



# **South Somerset District Council**

## **ANNUAL GOVERNANCE STATEMENT 2022/23**

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# Annual Governance Statement 2022/23

## Introduction

South Somerset District Council is responsible for ensuring it conducts its business and delivers services in accordance with the law and to proper standards. It must ensure that public money is properly accounted for and is used economically, efficiently and effectively and must also look to continuously improve how it operates, having regard to effectiveness, quality, service availability, fairness, sustainability, efficiency and innovation.

The Council's Annual Governance Statement is a transparent and open review of its governance framework, including the effectiveness of its systems of internal control. This review is not only informed by the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, but also takes into account the work and recommendations of the Council's internal and external auditors over the year. The Senior Leadership Team, comprising the Chief Executive, Directors, Section 151 Officer and Monitoring Officer, reviewed the draft 2022/23 Statement in March 2023.

2022/23 was a year of mainly positive challenges for the Council. We completed our work of embedding a new compliance culture and attitude in response to the recommendations in the Penn report. Our staff have gone above and beyond in their involvement with the creation of the new Somerset Council in addition to their normal activities. External pressures beyond our control have impacted on project delivery. We have faced these challenges together as one South Somerset and, as this Annual Governance Statement shows, can be proud of how we have tackled these issues properly and fairly and demonstrating good governance.

We are pleased to present South Somerset District Council's draft Annual Governance Statement (AGS) for 2022/23. This Annual Governance Statement will be published on the new Somerset Council website alongside the annual Statement of Accounts for 2022/23.

**This is the final Annual Governance Statement for South Somerset District Council with Local Government Reorganisation in Somerset leading to the dissolution of the Council on 1 April 2023 with its functions and services transferring to and being delivered by a new unitary Somerset Council from that date onwards.**

Cllr Val Keitch  
Leader of Council

Jane Portman  
Chief Executive

## **What is Corporate Governance?**

Corporate governance refers to the processes by which organisations are directed, controlled, led and held to account. It is also about culture and values - the way that councillors and employees think and act. The Council's corporate governance arrangements aim to ensure that it does the right things, in the right way, for the right people in a manner that is timely, inclusive, open, honest and accountable.

## **The Council's Governance responsibilities**

The Council is responsible for ensuring it conducts its business in accordance with the law and to proper standards. It must ensure that public money is properly accounted for and is used economically, efficiently and effectively. It also has a duty to continuously improve the way in which it functions, having regard to effectiveness, quality, service availability, fairness, sustainability, efficiency and innovation.

To meet these responsibilities, the Council has put in place sound and proper arrangements for the governance of its affairs, including a reliable system of internal control, and for reviewing the effectiveness of those arrangements.

The Council is committed to the principles of good governance taking into account the guidance produced by CIPFA and SOLACE including:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable, economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit, to deliver accountability

The Council regularly reviews and updates its Local Code of Corporate Governance, most recently the Audit Committee in October 2019.

## **The Governance Framework**

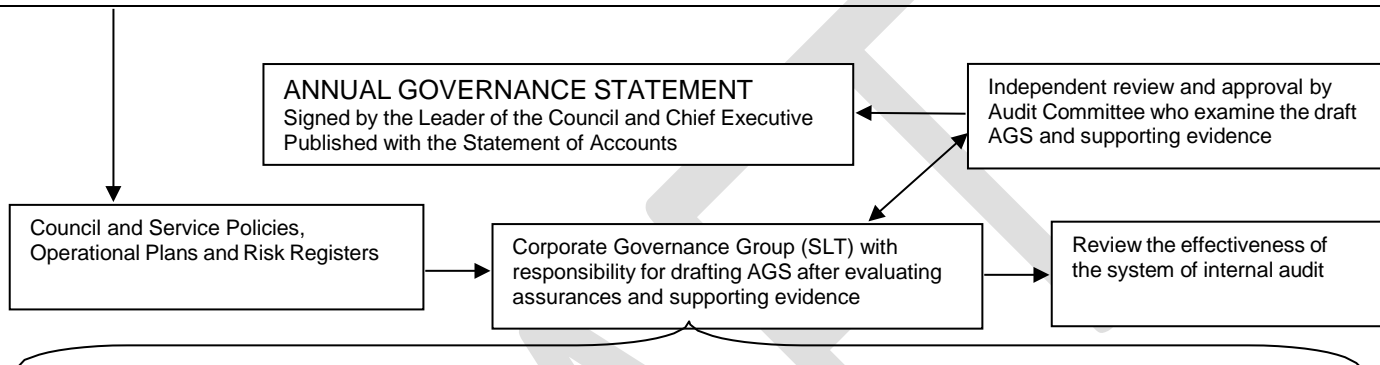
The governance framework consists of the systems, processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables us to monitor the achievement of our objectives and to consider whether these have led to the delivery of appropriate, cost effective services. As the Council improves the way it provides services, it is important that the governance arrangements are robust and flexible enough to manage this.

In order to review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Audit Committee, Scrutiny Committees, District Executive or Council as appropriate.

The framework is summarised in the diagram below and some of the key elements of the governance framework are highlighted on the next pages.

# South Somerset District Council – Governance Assurance Framework

Governance Framework – Key Documents/Functions		
<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Council Plan Service Planning Framework</li> <li>• Business Transformation Projects</li> <li>• Access Strategy</li> <li>• Communication Strategy</li> <li>• Performance Management Framework</li> <li>• Schedule of Council Meetings</li> <li>• Local Code of Corporate Governance</li> <li>• Record of Decisions</li> <li>• Fraud and Data Strategy</li> <li>• Risk Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership Register</li> <li>• Code of Conduct for Members</li> <li>• Members Induction &amp; Training Programme</li> <li>• Code of Conduct for Employees</li> <li>• Officer and Member Protocols</li> <li>• Confidential Reporting Policy</li> <li>• Anti-Fraud &amp; Corruption Policy</li> <li>• Whistleblowing Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Anti-Bribery Policy</li> <li>• Project Management Methodology</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Strategy</li> <li>• Procurement Strategy</li> <li>• Medium Term Financial Plan/Strategy</li> <li>• Capital Strategy, Investment Strategy and Treasury Management Strategy</li> <li>• Commercial Strategy</li> <li>• Annual Budget and Statement of Accounts</li> <li>• Financial Procedure Rules</li> <li>• Procurement Procedure Rules</li> <li>• Scheme of Delegation</li> <li>• Complaints Procedure</li> <li>• Equalities and Diversity Policy</li> </ul>



Performance Management	Risk Management	Information Governance	Legal and Regulatory Assurance	Members' Assurance
<ul style="list-style-type: none"> <li>• Embedded system</li> <li>• Operates throughout the organisation</li> <li>• Internal and external reviews</li> <li>• Action orientated</li> <li>• Performance Indicators</li> <li>• Periodic progress reports</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management strategy</li> <li>• Embedded in planning processes and project/partnership methodologies</li> <li>• Effectiveness evaluated</li> <li>• Outcomes reported to committee</li> <li>• Training programme</li> </ul>	<ul style="list-style-type: none"> <li>• Training programme</li> <li>• Outcomes reported to committee</li> <li>• Data Protection Officer role</li> <li>• GDPR Compliance</li> <li>• Transparency Code compliance</li> <li>• Data quality assurance for statutory returns and performance data</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring Officer's reports</li> <li>• Sections of committee reports</li> <li>• Legal advice obtained to support key decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Standards committee</li> <li>• Audit committee</li> <li>• Scrutiny function</li> <li>• Access to policies, information, advice, reports</li> </ul>
Assurances by Directors/Service Leads	Other Sources of Assurance (including third party)	Financial Management	Internal Audit	External Audit
<ul style="list-style-type: none"> <li>• Periodic reports</li> <li>• Internal control reviews</li> <li>• Annual Governance Statement</li> <li>• Internal Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• Reports by inspectors</li> <li>• Service review reports</li> <li>• Fraud reports and investigations</li> <li>• Ombudsman reports</li> <li>• Post implementation reviews of projects</li> </ul>	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan</li> <li>• Revenue Budget and Capital Programme</li> <li>• Revenue and Capital Management reports</li> <li>• Treasury management</li> <li>• Balance sheet management</li> <li>• Statement of accounts</li> <li>• Compliance with codes of accounting practice</li> <li>• Statutory returns</li> <li>• Grant claims</li> </ul>	<ul style="list-style-type: none"> <li>• Operates under approved terms of reference</li> <li>• Approved risk-based plans</li> <li>• Periodic and annual reports to Audit Committee, Auditor Opinion</li> <li>• PSIAS code compliance assessment</li> <li>• Active Quality Assurance and Improvement Programme in place</li> <li>• Operates under an Internal Audit Charter</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Plan</li> <li>• Audit Findings Report</li> <li>• Audit Opinion and VFM conclusion</li> <li>• Audit Letter</li> <li>• Notice of Completion of Audit</li> <li>• Public Inspection Period</li> </ul>

Ongoing assurance on adequacy and effectiveness of control over key risks

## The Corporate Strategy and Plan

Following the District Council election in May 2019, the newly formed Leadership Team spent some time reconsidering their priorities for the term. They translated their vision and aspirations into a new Council Plan and Annual action plan. In February 2022, the Council approved the Annual Action Plan for 2022/23, which set out what the Council would do to deliver and progress the agreed priorities for the year ahead.

The Annual Action Plan is a strategic document, which sits within the overall Council Corporate Plan 2020-2024 and sets out the strategic ambitions of the Council. It is a key document and tool used to communicate and share the objectives for the Council. The Annual Action Plan is designed to articulate the commitments made and milestones set; as well as provide the basis on which to hold the Council accountable.

# Corporate Plan: Annual Action Plan



## Our Vision for South Somerset

A naturally beautiful and sustainable environment, which also allows business to flourish and good homes to be delivered. A place where our communities are safe, vibrant and healthy and have access to exceptional cultural and leisure activities.



# 2022 - 23

### Great to work for

- \* Agile and empowered staff
- \* Inspiring people



### Leading the way

- \* Modern and resilient
- \* Adaptable to change
- \* Technology enabled



### Excellent to work with

- \* Business-like organisation
- \* Efficient and effective



### Delivering for our communities

- \* Resilient services
- \* Customer focused
- \* Data driven
- \* Proactive



The focus for the 2022/23 year was set out in the Action Plan.

The Council agreed five Priorities for 2022/23 within the Action Plan, as follows:



## Environment

### Priority 1:

To accelerate action to adapt to and mitigate the effects of climate change which includes reducing the Carbon footprint of the authority and enhancing the natural environment.



## Healthy & self-reliant communities

### Priority 2:

To enable healthy communities which are cohesive, sustainable and enjoy a high quality of life



## Economy and Covid-19 recovery plan

### Priority 3:

To assist businesses to recover from the Covid-19 pandemic whilst supporting growth within the South Somerset economy in partnership with other organisations.



## Places where we live

### Priority 4:

To enable housing and communities to meet the existing and future needs of residents and employers

Together we are delivering your  
**New Somerset Council**

## Local Government Reorganisation

### Priority 5:

To effect a safe and legal transition to the new Somerset Council on 1st April 2023

Key milestones and desired outcomes were set for each Priority and progress against them was monitored by the Senior Leadership Team and publically reported at regular intervals throughout the year.

The Annual Action approved by Full Council can be found at [Annual Action Plan 2022-23](#)

## Decision Making and Responsibilities

The Constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, together with a section on responsibility for functions, which includes a list of functions which may be exercised by officers. It also contains the rules, protocols and codes of practice under which the Council, its Members and officers operate.

The Council has 60 elected Members. The Council has adopted an executive governance model, which means most member decisions are taken at District Executive level, either collectively as part of a District Executive meeting or by the Leader or Portfolio Holders in accordance with the Scheme of Delegation set out in the Constitution. The District Executive is supported and held to account by both the Scrutiny Committee and the Audit Committee.

To give local citizens a greater say in Council affairs, the Council operates four area committees. These are responsible for planning, local regeneration schemes and community development in their area.

The Constitution also sets out the role of key officers, including the statutory roles of Chief Executive (Head of Paid Service), Monitoring Officer and Section 151 Officer, in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also for providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues. The three key officers and the Director of Place and Recovery, the Director of Service Delivery and the Director of Support, Strategy and Environmental Services form the Council's Senior Leadership Team (SLT).

The Council addressed two significant issues in this area during the course of 2022/23. The first was an issue raised by external auditors in relation to a settlement agreement in 2020/21, where management controls had not operated as they should have done. External auditors issued a statutory recommendation which was reported to Full Council in September 2022. Full Council accepted the recommendation and adopted a revised procedure with immediate effect. The external auditor, who was present at the meeting, was satisfied that the Council had addressed the concerns.

The second issue was the judicial review to a planning decision taken by the Chief Executive in consultation with a virtual meeting of the Council's Area West Committee in accordance with the Council's remote meetings arrangements. An objector challenged the decision on the grounds that two of the members should have declared an interest and not taken part in the debate. Although the decision was quashed by the High Court, the Judge made it clear that the decision did not reflect adversely on the integrity or professionalism of anyone involved. The decision was not appealed as a significant element of the decision related to provisions in the old Member Code of Conduct (see **Conduct** below) so an appeal would not have represented value for money.

## Equality

The Council is committed to delivering services equally to all residents and improving the quality of life for the people of South Somerset. Any new Council policy, proposal or service, or any change to these that affects people must be the subject of an Equality Impact Assessment (EIA) to ensure that equality issues have been consciously considered throughout the decision-making processes. The Council approved the current Equality and Diversity Policy in March 2019. Following SLT scrutiny of the operation of this Policy in 2021/22 and the emphasis of the importance of properly considering the impact of the Council's public sector equality duty on Council proposals, 97% of Council staff have successfully completed training in this area and the question of whether or not an EIA is required has been embedded within Council processes.

## **Managing Risk**

The Council's Risk Management Policy is fundamental to the system of internal control. It involves an ongoing process to identify the risks to our policies, aims and objectives and to prioritise them according to likelihood and impact. It also requires the risks to be managed efficiently, effectively and economically. All Members and managers are responsible for ensuring that risk implications are considered in the decisions they take. This applies to all significant programmes, projects and initiatives as well as any recommendations for material changes to current practices.

The Council's risk framework is based on a risk category approach to ensure consistency in risk scoring across the organisation, to provide a clearer route for escalation for risk owners, and improved oversight of risk for management. A standardised risk register template is embedded as part of the report template to encourage utilisation and ownership of risk at the appropriate level of the organisation, and to ensure a standard approach for both project as well as corporate risk management. Update and review of risks is enabled through supported risk reviews according to an agreed timetable.

Senior management is responsible for identifying and managing the principal risks to the Council. These risks are recorded in a Strategic Risk Register, from which corporate and project risk registers flow. Both the SLT and the Audit Committee have regularly reviewed and challenged the Risk Register during 2022/23.

## **Financial Management**

The Chief Finance Officer (S151 Officer) is responsible for the proper administration of the Council's financial affairs, as required by the Local Government Act 1972, and the Council's financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's 'Statement on the Role of the Chief Financial Officer in Local Government' (2016).

There are robust arrangements for effective financial control through our accounting procedures, key financial systems, and the Financial Regulations. These include established budget planning procedures and regular financial performance reports to Councillors. Our treasury management arrangements, where the Council invests and borrows funds to meet its operating requirements, follow professional practice and are subject to regular review.

The Council has a long established record of effective financial management and managing within our means. The 2022/23 original net budget of £19.714m was approved by Council in February 2022. The first quarter's budget monitoring report advised District Executive that there were budget pressures totalling an estimated £1.6m arising from the National Pay Award, increasing interest rates, increasing cost of living pressures which prompted a review to be carried out. The reviews resulted in the identification of areas of the budget which were under pressure and required budget increases and areas where savings could be made and/or alternative sources of finance can be applied. The budget pressure identified as part of the review was £3.023m, this budget gap was fully funded by underspends on budgets across all directorates with a small amount of earmarked reserve usage required (£66,950). Full Council approved the revised budget on 15 December 2022.

The Council's financial statements and arrangements for securing value for money are reviewed each year by our external auditor. The Council has opted into the Public Sector Auditor Appointments framework, as an efficient approach to procuring external audit services. Grant Thornton LLP is our appointed auditor for 2022/23.

During the 2022/23 the Council's procedures for considering public access to confidential audit and accounting information were queried by external auditors. Following an internal review a new process was adopted which satisfied the query.



## **The Covid-19 Pandemic**

The longevity of the Covid-19 pandemic and its extension from 2020/21 into 2021/22 meant that the effect on the Council's businesses, residents and workforce continued to be a challenge in 2021/22. The impact of the pandemic remained an area of concern in 2022/23.

The Council's response to the pandemic and the mobilisation of its staff continued to show the benefits of an agile and proactive workforce but also created new governance challenges. Having given delegated authority to the Chief Executive, in consultation with on-line meetings of the Committees which would otherwise have met in person, to take the decisions those Committees would normally take from May 2021, Full Council decided in July 2022 that future meetings would be in person with provision for remote attendance, but retaining the ability to hold consultative meetings with delegation should circumstances dictate. This exception was exercised in January 2023 when extreme weather conditions led to Full Council once more meeting remotely.

The Covid-19 crisis and its aftermath is likely to have a lasting impact on income levels, resulting from fundamental changes in social movements, behaviours and preferences. It could remain difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially given the new challenges brought about by the local and national economy being in recession.

## **The External Environment**

The pandemic led to a significant increase in financial risks and uncertainty, as well as significant additional costs for the Council and its services. The costs associated with capital projects have risen exponentially as a result of the rising costs of raw materials and inflation increases. More recently, increased financial pressures and operational requirements have arisen through the cost of living crisis and steep rise in energy costs. The Senior Leadership Team has continuously reviewed the financial strategy and budget regime through the year to mitigate risks and support the Council's priorities in response. We have managed the impact and maintained the Council's financial resilience through this turbulent time.

With the transformation to the new Somerset Council, the assumptions made for later years in the new council's MTFP continue to reflect the current shape of pressures.

## **Commissioning and Procurement of Goods and Services**

The Council recognises the value of considering different service delivery options in delivering our Council Plan. The effective commissioning and procurement of goods, works and services is therefore of strategic importance to our operations, while robust contract management helps to provide value for money and ensure that outcomes and outputs are delivered.

## **Managing Information**

The Council recognises that it has a responsibility to safeguard the information it holds and to manage it in accordance with the requirements of the General Data Protection Regulation (GDPR). GDPR came into force on 25 May 2018 and the Council carried out a compliance review in early 2021. Work on implementing the resulting GDPR Action Plan started in 2021/22 and was kept under scrutiny by the SLT. Since this work started there has been a step change in the Council's compliance rates in respect of both data protection and freedom of information requirements. In addition, a comprehensive training programme for all staff was developed in early 2022 and has now been rolled out across the organisation with an 82% compliance rate.

## **Conduct**

Our Codes of Conduct set out expected standards of conduct and are regularly reviewed and updated as necessary. These include the need for Members to register personal interests and the requirements for employees concerning gifts and hospitality, outside commitments and personal interests. The requirements of these codes are included in induction training to members and employees and both groups are regularly reminded of the codes.

In early 2022, the Council worked closely with the other councils in Somerset in preparation for the new Somerset Council to develop a new Member Code of Conduct. This was adopted by South Somerset District Council in September 2022.

Following review, a revised Employee Code of Conduct was adopted in 2022, accompanied by mandatory staff training. This scenario-based training has been rolled out across the organisation with a 91% compliance rate.

## **Whistleblowing**

People who work for, or with, the Council are often the first to realise that there may be something wrong within the Council. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. The Council has a Whistleblowing Policy that advises staff and others who work for the Council on how to raise concerns about activities in the workplace. The Council's policy was reviewed in April 2021 and the Audit Committee now receives an annual report on whistleblowing.

As reported in the 2021/22 AGS, in April 2021 the Council received an anonymous whistleblowing allegation containing serious allegations against some Council officers which resulted in more than one senior officer leaving the Council's employ. A comprehensive action plan to address the issues uncovered as a result of the various investigations flowing from the whistleblowing complaint was implemented and concluded in 2022/23 under the oversight of the Audit Committee. Employment Tribunal proceedings in respect of an officer who was summarily dismissed for gross misconduct were vigorously defended by the Council and were withdrawn by the former officer before they came to trial.

## **Counter Fraud**

The Anti-Fraud Policy makes it clear that the Council will not tolerate any form of fraud, corruption, or bribery. It provides for deterrents, promotes detection, identifies a clear pathway for investigation and encourages prevention. Benefits related fraud matters are usually referred to the Department for Works and Pensions, who operate the Single Fraud Investigation Services. The Council participates in the National Fraud Initiative, which compares data from a range of organisations to identify potential fraud or error cases.

The Council introduced compulsory training in this area for all staff during 2021/22 with a compliance rate of 95%.

## **Commercial Services and Investment**

The Council revised its Commercial Strategy in 2021/22 to take account of the revised Prudential Code and guidance on commercial investment for yield. The revised strategy continues to encourage the Council to operate in a more commercial way and focus on funding through direct income (e.g. sale, fees, and charges).

As part of the original 2017 Commercial Strategy, appropriate governance was put in place to oversee and manage a new Investment Fund to build a portfolio of commercial investment properties. Although the Council no longer invests in new assets, it continues to prudently manage its investment portfolio in accordance with the governance arrangements set out in the Constitution. These

governance arrangements were recognised as good practice by the Council's external auditors. .

## **Group Operations**

This is the third year that the Council has included group operations in a separate section in the Statement of Accounts. The rationale being that they are deemed materially significant and it is appropriate to give more prominence to the performance of these arrangements.

Group operations are subject to the same scrutiny and governance requirements as the single entity operations in that the Council ensures an appropriate level of transparency is maintained and that decisions are made at arm's length. The division of duties and avoidance of conflict of interest is maintained through the appointment of Directors on the Board of SSDC Opium Power Ltd (SSDC OPL) who do not have delegated powers of approval for the Council to make treasury decisions or to approve specific schemes. Any lending to the group is done at arm's length and at market rates thus avoiding unfair competition. Loan repayments are being received from SSDC OPL in accordance with the agreements and the Council received its first dividend payment from the company during the course of 2022/23.

## **Regeneration Programmes**

Following the adoption of revised governance arrangements for the Strategic Development Board and the Project Boards in September 2021 the four Regeneration Project Boards – for Yeovil, the Octagon Theatre, Chard and Wincanton – have continued to make significant progress.

The Strategic Development Board has received regular reports on progress from the Project Boards and the local Plan during 2022/23, and any movements outside of agreed tolerances for scope, time and cost have been reported to Full Council for a decision. Progress of the programme is reported through the Council's performance management systems.

## **Local Government Reorganisation in Somerset**

On 17 March 2022 The Somerset (Structural Changes) Order 2022 came into force. The Order creates a unitary authority for Somerset from 1 April 2023 and transfers the functions, powers and duties of South Somerset District Council to the unitary Somerset Council on that date.

The Order requires the existing five Somerset councils to work together to oversee the transition to the Unitary Authority. Following elections to Somerset County Council (the continuing authority) in May 2022, the Executive of the newly elected Council has been responsible for managing the implementation of the transition to the new unitary council for Somerset, assisted by the LGR Joint Scrutiny Committee And the Programme Board, comprising the five councils' Chief Executives, the lead authority's Monitoring Officer and Finance Director and the LGR Programme Director.

## **Financial Controls Imposed as a Result of the LGR Process**

Before the May 2022 elections, the LGR Joint Committee, comprising lead Members for all five Councils, agreed a joint (non-binding) Finance and Assets Protocol, which set out an agreed set of principles to safeguard the interests of the new council and future taxpayers, restricting new financial commitments to those agreed in approved budgets, the disposal of assets of material value, and the spending of Council reserves. This protocol was effective from 1 April 2022 until June 2022 when the Secretary of State issued a section 24 Direction preventing the district councils, including South Somerset District Council, from:

- Disposing of any land if the consideration for the disposal exceeds £100,000
- Entering any capital contract under which the consideration payable exceeds £1,000,000 or which includes a term allowing the consideration payable to be varied

- Entering any non-capital contract under which the consideration payable exceeds £100,000 where (i) the period of the contract extends beyond 1 April 2023; or (ii) under the terms of the contract, that period may be extended beyond that date.

without the consent of the County Council's Executive. The County Council issued a General Consent enabling disposals or contracts that fall within agreed parameters to proceed. Where the General Consent does not apply, a Specific Consent is required. South Somerset District Council revised its Financial Regulations in July 2022 to include the provisions in respect of the Direction and the General Consent.

### **Impact of LGR on SSDC**

The key risks relating to LGR, and its impact on South Somerset District Council were:

- **Capacity and resources** – Council staff are involved in the preparatory work for the Unitary Authority which has the potential to impact on being able to deliver business as usual and the Council's priorities.
- **Recruitment and retention** – staff may find jobs elsewhere due to the uncertainty around jobs in the new Council. The Council may also find it difficult to recruit staff to backfill positions where staff are working on LGR projects.
- **Use of Consultants** - The Council may have to use consultants if recruitment is problematic, and this could have an impact on the Council's budget.

### **Conclusion**

South Somerset District Council has continued to operate fit for purpose governance arrangements during the year, reflecting its priorities and risks. A main priority for 2022/23, in addition to the reviews referred to in this statement, was dealing with the issues raised by our investigation into the anonymous whistleblowing complaint and ensuring that the actions we took were prudent, fair and proper and in the best interests of the Council and the people of South Somerset. Other issues were addressed as they arose, as reported above.

We also continued to focus on providing effective and resilient services in the face of the Covid pandemic alongside initial preparations for the challenge of implementing the Secretary of State's decision to establish a new unitary authority for Somerset on 1 April 2023.

The Internal Auditor's Opinion provides reasonable assurance based on the areas reviewed in the annual audit plan, giving confidence over the effectiveness of the systems of internal control.