Limited   | 5         | -              | 4 | 1         |          |
| Assurance  | Debtors  | Draft       | Reasonable  | 3         | -              | - | 3         |          |
| Advisory   | Audit Committee Terms of Reference Support       | Final       | Advisory  | -         | -              | - | -         |          |
| Advisory   | ICT & Digital Minimum Viable Products (MVP)      | Final       | Advisory  | -         | -              | - | -         |          |
| Assurance  | <b>NEW:</b> S106 Follow up Audit                 | Final       | Follow Up   | 2         | -              | 2 | -         |          |
| Reporting  |  |             |   |           |                |   |           |          |
| Advisory   | <b>NEW:</b> Unitary Lessons Learned              | Drafting    | Advisory  |           |                |   |           |          |
| In Progress  |  |             |   |           |                |   |           |          |
| Assurance  | Opium arrangements                               | In Progress |   |           |                |   |           |          |
| Assurance  | Commercial investments                           | In Progress |   |           |                |   |           |          |
| Deferred (moved to rolling schedule of Audits) or Removed (no longer risk/area to audit) |  |             |   |           |                |   |           |          |
| Fraud, Corruption and Governance   | Complaint Procedures                             | Deferred    | Reported to Audit Committee July 2021                             |           |                |   |           |          |
| ICT  | Incident management or Information Security (IS) | Deferred    | Reported to Audit Committee October 2021                          |           |                |   |           |          |
| Follow Up  | Income Generation Follow up                      | Removed     | Separate update on recommendations to be provided from management |           |                |   |           |          |



| Audit Type          | Audit Area   | Status   | Opinion                                  | No of Rec | 1 = Major      | ↔ | 3 = Minor | Comments |
|---------------------|--|----------|--|-----------|----------------|---|-----------|----------|
|                     |  |          |  |           | Recommendation |   |           |          |
|                     |  |          |  |           | 1              | 2 | 3         |          |
| Operational         | Health & Safety Framework                              | Deferred | Reported to Audit Committee October 2021 |           |                |   |           |          |
| Key Control         | Housing Benefit  | Deferred | Reported to Audit Committee October 2021 |           |                |   |           |          |
| Advisory            | Covid-19 - Financial Impacts and Lessons learned       | Removed  | Reported to Audit Committee October 2021 |           |                |   |           |          |
| Assurance           | Restart Grants – Bank Account Check                    | Removed  | Reported to Audit Committee July 2021    |           |                |   |           |          |
| Assurance           | Planning policy Change - Phosphate                     | Deferred | Reported to Audit Committee July 2021    |           |                |   |           |          |
| Grant Certification | Decarbonisation Grant                                  | Deferred | Reported to Audit Committee July 2021    |           |                |   |           |          |
| Assurance           | User Access Management arrangements                    | Deferred | See page 6 of this report.               |           |                |   |           |          |
| Assurance           | Covid-19 Discretionary grants                          | Deferred | See page 6 of this report.               |           |                |   |           |          |
| Grant Certification | Covid-19 Grants – Post Payment Assurance Restart Grant | Deferred | See page 6 of this report.               |           |                |   |           |          |
| Grant Certification | <b>NEW:</b> Decarbonisation Grant CIA Sign-Off         | Deferred | See page 6 of this report.               |           |                |   |           |          |

## Council Tax and NNDR – Final Report – March 2022



### Audit Objective

To ensure key financial system controls are operating effectively for Council Tax and Business Rates, and the opportunities for error, fraud or corruption are minimised.

| Assurance Opinion  | Number of Actions |        | Risks Reviewed  | Assessment |
|--|-------------------|--------|---|------------|
|  | Priority          | Number |   |            |
| <p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited</p> | Priority 1        | 0      | <p>The Council does not collect all Council Tax and Business rates due as a result of errors, omissions or fraud leading to financial loss or reputational damage.</p> <p><b>Medium</b></p> |            |
|  | Priority 2        | 4      |   |            |
|  | Priority 3        | 1      |   |            |
|  | Total             | 5      |   |            |

| Key Findings |  | Audit Scope  |
|--------------|--|--|
|              | Completion reports are not being received from Building Control which stops them from reporting the changes to the Valuation Office for assessment.  | <p>The audit looked at the below controls.</p> <ul style="list-style-type: none"> <li>Ensuring that there <u>is</u> appropriate billing arrangements for all Tax/business rate payers</li> <li>Changes to property data are processed and authorised in a timely and accurate manner following notification of valuation office listing</li> <li>Amendment to bills <u>are</u> appropriate and proportionate and authorised</li> <li>Debts are collected for all Tax/Business Rate payers, unpaid debts enter debt recovery processes</li> <li>Debts are progressed to write-off where recovery has been exhausted and write-offs are authorised.</li> <li>Monitoring of processing is undertaken by management</li> <li>Performance of collection is undertaken, is accurate and overseen by senior managers</li> <li>Only authorised staff <u>are able to</u> complete processing on the system</li> </ul> |
|              | Evidence for the checking of the annual parameter updates has not been retained.   |  |
|              | Reviews of Single person discounts have not been carried out. It was last reviewed in 2016.  |  |
|              | Reconciliations for annual bills being posted have not been completed due to issues with the suppliers' processes.   |  |
|              | Recovery action restarted in August 2021. Currently the Council can only issue 100 reminders per day, and this is, therefore, slowing the recovery action and impacting on the collection of Council Tax and NNDR. |  |

### Summary

Progress has been made since the last audit, but this has stalled due to the impact of Covid-19 on the team. Resources have been reduced due to the deployment of staff to manage the covid-19 business grants. This has caused a backlog of work; however, this is being prioritised and progress is being made. Recovery work also stopped due to Covid-19 and only restarted in August 2021. This impacts on the amount of income the Council is receiving; although it should be noted that it is on track to meet its income target for this financial year.

## S106 Follow Up – Final Report – May 2022



### Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019/20 Limited opinion audit of the S106 report have been implemented.

### Follow Up Progress Summary

| Priority   | Complete | In Progress | Not Started | Summary |
|------------|----------|-------------|-------------|---------|
| Priority 1 | 0        | 0           | 0           | 0       |
| Priority 2 | 2        | 2           | 0           | 4       |
| Priority 3 | 1        | 0           | 0           | 1       |
| Total      | 3        | 2           | 0           | 5       |

### Follow Up Assessment

The original audit of S106 contributions was completed in July 2021 and received a Limited assurance opinion. The original audit objective was: To ensure that appropriate arrangements are in place to manage the receipt and expenditure of **S106** and CIL (Community Infrastructure Levy) contributions. The opinion was split for the original audit due to separate controls in place to monitor and manage S106 and CIL. CIL received 'Reasonable' assurance so therefore only the S106 aspect has been subject to a follow-up review.

The follow up audit has found that most of the actions have now been completed and a couple remain in progress. Key findings from the audit follow up have been summarised below.

### Key Findings



The spreadsheet record of all S106 agreements has now been cleansed and all data is now accurately recorded within it. Some of the records within the spreadsheet have not been transferred to **Exacom** but this is a work in progress and is due to move from the testing phase to the live phase towards the end of 2022.



Work is ongoing with regards to monitoring and exception reports for S106. The delays in the implementation of **Exacom** have impacted this and discussions are due to take place with regards to budget for the public-facing module.



An internal process has now been introduced to monitor S106 contributions and notify relevant parties once received, although this does remain a manual process requiring two spreadsheets at present. Additional staff resource has been identified within Planning to support the CIL process which will also ensure that the officer responsible for S106 has additional capacity. The methodology to produce the Infrastructure Funding statement has now been amended and the previously identified error should therefore no longer take place. An officer in Strategy & Commissioning verified the accuracy of the data before the 2020/21 Infrastructure Funding Statement was published.

### Follow Up Scope

Testing has been performed in relation to all priority 1 and 2 actions and supporting evidence obtained to support implementation of actions. Follow-up of the priority 3 actions is based on self- assessment by the responsible manager.

## Improving Environmental Services and Corporate Governance – Achievements to date and planned further action

*Executive Portfolio Holders:* Val Keitch, Leader  
Sarah Dyke, Environmental Services  
*Lead Officers:* Jane Portman – Chief Executive  
Nicola Hix – Director of Strategy, Support Services & Environmental Services  
*Contact Details:* jane.portman@southsomerset.gov.uk or 01935 462275  
nicola.hix@southsomerset.gov.uk or 01935 462612

### Purpose of the Report

1. To update the Audit Committee on the response to the independent investigations in relation to the whistleblowing letter received in April 2021, the improvements made to date and planned further action in progress to improve corporate governance and control weaknesses within Environmental Services.

### Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of May 2022.

### Public Interest

3. There has been local and national public interest in the issues surrounding the independent investigations. It is in the public interest to report on the recommendations and progress being made to address them.

### Recommendations

4. It is recommended that the Audit Committee:
  - a) consider and comment on the progress that has been made in addressing the recommendations, and the further planned actions;
  - b) consider if the committee would wish to receive any further progress reports

### Background

5. On 22<sup>nd</sup> April 2021, the Leader of the Council and the former Chief Executive received a whistleblowing letter about the conduct of a number of council officers.



6. The former Chief Executive commissioned the SWAP Internal Audit Counter Fraud team to conduct a fact finding investigation into the allegations. As a result of the findings from SWAP, the allegations were further investigated, and on 29<sup>th</sup> June 2021 in line with the Council's Disciplinary Process and the Council's Constitution, Mr Richard Penn was appointed as an Independent Investigator to conduct a disciplinary investigation into the former Director of Commercial Services and Income Generation.
7. The SWAP Counter Fraud Team continued investigating activities which related to policies and procedures within the Environmental Services Team, mainly at the Lufton Depot. A report was finalised on this in September 2021 and presented to the Director of Strategy, Support & Environmental Services.
8. Mr Penn presented his report to the Chief Executive in September 2021. A disciplinary process into the allegations against the former Director of Commercial Services and Income Generation followed, resulting in her summary dismissal.
9. In relation to the focussed investigation into issues in the Environmental Services team, it became apparent that there were several control weaknesses, which if left untreated could put the council at risk.
10. SWAP also identified instances where procedures and controls had been disregarded or bypassed, some of which negatively impacted the Council. These examples of disregard for Council policy were indicative of wider cultural changes needed within the service area.

### **Key Recommendations made**

11. In addition to the findings about the behaviour of the former Director of Commercial Services and Income Generation, Mr Penn also found areas of corporate governance requiring improvement. He made the following recommendations.
  - a) The Council's policy on allowing senior managers and other employees to own and manage businesses or take on other paid work should be reviewed and clarified both at interview and in the conditions attached to appointment.
  - b) The Council's Code of Conduct should clarify and strengthen the provisions in respect of declarations of interest for gifts and payments in kind and for the declaration of related party transactions. Employees need to be clear what needs to be declared, when and to whom.
  - c) Training on the Code of Conduct (including the Principles of Public Life) should be compulsory for all staff as part of their induction, and should be refreshed when necessary, potentially on a yearly basis.
  - d) The Council's policy on allowing staff and elected members to use Council resources such as (but not limited to) the facilities at the Lufton Depot for their





own benefit should be reviewed and strengthened, and the systems for invoicing and recording payment for such work should be similarly reviewed and strengthened.

- e) Agency contracts and suppliers should have to go through a procurement process and should be part of a preferred supplier list to ensure that personal relationships and any other connections are declared centrally. The use of agency and contractors at SSDC should be reviewed to ensure that the allocation of funds are in the best interests of the public and the Council.
  - f) The recruitment of family members and what should be declared should be part of SSDC's Recruitment Policy.
  - g) Corruption and bribery training should be a mandatory part of the induction process for all new employees and should be given to employees on a periodic basis, including a test of their understanding.
  - h) The financial process for using Procurement cards and expenses must be reviewed and updated to prevent the improper use of the facility.
12. In September 2021, SWAP Counter Fraud Team issued a control weakness report, which identified a number of recommendations, particularly in strengthening policies and procedures at Lufton Depot. A number of these were a duplicate of those identified in Mr Penn's report, but additional ones were:
- a) Review of all services delivered by the Lufton depot is undertaken to include all practices and processes that support each area of delivery.
  - b) Training and awareness should be provided to all staff to ensure they understand the importance of compliance with practices and processes and the risk to themselves and the Council if these are not followed.
  - c) The culture at the depot was also identified as a concern and work to develop and promote a more positive culture is also needed.
  - d) All leave is booked and approved through the Council's i-Trent, as a single record. Training, support and relevant technology should be provided to staff to ensure they are clear on expectations and are comfortable in using the system.
  - e) Consideration should be given to revisiting the amount of leave taken by staff in the current period through reconciliation between the records. Any adjustments to leave should then be made in line with the allocation stated in the employee's contract of employment.
  - f) The processes for vehicle checks and key sign-out should be enforced more strongly at Lufton Depot. This should apply to all fleet vehicles so that there is adequate audit trail on driver history in the event of issues arising.



- g) Vehicle tracking should be consistently applied across the department to ensure good tone is set from the top at Lufton Depot and to ensure that there is adequate audit trail on driver history in the event of issues arising.
- h) Vehicle tracking information should be reviewed by a designated resource at an agreed interval. Journeys that fall outside of normal working parameters should be brought to the attention of a senior manager and further enquiries then made.
- i) Any breaches to working practices in relation to vehicle use, including unauthorised journeys and corrected odometers should be reported to the Director for Strategy and Support Services immediately.
- j) The Council should agree on a policy for taking work vehicles home overnight. Consideration should be given to the perceived advantages to the Council, any insurance implications and the responsibility for the safety of staff.
- k) Vehicles should not be used for private use during and outside of working hours. This should be reiterated to all staff and where breaches occur, these should be reported to the Director for Strategy and Support Services immediately.
- l) Staff should be reminded that property of the Council or hired equipment is not to be removed or used without prior approval from the Director for Strategy and Support Services. Communications or a written policy for staff guidance may be beneficial. Breaches to the above should be reported immediately to the Director for Strategy and Support Services.
- m) It should be ensured that Financial Regulations are complied with regarding disposals. This should include, where necessary, documented rationale, i.e., value for money and evidence of discussion with the Procurement and Risk Manager.
- n) Private works - The Council should decide on a stance regarding private works. Should these be allowed to continue, they must be declared and approved, where necessary by the Director for Strategy and Support Services, and not conflict with working arrangements or be done using work equipment, plant or vehicles.
- o) Employment contracts will also need to be reviewed and amended in line with the agreed approach.
- p) The Council should review the arrangement with the agency and consider its own Fair Recruitment Policy in this. Future posts should be filled using the correct process to ensure fairness and to avoid accusation and risk of favouritism.





- q) A data cleansing exercise should be undertaken on the shared and local drives to remove any personnel files which would, if found, constitute a breach of Data Protection Regulations.
- r) All staff should be reminded of their individual responsibility to comply with the employee Code of Conduct and the Financial Procedure Rules. Training should also be provided to all staff on both.

### **Progress made to address the recommendations**

- 13. Although SSDC has existing policies and procedures to mitigate against fraudulent activity where possible, this investigation has clearly identified some weaknesses that needed to be addressed to strengthen certain areas.
- 14. Two action plans have been developed to address the recommendations. The action plan and progress report in relation to Mr Penn's findings can be found at Appendix A. The action plan from the recommendations made by SWAP Counter Fraud Team can be found at Appendix B.
- 15. It seems that the culture at the Lufton Depot and potentially the rest of Environmental Services, has been impacted by the events that have occurred over recent years. The appointment of a new Environmental Services Manager, and the temporary long term transfer of a People Manager from within Strategy & Support Services to work at the Lufton Depot has made a considerable impact already. Both of these roles will work closely with the Director, and Assistant Director for Strategy, Support Services & Environmental Services to ensure this continues to improve.
- 16. Working closely with SWAP and a new multi-disciplinary team within SSDC, many changes as detailed in the action plan have already been implemented that should guard against similar breaches of the Code of Conduct and other SSDC policies, with the objective of also promoting a positive and transparent culture.

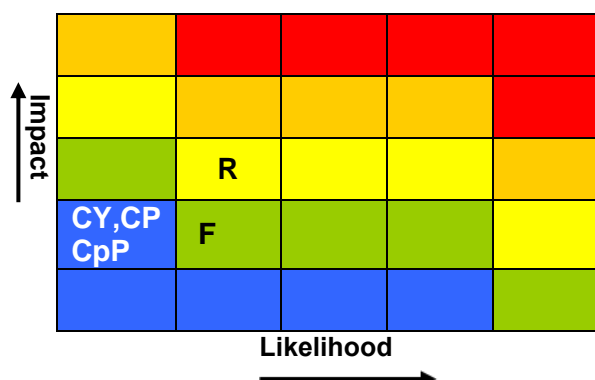
### **Next Steps**

- 17. Senior Leadership Team and Senior Officers across the Council, in particular at Lufton Depot will continue to work to ensure the action plans are fully implemented. SWAP Internal Audit Services will follow up on the weaknesses identified through the investigation during Quarter 2 of 2022/23. Their focus will be to ensure the completion of the action plan to address the recommendations.

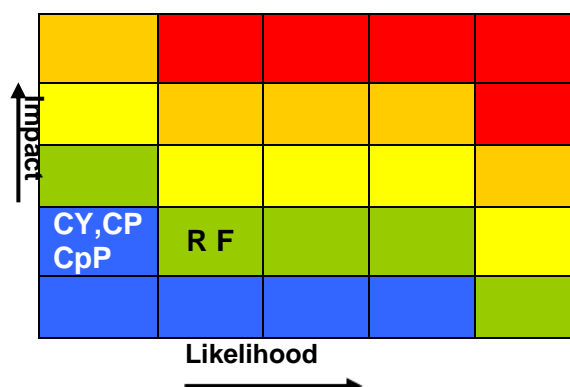
### **Financial Implications**

- 18. There are no new financial implications as a result of noting this report.

**Risk Profile before officer recommendations**



**Risk Profile after officer recommendations**



### Key

| Categories                      | Colours (for further detail please refer to Risk management strategy) |
|---------------------------------|---|
| R = Reputation                  | Red = High impact and high probability                                |
| CpP = Corporate Plan Priorities | Orange = Major impact and major probability                           |
| CP = Community Priorities       | Yellow = Moderate impact and moderate probability                     |
| CY = Capacity                   | Green = Minor impact and minor probability                            |
| F = Financial                   | Blue = Insignificant impact and insignificant probability             |

## Council Plan Implications

19. Improving and strengthening corporate governance and Environmental Services enables the council to deliver better the priorities set out in the corporate plan.

## Carbon Emissions and Climate Change Implications

20. There are no carbon emissions or climate change implications in this report.

## Equality and Diversity Implications

21. There are no equality or diversity implications

## Privacy Impact Assessment

22. There is no personal information included in this report.

## Background Papers

None

### Action Plan Following Independent Investigation

| Title | Recommendation   | Action  | By whom                  | By When          |
|-------|--|---|--------------------------|------------------|
| 1     | The Council's policy on allowing senior managers and other employees to own and manage businesses or take on other paid work should be reviewed and clarified both at interview and in the conditions attached to appointment. | Following consultation with Trade Unions, Senior Managers contracts have been amended to state that only work for the Council is permitted, unless there is express permission granted and providing additional activities do not give rise to conflicts of interest. | Lead Specialist - People | Completed Dec 21 |
|       |  | With regards to the rest of the existing workforce, Trade Unions have been consulted, whilst reviewing and clarifying employee's role titles it is proposed making this contract amendment at the same time.  |                          | June 2022        |
|       |  | Conflict of interest forms are ready to be rolled out and this will take place when the Code of Conduct mandatory training has commenced. These will be reviewed annually.  |                          | June 2022        |
|       |  | Where a conflict of interest arises, discussion will need to be held with People Manager / Director, People Specialists and Trade Unions to determine a way forward.  |                          | Ongoing          |
|       |  | Recruitment Interview template includes declarations of interest proforma for all posts.  |                          | Completed        |

| Title   | Recommendation  | Action   | By whom            | By When                    |
|---------|---|--|--------------------|----------------------------|
| 2       | The Council's Code of Conduct should clarify and strengthen the provisions in respect of declarations of interest for gifts and payments in kind and for the declaration of related party transactions. Employees need to be clear what needs to be declared, when and to whom. | Code of Conduct, including declarations of interest and gifts and hospitality, revised and updated.<br><br>Roll out to all staff.  | Monitoring Officer | Completed<br><br>June 2022 |
| Page 86 | Training on the Code of Conduct (including the Principles of Public Life) should be compulsory for all staff as part of their induction, and should be refreshed when necessary, potentially on a yearly basis.   | Code of Conduct training and supporting materials being developed, including a process to provide an auditable record of completion within the LMS (Learning Management System)<br><br>Training module to be included in the Mandatory Employee Training Programme for 2022/23 | Monitoring Officer | June 2022                  |

| Title | Recommendation   | Action  | By whom   | By When   |
|-------|--|---|---|---|
| 4     | The Council's policy on allowing staff and elected members to use Council resources such as (but not limited to) the facilities at the Lufton Depot for their own benefit should be reviewed and strengthened, and the systems for invoicing and recording payment for such work should be similarly reviewed and strengthened | <p>Policy has been reviewed. Staff and Elected Members can now only access services as any other member of the public.</p> <p>All council equipment and assets can only be used for council work.</p> <p>Any staff discounts applicable are transparent in the councils' fees and charges policy 2022/23 and at point of sale.</p>  | Director of Strategy, Support Services and Environmental Services     | <p>Completed</p> <p>Completed</p>   |
| 87    | Financial Regulations training should be carried out as part of the induction process and should be refreshed at yearly intervals as a minimum. Appropriate records should be kept on a learning management database.  | <p>Learning Management database fully reflects employees group, plus contractors and agency staff.</p> <p>Weekly reconciliation of starters and leavers conducted.</p> <p>Revised Financial Procedure Rules prepared for approval by Audit Committee</p> <p>Mandatory Employee Training on the revised Financial Procedure Rules will be rolled out following approval.</p> | <p>S151 officer and Lead Specialist – Finance</p> <p>S151 Officer</p> | <p>Completed</p> <p>Completed</p> <p>June 2022</p> <p>To start in June 2022</p> |

| Title | Recommendation   | Action  | By whom                       | By When   |
|-------|--|---|-------------------------------|---|
| 6     | <p>Agency contracts and suppliers should have to go through a procurement process and should be part of a preferred supplier list to ensure that personal relationships and any other connections are declared centrally. The use of agency and contractors at SSDC should be reviewed to ensure that the allocation of funds are in the best interests of the public and the Council.</p> | <p>Standard ITT document checked - Section 3 (3.1 (g) grounds for discretionary exclusion requires suppliers to identify conflicts of interest as defined in Reg 24 PCR Regs 2015.</p> <p>SSDC standard terms and conditions (clause 16) refer to ethical trading and are attached to the Council's RFQ template, but not currently issued on PO's. This is being reviewed by finance.</p> <p>All procurements over £25K are reviewed by the procurement specialist.</p> <p>Procurement specialist has reviewed the councils approach to agency staffing.</p> <p>All agency agreements now collated.</p> <p>Work ongoing with LGR colleagues to align approach to market. A new agency framework strategy is being actively developed for the new Somerset Council.</p> <p>A step by step guide for the recruitment of agency workers within SSDC has been produced and is being rolled out for the interim</p> | Lead Specialist - Procurement | <p>Completed</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Completed</p> <p>By November 2022</p> <p>June 2022</p> |

| Title | Recommendation  | Action  | By whom   | By When  |
|-------|---|---|---|--|
| 7     | <p>Ensuring that applicants are aware that they must declare any involvement in any other businesses and any conflict may result of the job offer not being able to be made</p> <p>The recruitment of family members and what should be declared should be part of SSDC's Recruitment Policy.</p> | <p>At all stages of the recruitment process potential candidates are required to declare any conflict of interest. This includes at the stage of advertisement, application, interview, and in the offer letter.</p> <p>The 'New Starter' form also requires the recruiting manager to confirm that no declaration has been made or any other outside interest is recorded.</p> <p>Recruitment policy and procedure has been updated and requires candidates and their recruiting managers to declare any relationships. All applications, both external and internal have been reviewed and updated.</p> | People Specialist                                     | <p>Completed</p> <p>Completed</p> <p>Completed</p> |
| 8     | Corruption and bribery training should be a mandatory part of the induction process for all new employees and should be given to employees on a periodic basis, including a test of their understanding.  | <p>Bribery and Corruption training promoted in February as part of the wider annual compliance/governance refresher training programme.</p> <p>By 09.05.22 74% of all staff had completed the training</p> <p>Proactive approach through people managers and 1-2-1's with staff to ensure all employees complete the training</p>   | Lead Specialist – Procurement, Performance and Change | <p>Completed</p> <p>Ongoing</p> <p>Ongoing</p>     |



| Title | Recommendation   | Action  | By whom                   | By When  |
|-------|--|---|---------------------------|--|
| 9     | The financial process for using P cards and expenses must be reviewed and updated to prevent the improper use of the facility. | <p>Reviewed and updated Procurement Card Procedures/ training notes and fact sheet of commonly asked questions</p> <p>All users reminded of their responsibilities</p> <p>Monthly transactional report monitoring implemented – sent to budget holders and subject to audit checks by finance officers.</p> | Lead Specialist - Finance | <p>Completed</p> <p>Completed</p> <p>Reporting effective from 01.04.22</p> |

## ENVIRONMENTAL SERVICES ACTION PLAN FOLLOWING INVESTIGATION

| RECOMMENDATION  | ACTION  | BY WHOM   | BY WHEN  |
|---|---|---|--|
| <b>General</b>  |   |   |  |
| 1. Review of all services delivered by the Lufton depot is undertaken to include all practices and processes that support each area of delivery   | We are designing and agreeing service standards / Frameworks, reviewed risk assessments/tool box talks/ method statements and service health checks for all service areas and products/activities. These documents will not only form an operating model but also performance frameworks moving forward.<br>We also using these documents as detailed dives into working practises for the LGR workstreams too.   | Assistant Director – Strategy, Support Services & Environmental Services (S, SS & ES) | End June 22  |
| 2. Training and awareness should be provided to all staff to ensure they understand the importance of compliance with practices and processes and the risk to themselves and the Council if these are not followed. | <p>Training matrix completed, letter to all staff reminding them of code of conduct and whistle blowing policy. Finance training provided to budget holders/authorisers by – Lead Specialist, Finance S&amp;C team considering induction process and annual reviews of key policies</p> <p>The new Fleet Specialist role established within the service provides a point of focus on Fleet and driver compliance – drivers / operators will be reminded of duties and responsibilities and actions will be taken if not compliant.</p> <p>Reviewed risk assessments and service health checks are also highlighted new training needs – these are being booked and logged into the training log and matrix</p> <p>Corporate training introduced to teams and individuals. Attendance and completed training is very high and will continue to be delivered by service management.</p> | Assistant Director – S, SS & ES / People Manager                                      | <p>Completed</p> <p>Role in place: Complete</p> <p>Compliance enforcement: ongoing</p> <p>Ongoing</p> <p>Ongoing</p> |
| 3. The culture at the depot was also identified as a concern and work to develop and promote a more positive culture is also needed.  | <ul style="list-style-type: none"> <li>Move Environmental Services Team reporting to the Director of Strategy &amp; Support Services, via the Assistant Director post put in place to support.</li> <li>Recruit a new Environmental Services Manager</li> <li>People Manager support</li> </ul>   | Assistant Director – S, SS & ES / People Manager / People Specialist (HRBP)           | 23/04/2023 Complete  |

| RECOMMENDATION  | ACTION  | BY WHOM        | BY WHEN   |
|---|---|----------------|---|
|   | <ul style="list-style-type: none"> <li>• Open, transparent conversations</li> <li>• Consistent approach to people management including regular 1:1s</li> <li>• 1:1 training completed for anyone carrying out 1:1s</li> <li>• 1:1 audit to be conducted to ensure they are being done consistently</li> <li>• Wellbeing training with MIND in progress</li> <li>• Management training – investigations (June 2022) and Sickness absence (tbc)</li> <li>• Team meetings are booked on a regular basis (2-way feedback)</li> <li>• Union representatives have a regular slot to meet staff &amp; are in regular conversation with site management.</li> <li>• 'You Said, so we did boards' in place to support staff consultation and feedback (creating a culture of listening to our staff and support a grass roots shaped service)</li> </ul> |                | Support now mainstreamed into service (ongoing) |
| <b>Annual Leave</b>   |   |                |   |
| 4. All leave is booked and approved through the Councils i-Trent, as a single record. Training, support and relevant technology should be provided to staff to ensure they are clear on expectations and are comfortable in using the system.                                 | Now in place and all leave being booked electronically  | People Manager | Complete  |
| 5. Consideration should be given to revisiting the amount of leave taken by staff in the current period through reconciliation between the records. Any adjustments to leave should then be made in line with the allocation stated in the employee's contract of employment. | No anomalies identified in terms of extra leave being taken.<br>Some leave carry forwards have been actioned (with Director approval) where individual situations required it   | People Manager | Complete  |

| RECOMMENDATION   | ACTION   | BY WHOM  | BY WHEN  |
|--|--|--|--|
| <b>Vehicle Records and Tracking</b>  |  |  |  |
| 6. The processes for vehicle checks and key sign-out should be enforced more strongly at Lufton. This should apply to all fleet vehicles so that there is adequate audit trail on driver history in the event of issues arising. | <ul style="list-style-type: none"> <li>Specialist Transport checking &amp; enforcing walk around checks (driver user checks) &amp; liaising with admin team to identify &amp; chase through team leader missing driver user check sheets.</li> <li>Minimise time taken for operatives to hand in completed driver user checks.</li> <li>New telematics is in the process of procurement (this will provide management data for transparency &amp; compliance) to support app tech for daily vehicle checks (delay due to potential alignment with county wide approach).</li> </ul> <p>Key cabinets moved to team leader office for more visible control. Sign out sheets to be completed and monitored. Completed sign out sheets to be stored for 15 months.</p> <p>Identify procedures for Teams using plant off site (i.e. Countryside/Localities/Yeovil Recreation Ground) Centralise records with Specialist Transport.</p> <p>After consultation, all vehicles will be based at the Lufton operating centre.<br/>Increased gate spot checks to monitor documentation against signing out sheets</p> | <p>Specialist – Transport</p> <p>Service Manager</p> | <p>DUC actioned and in place</p> <p>Compliance/ procurement ongoing (target June 22)</p> <p>Completed</p> <p>End June 2022</p> <p>In place &amp; monitoring on-going</p> |
| 7. Vehicle tracking should be consistently applied across the department to ensure good tone is set from the top at Lufton and to ensure that there is adequate audit trail on driver history in the event of issues arising.    | Trackers now in all vehicles and new trackers (included within the new telematics procurement work stream) being procured which will provide enhanced management information.  | Specialist - Transport                               | All vehicles now tracked. Procurement process for upgraded system (target end of June 22)  |

| RECOMMENDATION  | ACTION  | BY WHOM   | BY WHEN   |
|---|---|---|---|
| 8. Vehicle tracking information should be reviewed by a designated resource at an agreed interval. Journeys that fall outside of normal working parameters should be brought to the attention of a senior manager and further enquiries then made | <ul style="list-style-type: none"> <li>Produce tracking report (weekly by admin). Analyse with team leader &amp;/or Operations Manager.</li> <li>Independent quarterly review (Monthly) by Service Manager post</li> </ul> <p>This will be an easy reporting process with the new telematics being procured.</p>  | Specialist - Transport                                  | Commenced Feb 2022.<br>Ongoing action as part of procurement of tech  |
| 9. Any breaches to working practices in relation to vehicle use, including unauthorised journeys and corrected odometers should be reported to the Director for Strategy and Support Services immediately.  | <p>Specialist – Transport now appointed and monitoring usage regularly alongside the Specialist – Fleet Services. Trackers now in all vehicles and new trackers being procured which will provide enhanced management information.</p> <p>Driver policy document being updated (this will be easily available on new telematics app for all staff). The policy will re-iterate the rules and regulations regarding vehicle usage.</p> | Environmental Services Manager / People Manager         | Initial actions completed.<br><br>Ongoing monitoring taking place<br><br>Policy target for completion End of May 2022 |
| <b>Use of Council Vehicles for Private Use</b>  |   |   |   |
| 10. The Council should agree on a policy for taking work vehicles home overnight. Consideration should be given to the perceived advantages to the Council, any insurance implications and the responsibility for the safety of staff.            | <p>Business case being put together to propose a change to terms and conditions of employment, due to longevity of personal use, we will need to work with the unions to do this through a period of consultation.</p> <p>Details also to be detailed within the Driver Policy.</p>   | People Specialist/ Environmental Services Manager       | End of June 22<br><br>End of May '22  |
| 11. Vehicles should not be used for private use during and outside of working hours. This should be reiterated to all staff and where breaches occur, these should be reported to the Director for Strategy and Support Services immediately.     | <p>Consultation and actions to address are currently being delivered by the people specialist.</p> <p>Intention to bring all vehicles back to yard to act as fleet pooled vehicles (here at start of day and end of day)</p> <p>Details to be highlighted within Driver Policy</p>  | Environmental Services Manager / Specialist - Transport | End of June 22<br><br>End of May 22   |

| RECOMMENDATION  | ACTION   | BY WHOM                            | BY WHEN   |
|---|--|------------------------------------|---|
| <b>Use of Council buying power / card / account for Personal Purchases</b>  |  |                                    |   |
| 12. Employees at Lufton should be reminded that only goods and services that are a valid liability of the Council should be purchased through Council methods of payment and Council trade accounts.<br>Consideration should be given to refresher training with regards to this area.<br>Noncompliance with the above should be reported to the Director for Strategy and Support immediately. | Code of Conduct reminder<br><br>Financial Regulations guidance   | Assistant Director<br>– S, SS & ES | Completed   |
| <b>Using Council owned or hired items or services for non-Council work</b>  |  |                                    |   |
| 13. Staff should be reminded that property of the Council or hired equipment is not to be removed or used without prior approval from the Director for Strategy and Support Services. Communications or a written policy for staff guidance may be beneficial. Breaches to the above should be reported immediately to the Director for Strategy and Support.                                   | Controls around purchasing / buying are being improved included better store controls and inventory updates / documentation – linked to Fleetmaster upgrade (requires procurement)<br><br>Budget monitoring tracking responsibilities now at Team Leader upwards so shared responsibilities and awareness. | Assistant Director<br>– S, SS & ES | Commencing April, Target date June 2022<br><br>Completed and ongoing monitoring   |
| <b>Sale of Council Items</b>  |  |                                    |   |
| 14. It should be ensured that Financial Regulations are complied with regarding disposals. This should include, where necessary, documented rationale, i.e., value for money and evidence of discussion with the Procurement and Risk Manager.  | Disposal documentation training<br><br>Documentation shared on SharePoint, disposal through auction (with documentation shared with capital financial specialist) - examples as of 26/01/2022  | Assistant Director<br>– S, SS & ES | Completed<br><br>Ongoing - Disposal form being used and all work completed in collaboration with finance capital specialist |
| <b>Declarations</b>   |  |                                    |   |

| RECOMMENDATION  | ACTION   | BY WHOM                               | BY WHEN                               |
|---|--|---------------------------------------|---------------------------------------|
| 15. Personal Relationships - Staff should be reminded to declare any personal/family relationships, and these should be routinely assessed by a relevant manager who can consider the relationship for operational and reporting purposes.  | <i>Linked to wider organisational change from other investigation</i>  |                                       | Mandatory training sessions completed |
| 16. Gifts and Hospitality - Staff should be reminded on the rules around declaration of gifts and hospitality and provided with the necessary training and access to do so.   | <i>Linked to wider organisational change from other investigation</i>  |                                       | Mandatory training sessions completed |
| 17. Private works - The Council should decide on a stance regarding private works. Should these be allowed to continue, they must be declared and approved, where necessary by the Director for Strategy and Support Services, and not conflict with working arrangements or be done using work equipment, plant or vehicles. | <i>Linked to wider organisational change from other investigation</i><br><br><i>All Lufton staff have been informed.</i>   |                                       | Complete                              |
| 18. Employment contracts will also need to be reviewed and amended in line with the agreed approach.  | <i>Linked to wider organisational change from other investigation</i>  |                                       |                                       |
| <b>Recruitment Processes</b>  |  |                                       |                                       |
| 19. The Council should review the arrangement with the agency and consider its own Fair Recruitment Policy in this. Future posts should be filled using the correct process to ensure fairness and to avoid accusation and risk of favouritism.   | All recruitment now follows the same process as the rest of the organisation, independent external assessor used for recent high-level recruit robust process was undertaken.<br><br>Agency agreement reviewed by Solicitor to the Council who has confirmed no tie in. People Specialist and People Manager met with the agency to discuss future arrangements. All agency bookings need to go through People Manager and People Team from now onwards though plan in place to eliminate/drastically reduce agency. | People Manager / People Specialist(s) | Complete                              |
| <b>Access to Personal Data</b>  |  |                                       |                                       |



| RECOMMENDATION  | ACTION   | BY WHOM                               | BY WHEN          |
|---|--|---------------------------------------|------------------|
| 20. A data cleansing exercise should be undertaken on the shared and local drives to remove any personnel files which would, if found, constitute a breach of Data Protection Regulations.                | Paper files to be removed from locked office spaces and either stored appropriately or securely destroyed<br><br>J:Drive cleansing to be completed by People manager and team leader administration. | People Manager /<br>People Specialist | End June<br>2022 |
| <b>Compliance with the employee Code of Conduct and Financial Procedure Rules</b>   |  |                                       |                  |
| 21. All staff should be reminded of their individual responsibility to comply with the employee Code of Conduct and the Financial Procedure Rules. Training should also be provided to all staff on both. | Linked to completion of actions above.   | N/A                                   | N/A              |

## **Audit Committee Forward Plan**

SLT Lead: Karen Watling, Chief Finance Officer  
Lead Officer: Michelle Mainwaring, Case Officer (Strategy & Commissioning)  
Contact Details: michelle.mainwaring@southsomerset.gov.uk

## **Purpose of the Report**

This report informs Members of the agreed Audit Committee Forward Plan.

## **Recommendations**

Members are asked to note and comment upon the proposed Audit Committee Forward Plan as attached.

## **Audit Committee Forward Plan**

The forward plan sets out items and issues to be discussed over the coming few months and is reviewed annually.

Items marked *in italics* are not yet confirmed.

## **Background Papers**

None.

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## Audit Committee Forward Plan

| Meeting Date          | Item   | Responsible Officer   |
|-----------------------|--|---|
|                       |  |   |
| <b>30th June 2022</b> | 2021/22 Internal Audit Annual Opinion Report                                       | Alistair Woodland, Assistant Director (SWAP)                              |
|                       | 2021/22 Annual Treasury Management Performance Report                              | Lead Specialist Finance (Deputy S151 Officer)                             |
|                       | Annual Whistleblowing Update   | Monitoring Officer  |
|                       | Informing the Audit Risk Assessment for the 2021-22 external audit                 | Chief Finance Officer, Monitoring Officer and Chief Executive             |
|                       | Annual review of Treasury Management Practices for 2022-23                         | Lead Specialist Finance (Deputy S151 Officer)                             |
|                       | Proposed changes to Financial Procedures Rules for 2022-23 (to go to Full Council) | Chief Finance Officer and   |
|                       |  |   |
| <b>28th July 2022</b> | 2020/21 External Audit Findings Report   | Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)        |
|                       | 2020/21 External Auditors' Annual Report (to go to full Council)                   | Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)        |
|                       | Management Response to 2020/21 External Audit Findings and Annual Report (tbc)     | Chief Executive<br>Chief Finance Officer<br>Monitoring Officer            |
|                       | Approval of 2020/21 audited Statement of Accounts                                  | Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer) |
|                       | Approval of 2020/21 Annual Governance Statement                                    | Chief Executive and Monitoring Officer                                    |

|                                       |   |   |
|---------------------------------------|---|---|
|                                       | 2020/21 Housing Benefits Certificate of Claims Report ( <i>tbc</i> )          | Lead Specialist Finance (Deputy S151 Officer)                             |
|                                       | Briefing on progress on preparing the 2021/22 Statement of Accounts           | Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer) |
|                                       | 2022/23 Q1: Internal Audit Progress Report                                    | Alistair Woodland, Assistant Director (SWAP)                              |
|                                       | Risk Management Update Q1 2022/23   | Lead Specialist, PPC  |
|                                       |   |   |
| <b>22<sup>nd</sup> September 2022</b> | 2021/22 unaudited Statement of Accounts for 2021/22                           | Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer) |
|                                       | 2021/22 Draft Annual Governance Statement                                     | Chief Executive, Monitoring Officer, and Chief Finance Officer            |
|                                       | 2022/23 Q2: Internal Audit Progress Report                                    | Alistair Woodland, Assistant Director (SWAP)                              |
|                                       | Risk Management Update Q2 2022/23   | Lead Specialist, PPC  |
|                                       |   |   |
| <b>24<sup>th</sup> November 2022</b>  | 2022/23 Treasury Management mid-year treasury performance and strategy update | Lead Specialist Finance (Deputy S151 Officer)                             |
|                                       |   |   |
|                                       |   |   |
| <b>26<sup>th</sup> January 2023</b>   | 2021/22 External Audit Findings Report  | Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)        |
|                                       | 2021/22 External Auditors' Annual Report (to go to full Council)              | Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)        |
|                                       | Approval of 2021/22 audited Statement of Accounts                             | Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer) |
|                                       | Approval of 2021/22 Annual Governance Statement                               | Chief Executive, Monitoring Officer and Chief Finance Officer             |

|                                   |  |   |
|-----------------------------------|--|---|
|                                   | 2021/22 Housing Benefits Certificate of Claims Report ( <i>tbc</i> )   | Lead Specialist Finance (Deputy S151 Officer)                 |
|                                   | 2022/23 Q3: Internal Audit Progress Report   | Alistair Woodland, Assistant Director (SWAP)                  |
|                                   | Risk Management Update Q3 2022/23  | Lead Specialist, PPC  |
|                                   |  |   |
| <b>23<sup>rd</sup> March 2023</b> | 2022/23 Annual Health & Safety Update  | Lead Specialist – Strategic Planning                          |
|                                   | 2022/23 Annual Civil Contingencies   | Lead Specialist – Strategic Planning                          |
|                                   | 2022/23 Annual Whistleblowing Update   | Monitoring Officer  |
|                                   | 2022/23 Internal Audit Outturn Report  | Alistair Woodland, Assistant Director (SWAP)                  |
|                                   | 2022/23 Q4 Risk Management Update  | Lead Specialist, PPC  |
|                                   | 2022/23 Internal Audit Annual Opinion Report   | Alistair Woodland, Assistant Director (SWAP)                  |
|                                   | 2022/23 Draft Annual Governance Statement<br><br>Note: expect supplementary change order provisions will require the dissolving councils to prepare and approve their final Annual Governance Statement by 31 March 2023 | Chief Executive, Monitoring Officer and Chief Finance Officer |
|                                   |  |   |