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Legal and Democratic Services



AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE

Thursday 18 November 2021 at 7.30 pm

Place: Council Chamber, Epsom Town Hall

Link for public online access to this meeting:

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The members listed below are summoned to attend the Audit, Crime & Disorder and Scrutiny Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Steve Bridger (Chair)
Councillor Nigel Collin (Vice-Chair)
Councillor Arthur Abdulin
Councillor Liz Frost
Councillor Rob Geleit

Councillor David Gulland
Councillor Previn Jagutpal
Councillor Phil Neale
Councillor Alan Sursham
Councillor Chris Webb

Yours sincerely

A handwritten signature in black ink that reads 'K. Beldan'.

Chief Executive

For further information, please contact Democratic Services, 01372 732000 or democraticservices@epsom-ewell.gov.uk

EMERGENCY EVACUATION PROCEDURE

No emergency drill is planned to take place during the meeting. If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions.

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

Public information

Please note that this meeting will be held at the Town Hall, Epsom and will be available to observe live on the internet

This meeting will be open to the press and public to attend as an observer using free GoToWebinar software, or by telephone.

A link to the online address for this meeting is provided on the first page of this agenda and on the Council's website. A telephone connection number is also provided on the front page of this agenda as a way to observe the meeting, and will relay the full audio from the meeting as an alternative to online connection. A limited number of seats will also be available in the public gallery at the Town Hall. For further information please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

Agendas, reports and minutes for the Committee are also available on the free Modern.Gov app for iPad, Android and Windows devices. For further information on how to access information regarding this Committee, please email us at Democraticservices@epsom-ewell.gov.uk.

Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government (Access to Information) Act 1985. Should any such matters arise during the course of discussion of the below items or should the Chairman agree to discuss any other such matters on the grounds of urgency, the Committee will wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions from the Public

Questions from the public are permitted at meetings of the Committee. Any person wishing to ask a question at a meeting of the Committee must register to do so, as set out below.

Up to 30 minutes will be set aside for written or oral questions from any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough on matters within the Terms of Reference of the Audit, Crime & Disorder and Scrutiny Committee which may not include matters listed on a Committee Agenda.

All questions whether written or oral must consist of one question only, they cannot consist of multi parts or of a statement.

The question or topic may not relate to a specific planning application or decision under the Planning Acts, a specific application for a licence or permit of any kind, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chairman are vexatious or frivolous will not be accepted.

To register to ask a question at a meeting of the Committee, please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Written questions must be received by Democratic Services by noon on the tenth working day before the day of the meeting. For this meeting this is **Noon, 3 November 2021**

Registration for oral questions is open until noon on the second working day before the day of the meeting. For this meeting this is **Noon, 15 November 2021**

AGENDA

1. QUESTION TIME

To take any questions from members of the Public.

2. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

3. MINUTES OF THE PREVIOUS MEETING (Pages 5 - 8)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 1 September 2021 (attached) and to authorise the Chair to sign them.

4. INTERNAL AUDIT PROGRESS REPORT (Pages 9 - 30)

This report summarises progress against the Internal Audit Plan

5. POST IMPLEMENTATION REVIEW OF THE USE OF DEFOE COURT, EPSOM (Pages 31 - 38)

The findings following a post implementation review of the council's use of Defoe Court in East Street Epsom for use as additional temporary accommodation.

6. APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24 (Pages 39 - 60)

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

7. RISK MANAGEMENT FRAMEWORK ANNUAL REPORT (Pages 61 - 72)

This report provides the Committee with an update on the Council's risk management arrangements

8. CAPITAL BUDGET MONITORING QUARTER 2 (Pages 73 - 84)

This report presents the capital monitoring position at Quarter 2 for the current financial year 2021/22.

9. REVENUE BUDGET MONITORING - QUARTER 2 (Pages 85 - 100)

This report presents the forecast revenue outturn position for the current financial year 2021/22, as at Quarter 2 (30 September).

10. WORK PROGRAMME 2021/22 (Pages 101 - 106)

This report presents the Committee with the work programme for 2021/22.

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY
COMMITTEE held on 1 September 2021**

PRESENT -

Councillor Steve Bridger (Chair); Councillor Nigel Collin (Vice-Chair); Councillors Arthur Abdulin, Liz Frost, Rob Geleit and David Gulland

Absent: Councillor Previn Jagutpal, Councillor Phil Neale, Councillor Alan Sursham and Councillor Chris Webb

Officers present: Kathryn Beldon (Chief Executive), Gillian McTaggart (Head of Policy, Performance & Governance), Lee Duffy (Chief Finance Officer), Sue Emmons (Senior Accountant) and Sarah Keeble (Democratic Services Officer)

12 QUESTION TIME

No questions were asked or had been submitted by members of the public.

13 DECLARATIONS OF INTEREST

No declarations of interest were made in relation to Items of business to be discussed at the meeting.

14 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 15 June were agreed as a true record and signed by the Chair.

15 ANNUAL PLAN 2021- 2022

The Committee received a report setting out the Annual Plan 2021- 2022 outlining the key objectives and performance indicators to support the delivery of the Council's Four Year Plan 2020- 2024.

The Committee received a verbal introduction from the Head of Policy, Performance & Governance.

The following matters were raised by the Committee:

- a) **Appendix 1, page 20:** Members suggested that the words 'reports of' be removed from the following sentence of column 3: 'Reduction in reports of fly tipping' as to not discourage any future reporting.
- b) **Appendix 1, page 22:** Members suggested that some encouragement is given to residents to obtain responses to the consultation regarding transport and infrastructure.
- c) **Appendix 1, page 23:** Members noted the promotion of the Borough's history and heritage, and requested that this section makes note of any non-buildings including Horton Cemetery. The officer confirmed that the Four Year Plan in appendix 1 could not be amended without Full Council agreement but would note the comments of the committee.
- d) **Annual Plan Reporting:** Members were generally supportive of the methodology and approach in setting the Annual Plan for 2022/23 but requested that the Officer pick up some wording regarding collecting reported data to go into the Annual Plan in Appendix 2. The Officer agreed to look into this.
- e) **CO2 Omissions:** A member raised a concern as to the robustness of the methodology for capturing CO2 omissions data which is a new target and it was agreed that this could be considered when the targets were being set for 2022/23.
- f) **Balanced budget:** Following a question from a Member, the Officer confirmed that a balanced budget is a budget which is fully-financed, with or without the use of reserves.
- g) **Finance Peer Review:** A member questioned whether this should be a target for 2021/22 and the Chief Finance Officer confirmed that was already being reported and monitored by the Strategy & Resources Committee .
- h) **Trees:** Members raised concerns regarding the number of trees proposed to be planted. The Officer explained that this number is just a starting figure, and will be built on as a priority once the Tree Planting Policy has been published.
- i) **Major Planning Applications:** A query was raised over the target of 60% for deciding major planning applications in time and it was agreed to leave this but review for 2022/23.
- j) **Complaints data;** A query was also raised on the data for complaints received and whether it should be a set target. It was confirmed this is data only as the number of complaints can vary from year to year but this could be reviewed at a later stage.

Following consideration, it was resolved unanimously that the Committee:

- (1) Did comment on the key objectives and performance indicators identified within the Annual Plan for 2021 – 2022**
- (2) Agreed to provide feedback to the Strategy & Resources Committee**

16 CAPITAL BUDGET MONITORING QUARTER 1

The Committee received a report presenting the capital monitoring position at Quarter 1 for the current financial year 2021/22.

The Committee received a verbal introduction from the Senior Accountant.

The following matters were raised by the Committee:

- a) **S106 Funds:** Following a question from a Member, the Officer confirmed that S106 funds could be used to make a viability contribution to Planning developments, to offer some affordable housing. It was noted that Housing officers would be able to look into the value and contributions of proposed developments, alongside the set criteria for such schemes.
- b) **Ashley Centre car park:** Following a question from a Member, the Officer confirmed that the recent fire which occurred at the Ashley Centre car park had no effect on the proposed expansion scheme.

Following consideration, the Committee resolved unanimously to:

- (1) Note the capital monitoring position at Quarter 1, as set out in the report;**
- (2) Note the progress of capital projects as set out in appendix 1.**

17 REVENUE BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2021/22, as at Quarter 1 (30 June).

Following consideration, it was resolved unanimously that the Committee:

- (1) Received the revenue budget monitoring report, which sets-out a projected £2.63m budget deficit for 2021/22, along with provisional funding for the deficit;**
- (2) Agreed that a report should be taken to Community & Wellbeing Committee to present mitigation options for the budget pressures within the Housing service, and a post implementation review of Defoe Court;**

- (3) Agreed that a report should be taken to Community & Wellbeing Committee to present a recovery plan for the Venues;**
- (4) Agreed that the updated Quarter 2 position will be reported back to Audit, Crime & Disorder and Scrutiny Committee in November.**

The meeting began at 7.30 pm and ended at 8.06 pm

COUNCILLOR STEVE BRIDGER (CHAIR)

INTERNAL AUDIT PROGRESS REPORT

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 – Internal Audit Progress Report – November 2020 Appendix 2 – IT Business Continuity & Disaster Recovery Audit key outcomes – (Restricted)

Summary

This report summarises progress against the Internal Audit Plan

Recommendation (s)

The Committee is asked to:

- (1) Receive the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1

1 Reason for Recommendation

- 1.1 This Committee has overall responsibility for the audit and governance frameworks, including the functions of an audit committee.
- 1.2 The Committee receives regular internal audit progress reports which update the Committee on progress made against the audit plan and the outcomes of individual audits.

2 Background

- 2.1 Southern Internal Audit Partnership (SIAP) was appointed as the Council's internal auditors from April 2019 for a period of four years. SIAP is now in the third year of the contract although delivery of the audit plan in 2020/21 was impacted by the Covid pandemic.

2.2 The Internal Audit Plan and Charter was endorsed by the Committee on 8th April 2021.

3 Audit Plan 2021/22

3.1 This report presents the first internal audit progress report by SIAP for 2021/22. The report attached as Appendix 1 outlines the progress made against the current annual audit plan and analysis of live audit reports and outstanding audit recommendations.

Audit Assignment	Current Position of Audit	Assurance Opinion	Management Actions		
			H	M	L
Parking & Enforcement (c/f from 20/21)	Final Report	Reasonable		3	
IT Business Continuity & Disaster Recovery (c/f from 20/21)	Final Report	Limited	2	3	0
Financial Resilience	Due Qtr 4				
HR Performance Management	Audit Scope				
Risk Management	Audit Scope				
Health & Safety	Due Qtr 4.				
Information Governance	Due Qtr 4				
Annual Governance Statement	Final Report	Reasonable	1	2	
Council Tax	Due Qtr 4				

Audit Assignment	Current Position of Audit	Assurance Opinion	Management Actions		
			H	M	L
NNDR	Deferred to Qtr 1 22/23				
Treasury Management	Audit Scope				
Income collection	Due Qtr 3				
Compliance & Enforcement Grant	Ongoing				
Local Govt Compensation Scheme	Complete				
Data Management	Fieldwork completed				
Information Security	Due Qtr 4				
Operational Services	Audit Scope				
Environmental Health	Due Qtr 4				
Climate Change	Scope agreed				
Housing	Due Qtr 4				
Local Plan	Due Qtr 4				
Community Health & Wellbeing	Fieldwork undertaken				
Licensing	Deferred to Qtr 4 from Qtr 3				
Service Delivery Plans	Final Report	Reasonable		1	1
Fees & Charges	Fieldwork				

Audit Assignment	Current Position of Audit	Assurance Opinion	Management Actions		
			H	M	L
Epsom & Walton Downs Conservators Account	Complete	N/A			

- 3.2 The audit plan will need to be delivered by June for the Head of Internal Audit to complete the End of Year Opinion.
- 3.3 The Progress Report also includes an update on two audits that were finalised in 2021: Parking & Enforcement and IT Business Continuity and Disaster Recovery. The Parking & Enforcement audit was given a reasonable assurance. The IT Business Continuity & Disaster Recovery audit was given a limited assurance and a summary of key observations and actions agreed are provided in Appendix 2. This is restricted to the sensitivity of the recommendations however a number have now been implemented.
- 3.4 There is only one high priority management action from previous audits that remains outstanding. This relates to the Building Control audit; a new target date has been agreed in line with the transfer of the service. Further details of the management actions are provided in Annex 1 of Appendix 1. A number of medium and low term management actions are also outstanding, and some further work will be undertaken to review these and ensure the relevant officers provides an update.

4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

4.1.1 None for the purposes of this report.

4.2 Crime & Disorder

4.2.1 None for the purposes of this report.

4.3 Safeguarding

4.3.1 None for the purposes of this report.

4.4 Dependencies

4.4.1 The Head of Internal Audit (SIAP) will issue an annual Internal Audit Report and Opinion for 2021-22 on completion of the year. This report is a critical document that will be used in preparing the Annual Governance Statement for 2021/22 and is included in the Statement of Accounts.

4.5 Other

4.5.1 None for the purposes of this report.

5 Financial Implications

5.1 There are no financial implications in this report.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 There are no legal implications arising from this report.

6.2 **Legal Officer's comments:** none arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

7.1.1 Effective Council- Engaging, responsive and resilient

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** no relevance for the purpose of this report.

7.4 **Sustainability Policy & Community Safety Implications:** no relevance for the purpose of this report

7.5 **Partnerships:** not applicable

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

Audit, Crime & Disorder and Scrutiny Committee, 8 April 2021 - Internal Audit Plan 2021-22

- Audit Crime & Disorder & Scrutiny Committee - 8 April 2021 -
Internal Audit Progress Report

Other papers:

-

Internal Audit Progress Report 2021/22

October 2021

Epsom & Ewell Borough Council



**Southern Internal
Audit Partnership**

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

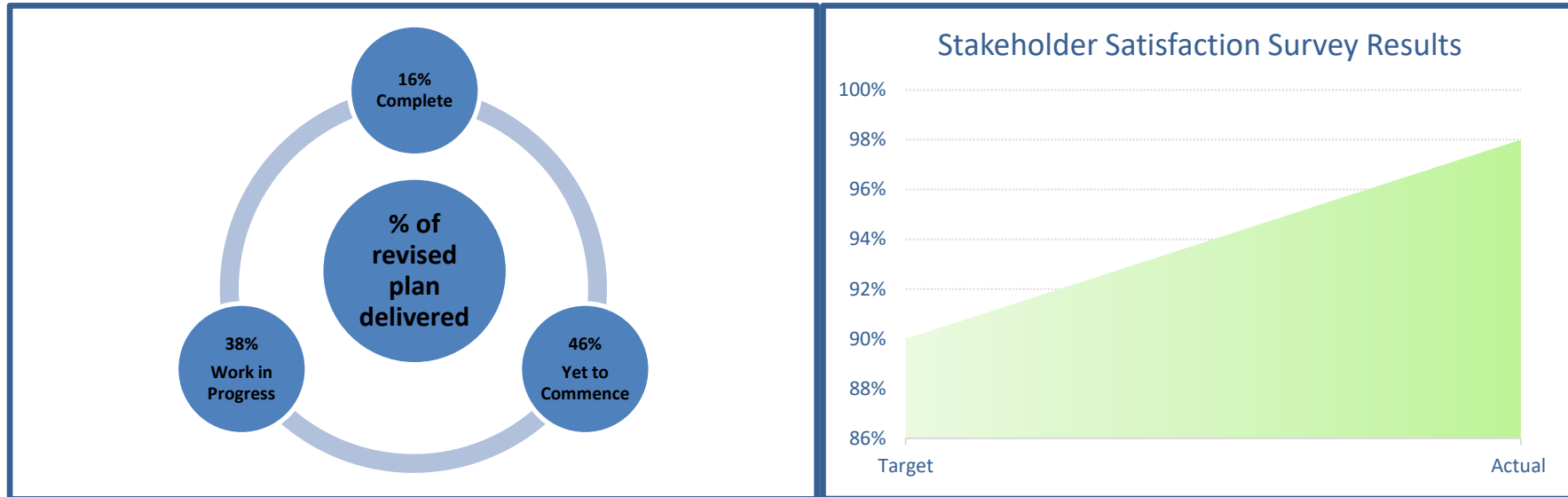
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	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.
Limited	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.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1*

3. Performance dashboard



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Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

Agenda Item 4
Appendix 1

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Fraud and Irregularities	06/08/2019	HofPPG	Adequate	4(0)	0(0)	3(0)		1	
Building Control	17/12/2019	HofP	Limited	6(1)	0(0)	0(0)	4	1	1
Asset Management (Property Assets)	17/12/2019	HofP&R	Adequate	7(5)	2(2)	3(3)	2		
Community and Wellbeing Centre	13/07/2020	HofOS	Limited	7(0)	0(0)	5(0)		2	
Information Governance	17/08/2020	HofPPG	Adequate	9(0)	0(0)	4(0)		5	
Development Management	03/03/2021	HofP	Reasonable	6(0)	1(0)	1(0)		4	
Housing Benefits	12/05/2021	HofH&C	Substantial	2(0)	0(0)	1(0)	1		
Accounts Payable	18/05/2021	CFO	Reasonable	6(0)	1(0)	5(0)			
Programme and Project Management	18/05/2021	HofPPG	Reasonable	3(0)	2(0)	0(0)		1	
Cyber Security	27/05/2021	HofD&ST	Reasonable	7(0)	4(0)	3(0)			
IT Business Continuity and Disaster Recovery	12/07/2021	HofD&ST	Limited	5(2)	1(0)	4(2)			
Parking and Enforcement	27/07/2021	HofOS	Reasonable	3(0)	0(0)	0(0)		3	
Service Delivery Plans	30/09/2021	HofPPG	Reasonable	2(0)	2(0)	0(0)			
Annual Governance Statement	03/11/2021	HofPPG	Reasonable	3(0)	3(0)	0(0)			
Total				70(8)	16(2)	29(5)	7	17	1


*Total number of actions (total number of high priority actions)

Audit Sponsor

CFO	Chief Finance Officer	HofP	Head of Planning
HofD&ST	Head of Digital and Service Transformation	HofOS	Head of Operational Services
HofHR&OD	Head of HR and OD	HofP&R	Head of Property & Regeneration
HofPPG	Head of Policy, Performance & Governance	HofH&C	Head of Housing & Community
CLO	Chief Legal Officer		

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There has been one new report published concluding a “limited” or “no” assurance opinion since the last progress report in June 2021.

IT Business Continuity and Disaster Recovery		
Audit Sponsor	Assurance opinion	Management Actions
Head of Digital and Service Transformation		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;">Medium 3</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 2</div> </div>

Summary of key observations:
Please see separate report.

6. Planning & Resourcing

The internal audit plan for 2021-22 was presented to the Senior Management Team and the Audit, Crime & Disorder and Scrutiny Committee in April 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2020/21 reviews								
IT Business Continuity & Disaster Recovery	HofD&ST	✓	✓	✓	✓	✓	Limited	
Parking & Enforcement	HofOS	✓	✓	✓	✓	✓	Reasonable	
2021/22 reviews								
Corporate Cross Cutting								
Financial Resilience	CFO							Q4
Corporate Governance								
HR – Performance Management	HofHR&OD	✓						
Risk Management	HofPPG	✓						
Health & Safety	HofPPG							Q4
Information Governance	HofPPG/ HofD&ST							Q4
Annual Governance Statement	HofPPG	✓	✓	✓	✓			
Financial Management								
Council Tax	HofD&ST							Q4
Treasury Management	CFO	✓						
Income Collection	CFO							Q3 – scoping booked for 11/11/2021

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2020/21 reviews								
Compliance & Enforcement Grant	CFO	✓	✓	✓	n/a	✓	n/a	
Local Government Compensation Scheme	CFO	✓	✓	✓	n/a	✓	n/a	
Information Technology								
Data Management	HofD&ST	✓	✓	✓				
Information Security	HofD&ST							Q4
Corporate Priorities								
Operational Services (Refuse/Recycling/Street Cleansing)	HofOS	✓						
Environmental Health	HofH&C							Q4
Climate Change	HofPPG	✓	✓	✓				
Housing (Inc Affordable Hsg)	HofH&C							Q4
Local Plan	HofP							Q4
Community Health & Wellbeing	HofH&C	✓	✓	✓				
Licensing	HofH&C							Q4
Service Delivery Plans	HofPPG	✓	✓	✓	✓	✓	Reasonable	
Fees and Charges	CFO	✓	✓	✓				
Grants/Non-Assurance Work								
EWDC Conservators Account	CFO	✓	✓	✓	✓	✓	n/a	
Follow up	CFO/HofPPG							Q4

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations	
Added to the plan	Reason
COVID-19: Local Government Compensation Scheme	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Compliance and Enforcement Grant	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Removed from the plan	Reason
NNDR	Due to capacity within the Revenues Team, it was agreed that NNDR will be picked up early in 2022/23.

Overdue 'High Priority' Management Actions

Building Control – Limited Assurance

Observation: Testing of fee income due, (as recorded on Uniform), for 12 Building Control Applications found:

- Three, where a letter to remind applicants that there fees were due had been issued (13 June, 25 June and 4 July 2019) but no follow up on these in terms of raising an invoice had been undertaken. Fees due from these applicants remained outstanding at the time of the audit (August 2019).
- One, where it is incorrectly recorded that fees have been paid (£400). There is no evidence on Civica that an invoice has been raised
- Eight where the income information recorded on Uniform agrees to Civica.

There is a risk that the Council are unable to demonstrate income has been received and accurately accounted for.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Reconciliation to take place between Uniform and Civica.	31.05.2020	01.04.2022	In line with the S & R recommendation for Sept 2021, the Council is progressing a partnership with EBC commencing 1 April 2022 and through the partnership agreement will ensure that necessary controls, risk management and governance are implemented, this will include reconciliation of data for the handover of open cases.

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Fraud and Irregularities	06/08/2019	Adequate	Medium	31.3.2020	31.12.2021
Building Control	17/12/2019	Limited	Medium	31.7.2020	TBC
			Low	31.10.2020	TBC
			Low	31.10.2020	TBC
			Low	31.5.2020	01.04.2022
			Low	31.10.2020	TBC
Asset Management (Property Assets)	17/12/2019	Adequate	Low	31.03.2021	TBC
			Low	31.03.2021	TBC
Community and Wellbeing Centre	13/07/2020	Limited	Medium	31.03.2021	TBC
			Medium	31.03.2021	TBC
Information Governance	17/08/2020	Adequate	Medium	30.11.2020	31.03.2021
			Medium	30.11.2020	31.03.2021
			Medium	30.11.2020	31.03.2021
			Medium	30.11.2020	31.03.2021
			Medium	30.11.2020	31.03.2021
Development Management	03/03/2021	Reasonable	Medium	30.04.2021	TBC
			Medium	30.06.2021	TBC
			Medium	30.06.2021	TBC
			Medium	30.04.2021	TBC
Housing Benefits	12/05/2021	Substantial	Low	01.10.2021	TBC
Programme and Project Management	18/05/2021	Reasonable	Medium	31.10.2021	TBC
Parking and Enforcement	27/07/2021	Reasonable	Medium	30.09.2021	30.11.2021
			Medium	30.09.2021	30.11.2021
			Medium	30.09.2021	30.11.2021

Epsom & Ewell Borough Council Assurance Opinions (Pre 2020-21)

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

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POST IMPLEMENTATION REVIEW OF THE USE OF DEFOE COURT EPSOM

Head of Service:	Rod Brown, Head of Housing & Community
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	None

Summary

The findings following a post implementation review of the council's use of Defoe Court in East Street Epsom for use as additional temporary accommodation.

Recommendation (s)

The Committee is asked to:

- (1) To note the conclusions from this review and that future projects should identify an accountable officer and adopt a suitable programme management approach.**

1 Reason for Recommendation

- 1.1 To present the findings of the review into the use of Defoe Court as additional in-borough temporary accommodation.

2 Background

- 2.1 The demand for emergency nightly paid temporary accommodation within the borough exceeds the supply of such accommodation within the borough. As a result a large proportion of local households are accommodated in emergency nightly paid temporary accommodation in locations outside the borough which is expensive.
- 2.2 In addition to the financial cost to the council, there are many disadvantages in accommodating households out of borough and in recent years the council has sought to provide significantly more of this type of accommodation within the borough.

- 2.3 In November 2017 Strategy and Resources Committee considered a report which sought agreement in principle to acquire the flexible use of 24 units of accommodation at Defoe Court, East Street, Epsom as additional in-borough Temporary Accommodation, subject to negotiation with Sanctuary Housing Association (SHA).
- 2.4 Defoe Court is a large purpose-built building providing 45 units of single, ensuite accommodation which is owned and managed by SHA. The principal residents are young people aged 16-25 years old in need of accommodation and often with some vulnerability requiring some on-going support.
- 2.5 Following initial discussions with SHA it was apparent that the accommodation was being significantly underused. The building design is made up of two separate wings, each containing approximately 24 single person units. The possibility was discussed that the council could make use of one of the wings if the building could be physically separated internally, with one wing continuing to serve the existing use of accommodating young people and the council using the rear wing to accommodate local households who qualify for temporary accommodation.
- 2.6 To make the rear wing suitable for the council to use as temporary accommodation, adaptations were required including the creation of an independent side entrance, new laundry facilities and internal changes to enable the council to use the rooms flexibly with interconnecting doors.
- 2.7 The use of a building for temporary accommodation whilst it retained its original use of accommodating vulnerable young people was novel, not only within this borough but across Surrey.
- 2.8 The adaptation of the rooms included creating an entirely new interconnecting doors, connecting the majority of units, enabling the council to accommodate a range of household sizes from single people to larger families where suitable temporary accommodation had historically been difficult to acquire.
- 2.9 It was anticipated that SHA would need to obtain the necessary permissions to make the changes to the building, procure and complete the necessary works to the satisfaction of the council before the council would agree to any binding legal lease or license.

3 Key timeline

- 3.1 The time taken from the Strategy and Resources report in November 2017 to the first households moving into Defoe Court in May 2021 was 3 years and 6 months.
- 3.2 Below is a table showing a timeline of some of the key activities

Key date	Key event	Responsible organisation
S&R Report	28th November 2017	EEBC
Agree draft Heads of Terms	February 2019	EEBC/SHA
Planning consents obtained	10th October 2019	SHA
Completion of works and legionella risk assessment	22nd February 2021	SHA
Sign licence	March 2021	EEBC/SHA
Rooms set up & prepared	May 2021	EEBC
Households arrive	May 2021	EEBC

4 Delays in preparing the property

- 4.1 There were numerous excessive delays which added considerably to the timeline for delivery of additional in-borough temporary accommodation.
- 4.2 Obtaining the necessary planning consents took 1 year and 11 months from the Committee's decision. The initial planning application 17/0136/FUL did not include the agreed layouts required for the council to make use of the property and was eventually withdrawn. The following application 19/00270/FUL was approved in October 2019.
- 4.3 SHA were responsible for obtaining the necessary planning consents and commissioning and managing the requisite building works. The council completed a condition review of the building following completion of the works and prior to completion of any binding legal agreements.
- 4.4 The resulting 115 page schedule of condition was produced by the council on 8th December 2020 and identified numerous serious issues as well as multiple snagging items which needed to be addressed. Amongst the serious issues was the acceptability of the Legionella risk assessment supplied by SHA. All outstanding items including all risk assessments were finally agreed in February 2021 approximately 3 months after being identified.

5 Delays in obtaining the licence

- 5.1 The legal negotiations were protracted and made more complicated following a change of legal team by SHA. The initial understanding was that the Council could occupy the units through a Licence however, the legal team working for SHA insisted that this should be a lease and not a more straightforward licence.
- 5.2 There is evidence that the council were promised a draft licence in May 2019 but despite chasing this was not received until November 2019, six months later.
- 5.3 There were further delays as the completion was dependant on the satisfactory completion of the building work and prior-occupation risk assessments. Once these were agreed and signed off then the completion of the licence followed swiftly.
- 5.4 The early stages of the project were dominated by the legal negotiations. The draft Heads of Terms, were agreed in February 2019 and the licence signed in March 2021 just over two years later.

6 Delays in occupying the property

- 6.1 There was considerable documentation that needed to be agreed as the time to sign the lease approached. Although during the working week, the council would have a dedicated member of staff managing the accommodation; during office hours, after office hours and during weekends it was expected that SHA would provide aspects of this service.
- 6.2 Negotiating, preparing and agreeing this extensive documentation took several months and was further complicated by a complete change of SHA staff at Defoe Court, with discussions having to be repeated.
- 6.3 Following the legal transfer of the 24 units in March 2021, the first households to be placed did not occur until May 2021, some 3 months later.
- 6.4 Before the rooms could be occupied, items of furniture and cooking equipment needed to be ordered and installed. This included wardrobes, beds, microwaves and other kitchen essentials. When delivered on the ground floor, the beds needed to be moved to the first floor and with the lift being out of order, additional resources were brought in to move heavy furniture.
- 6.5 Although the council manages other residential property, Defoe Court is the only example of multiple accommodation which the council manages. An additional new member of staff had been recruited to manage the units and they required managerial support. As such, this project was innovative and not typical of what the council does.

- 6.6 The Housing Services team have been dealing with a significant increase in homelessness since COVID and there is little spare capacity within the team for the necessary preparatory work. This resulted in the slower progress being made in occupying the units than was expected.

7 Delays due to COVID

- 7.1 From March 2020 SHA had to introduce a prohibition on non-essential staff from visiting Defoe Court. This prevented Housing Services from assessing size and suitability of equipment needed, measuring or meeting SHA staff on site and stopped building work for several months.
- 7.2 In addition, many council staff were involved in various aspects of the council's COVID emergency response. Specifically Housing Services staff were responding to the sharp rise in homelessness including dealing with the government's "Everyone In" initiative to get rough sleepers off the streets.

8 Conclusions

- 8.1 Whilst there was a delay due to the council in not preparing rooms for occupation in a more timely way, the most significant delays were outside the control of the council.

Planning and construction

- 8.2 Many of the significant delays in progressing the project to occupation were outside the control of the council. Most significant was the protracted nature of the submission and agreement of the necessary planning consents. This included an abortive planning application that was not accurate. There is no evidence that significant delay could be attributed to the processing of the application by the Local Planning Authority.
- 8.3 The commissioning and completion of the necessary building works was also outside the council's control. The detailed schedule of condition was a critical control for the council in managing the council's exposure to risk. As such it was appropriate that the survey was detailed and all issues requiring action were identified and all risk assessments required were fully completed to the council's satisfaction.

Legal negotiations

- 8.4 The legal negotiations were protracted but these were largely outside the control of the council. The main cause was a delay in furnishing the council's legal representative with a draft licence agreement and licence documentation. This may have been caused by a lack of SHA client's instruction and the change in legal representative.

Occupation

- 8.5 The amount of preparatory work both in developing and agreeing protocols and procedures, sourcing and installing furniture was significantly underestimated. Many of the tasks appear to have fallen to one or two officers who were often fully occupied dealing with the increases in homelessness following COVID as well as leading on other homelessness initiatives. .
- 8.6 There was a failure to acknowledge the resource required to deliver the project before the project started. The cost of delivering the project did not include any funding for project management and instead relied on existing staff to deliver.
- 8.7 The project may have progressed better with a tighter project management approach and project costings that included a dedicated project manager.
- 8.8 The Key learning for the Council in this case is to ensure that going forward, resource for the delivery of projects is factored in as part of the initial planning and included in requests for funding especially for “invest to save cases” where delays are costly to the Council. Additional project manager support could have progressed the timescale for implementation of the project enabling the Council to undertake their tasks but also provide support to SHA to enable them to address items more quickly. For example, helping them submit an accurate planning application, Despite this, some of the actions to deliver the project would have remained outside of the Council’s control. For example, Sanctuary Housing would still need to have independently addressed the lease arrangements and their own legal position.

9 Risk Assessment

Legal or other duties

9.1 Impact Assessment

9.1.1 None

9.2 Crime & Disorder

9.2.1 None

9.3 Safeguarding

9.3.1 None

9.4 Dependencies

9.4.1 There were dependencies on SHA and their legal representatives.

10 Financial Implications

- 10.1 Using Defoe Court as temporary accommodation will reduce the council's reliance on expensive out of borough temporary accommodation and will avoid significant homelessness expenditure.
- 10.2 Any delay in enabling the Council to use Defoe Court will increase the cost of managing homelessness for the council.
- 10.3 **Section 151 Officer's comments:** The Housing team provides a critical service for those residents facing homelessness, albeit at significant financial cost to the Council. Defoe Court provides in-Borough capacity to reduce the costs of managing homelessness, and such innovative solutions should continue to be explored. This review provides important learnings that should assist the Council to progress any future initiatives as effectively as possible.

11 Legal Implications

- 11.1 While the increasing costs of placing individuals and families in temporary accommodation outside the borough was clearly considered not cost effective or socially acceptable when the Council decided to acquire the use of Defoe Court from SHA, there are no legal implications resulting from the delay in giving effect to the 2017 decision.
- 11.2 **Legal Officer's comments:** none arising from the content of this report.

12 Policies, Plans & Partnerships

- 12.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective council
- 12.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 12.3 **Climate & Environmental Impact of recommendations:** None
- 12.4 **Sustainability Policy & Community Safety Implications:** None
- 12.5 **Partnerships:** The council is working closely with various Housing Association in responding to the rise in homelessness, including in this instance SHA.

13 Background papers

- 13.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Strategy and Resources Committee 28th November 2017

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APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	1. Invitation from Public Sector Audit Appointments Ltd 2. Local Government Association's Advice

Summary

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

Recommendation (s)

The Committee is asked to:

- (1) Recommend to Strategy & Resources Committee, and then to Full Council, that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.**

1 Reason for Recommendation

- 1.1 The recommendation will enable the Council to meet its statutory duty, under the Local Government Audit and Accountability Act 2014, to appoint an auditor to audit its accounts for each financial year.

2 Background

- 2.1 The current external audit appointment of Grant Thornton covers the period up to and including the audit of the 2022/23 accounts. To secure the appointment of Grant Thornton, the Council had opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

- 2.2 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

3 Procurement of External Audit for the period 2023/24 to 2027/28

- 3.1 Under the Local Government Audit & Accountability Act 2014 (“the Act”), the council is required to appoint an auditor to audit its accounts for each financial year. The council has three options;
- 3.1.1 To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- 3.1.2 To act jointly with other authorities to procure an auditor following the procedures in the Act.
- 3.1.3 To opt in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the ‘appointing person’. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).
- 3.2 In order to opt in to the national scheme, a council must make a decision at a meeting of the Full Council.

4 The Appointed Auditor

- 4.1 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
- 4.2 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 4.3 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.

- 4.4 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.
- 4.5 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

5 Appointment by the Council itself or jointly

- 5.1 The Council may elect to appoint its own external auditor under the Act, which would require the council to;
 - 5.1.1 Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
 - 5.1.2 Manage the contract for its duration, overseen by the Auditor Panel.
- 5.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

6 The national auditor appointment scheme

- 6.1 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.
- 6.2 In summary the national opt-in scheme provides the following:

- 6.2.1 The appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- 6.2.2 Appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- 6.2.3 Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- 6.2.4 Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- 6.2.5 Minimising the scheme management costs and returning any surpluses to scheme members;
- 6.2.6 Consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- 6.2.7 Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- 6.2.8 Ongoing contract and performance management of the contracts once these have been let.

7 Pressures in the current local audit market and delays in issuing opinions

- 7.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.
- 7.2 During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

- 7.3 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
- 7.4 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.
- 7.5 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

8 The Invitation

- 8.1 PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor. Details relating to PSAA's invitation are provided in Appendix 1 to this report.

9 The next audit procurement

- 9.1 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
- 9.1.1 Seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;

- 9.1.2 Continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- 9.1.3 Continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.
- 9.2 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.
- 9.3 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office) , the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
- 9.4 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

10 Assessment of Options and officer recommendation

- 10.1 If the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
- 10.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 10.3 These would be more resource-intensive processes to implement for the council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council is unable to influence the scope of the audit and the regulatory regime inhibits the council's ability to affect quality.
- 10.4 The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
- 10.5 In contrast, joining the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
 - 10.5.1 Collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
 - 10.5.2 If it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - 10.5.3 It is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and

10.5.4 Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

10.6 The recommended approach is therefore to opt in to the national auditor appointment scheme.

10.7 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

10.8 This report requests that members recommend to Strategy & Resources Committee, and then to Full Council, that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.

11 The Way Forward

11.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole), except where the authority is a corporation sole.

11.2 The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).

11.3 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

12 Local Government Association Advice

12.1 The LGA has advised their view that Councils should opt-in to the national procurement process led by PSAA. The LGA's detailed advice is attached at Appendix 2.

13 Epsom & Ewell Property Investment Company Limited (EEPIC)

13.1 Separate arrangements govern the appointment of the external auditor of the Council's subsidiary company, EEPIC. EEPIC's auditor is currently the local Epsom-based firm Williams & Co and this appointment will not be impacted by any decision taken to opt into the national procurement process led by PSAA.

14 Risk Assessment

Legal or other duties

14.1 Impact Assessment: The principal risks are that the Council:

14.1.1 fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or

14.1.2 does not achieve value for money in the appointment process.

14.2 These risks are considered best mitigated by opting into the sector-led approach through PSAA.

14.3 Crime & Disorder

14.3.1 None arising from the contents of this report.

14.4 Safeguarding

14.4.1 None arising from the contents of this report.

14.5 Dependencies

14.5.1 None arising from the contents of this report.

14.6 Other

14.6.1 None arising from the contents of this report.

15 Financial Implications

15.1 The audit fee for the most recent year (2020/21) is expected to be £59,675. There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased from when the contract started in 2018/19, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.

15.2 Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.

15.3 If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

- 15.4 **Section 151 Officer's comments:** *As set-out in the report, opting in to the PSAA-led appointment process is expected to offer the most value for money route in the procurement of an external auditor.*

16 Legal Implications

- 16.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 16.2 Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements.
- 16.3 Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 16.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.
- 16.5 **Legal Officer's comments:** None arising from the contents of this report.

17 Policies, Plans & Partnerships

- 17.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective Council
- 17.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 17.3 **Climate & Environmental Impact of recommendations:** None.
- 17.4 **Sustainability Policy & Community Safety Implications:** None.
- 17.5 **Partnerships:** None.

18 Background papers

- 18.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None

Other papers:

- 2020/21 Statement of Accounts and Audit Findings Report, Strategy & Resources Committee, 21 September 2021.

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22 September 2021

To: Ms Beldon, Chief Executive
Epsom and Ewell Borough Council

Copied to: Mr Duffy, S151 Officer
Councillor Bridger, Chair of Audit Committee or equivalent

Dear Ms Beldon,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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RETENDER OF EXTERNAL AUDIT CONTRACTS

Information from the LGA for those charged with governance

The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and shortly the council will need to decide whether to procure its own external auditor or opt into the national procurement framework.

Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The deadline for this decision is the 11th March 2022. If the council doesn't make such a decision, the legislation assumes that the council will procure its own external audit, with all the extra work and administration that comes with it.

The national framework remains the best option councils can choose. There are many reasons for favouring the national arrangements and we think those reasons have become more compelling since 2016/17 when councils were last asked to make this choice.

The way external audit has operated over the last couple of years has been extremely disappointing. A lack of capacity in the audit market has been exacerbated by increased requirements placed on external auditors by the audit regulator. There is also a limited number of firms in the market and too few qualified auditors employed by those firms. This has led to a situation where many audits have been delayed and dozens of audit opinions remain outstanding from 2019/20 and 2020/21. Auditors have also been asking for additional fees to pay for extra work.

As the client in the contract, a council has little influence over what it is procuring. The nature and scope of the audit is determined by codes of practice and guidance and the regulation of the audit market is undertaken by a third party, currently the Financial Reporting Council. Essentially, councils find themselves operating in what amounts to a suppliers' market and the client's interest is at risk of being ignored unless we act together.

Everyone, even existing suppliers, agrees that the supply side of the market needs to be expanded, which includes encouraging bids from challenger firms. Public Sector Audit Appointments Ltd (PSAA), the body nominated by the Government to run the national arrangements, has suggested various ways this could be done, but these initiatives are much more likely to be successful if a large number councils sign up to the national scheme.

It is therefore vital that councils coordinate their efforts to ensure that the client voice is heard loud and clear. The best way of doing this across the country is to sign up to the national arrangement.

To summarise, the same arguments apply as at the time of the last procurement:

A council procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.

The procurement process is an administrative burden on council staff already struggling for capacity. Contract management is an ongoing burden.

Procuring through the appointing person (PSAA) makes it easier for councils to demonstrate independence of process.

Procuring for yourself provides no obvious benefits:

- The service being procured is defined by statute and by accounting and auditing codes

- Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).
- Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.

PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:

- PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects MHCLG's confidence in them as an organisation.
- PSAA has commissioned high quality research to understand the nature of the audit market.
- It has worked very closely with MHCLG to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year

Councils need to consider their options. we have therefore attached a list of Frequently Asked Questions relating to this issue which we hope will be useful to you in reaching this important decision.

When the LGA set up PSAA in 2015, we did so with the interests of the local government sector in mind. We continue to believe that the national arrangement is the best way for councils to influence a particularly difficult market.

If you have any questions on these issues please contact Alan Finch, Principal Adviser (Finance) (alan.finch@local.gov.uk).

PROCUREMENT OF EXTERNAL AUDIT from financial year 2023/24

FREQUENTLY ASKED QUESTIONS

"Were prices set too low in the current contract?"

It is clear that firms did submit bids that reflected what seemed at the time to be very stable market conditions. Unfortunately, a series of financial collapses in the private sector have since created a very different climate and resulted in a whole series of new regulatory pressures. It is very likely that firms thought they could make savings as a result of the new timetable, essentially finishing the accounts audits by the end of July each year. Of course, that is not what has happened.

The Government opened up the market principally on the argument that costs would reduce, and views were mixed in the sector when the first contract was being let. Some councils wanted more savings and some were worried about reduced standards.

"Has the current contract helped cause these issues?"

Since the current contract is based around the Code of Audit Practice and the local government accounting code, this is unlikely. The first year of the new contract coincided with the introduction of new standards and with the emergence of some difficult audit issues such as the [McCloud judgement](#) (a legal case which affected the valuation of pension liabilities). The second year was affected by COVID-19. This laid bare the lack of capacity in the supplier side of the market and led to considerable delays. It is hard to see how the contract could have pre-empted this, but now we are clearer about the level of uncertainty in the system, the next contract can adjust for it.

“If we let our own contract, could we have more influence over auditors?”

No. The auditors are required to be independent and are bound by the Codes and need to deliver to them in line with the regulator’s expectations or face action under the regulatory framework.

As far as delays in audits is concerned, auditors are required to allocate resources according to risk and councils that procure for themselves will find themselves in the same queue as those within the national arrangement.

“If we let our own contract, can we get the auditors to prioritise our audit over others?”

Very unlikely. Auditors are running at full capacity and have to deploy resources according to their assessment of audit risks in accordance with professional standards. It is very unlikely that auditors could give preference to some clients rather than others even if they wanted to.

“Didn’t we used to get more from our auditors?”

Yes we did. For example, auditors were often prepared to provide training to audit committees on a pro-bono basis. The fact that they used to be with us for most of the year meant officers could develop professional working relationships with auditors and they understood us better, within the boundaries required of their independent status. Auditors no longer have the capacity to do extra work and the light shone on audit independence in other sectors of the economy has reinforced the rules on the way auditors and councils work together.

“Under the national framework we have had to negotiate our own fee variations. Will that continue to be the case?”

Unfortunately, virtually all councils have had to engage in discussions with auditors about fee variations linked to new regulatory requirements and, of course, the challenges of COVID-19. SAA has worked hard with MHCLG to enable the recent consultation on changes to the fee setting regime, and the resulting regulatory change will bring scope for more issues to be settled at a national level in future.

“Can we band together in joint procurements to get most of the benefits of not going it alone?”

We understand that this is lawful. However, joint procurement partners would not be part of PSAA’s efforts on behalf of the sector to increase the number of firms competing in the market, which will therefore be less likely to succeed.

At best, joint procurement spreads the pain of procuring over a larger number of councils and at worst it introduces a new layer of bureaucracy, because someone is going to have to take the lead and bring all the members of the consortium along. It’s not altogether clear to

us why a joint procurement would be better than the national contract, especially as the consortium would then have to manage the contract throughout its life (for example, the implications of changes of audit scope).

RISK MANAGEMENT FRAMEWORK ANNUAL REPORT

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 – Corporate Risk Register

Summary

This report provides the Committee with an update in the Council's risk management arrangements

Recommendation (s)

The Committee is asked to:

- (1) Consider the arrangements in place for risk management as outlined in the report.**
- (2) Review the Corporate Risk Register and determine any risks they wish to raise with the Senior Management Team .**

1 Reason for Recommendation

- 1.1 This report updates the Committee on the arrangements for risk management and provides an update on the top risks being addressed by the Council as recorded in the Corporate Risk Register.
- 1.2 This annual report outlines the activities and issues that have occurred. During 2020 and 2021 a key element of managing risks has been the Council's response to the Covid 19 pandemic and the ongoing recovery.

2 Background

- 2.1 The Committee has responsibility for risk management and receives an annual report on the Council's risk management arrangements.

- 2.2 The risk management framework incorporates both operational and strategic risks . Risk management including emergency planning and business continuity arrangements are not one off activity but are continuous processes run throughout out activities.
- 2.4 The management of risks supports the Council to deliver the Council's priorities and services. It also ensures that controls and mitigation is in place in taking appropriate steps. The Council's arrangements for risk management, emergency planning and business continuity are the disciplines through which the Council manage and mitigate its business operational risks.

3 Risk Management

- 3.1 The continuous improvement of risk management sits with the Senior Management Team and the Corporate Management Team . The current Risk Management Strategy covers the period 2017 to 2021 and it is due for a formal review to ensure that it complies with best practice and is up to date. Work will commence in January to strengthen the existing arrangements aligning with the new directorates. This will be reported to the Senior Management team for discussion and sign off and then will be reported to Committee for review and adoption early next year.
- 3.2 Due to the challenges of the emergency response to the Covid pandemic, the service risks were not updated in 2020 but this will recommence in 2022. When updated, the new Strategy will ensure there is a focus on the new structure with the two new directorates having a risk register rather than each service area.
- 3.3 The risk register has been updated since last reported to the Committee in November 2020 and the amendments are outlined in section 4 below .
- 3.4 Since January 2021, Applied Resilience have been supporting the Council in delivering emergency planning . Applied Resilience provide emergency planning support for several other Surrey boroughs. They are responsible for updating our plans, providing training, and providing practical support during emergencies .
- 3.5 The Surrey Local Resilience Forum (SLRF) stood down the county wide emergency response to the Covid pandemic in April 2021, which was 13 months after having declared a major incident. An update on the Council's response was provided to this Committee on 8 April 2021. Despite the major incident being stood down, we have continued to work with partners for each stage and monitor the covid rates locally . The Council's Pandemic Plan is being updated reflecting lessons learnt in preparation for the next stages of the pandemic.

- 3.6 Applied Resilience have provided support for a range of emergency requests including local testing, local fuel shortages due to supply issues, two significant fires and significant flooding within the Borough during the summer.
- 3.7 They have also reviewed and updated several plans including Borough's emergency plan, Emergency Assistance Plan. They have also been providing a training programme covering rest centres, Incident Liaison Officers (ILO's) and operating a Borough Emergency Command Centre (BECC). They are currently working on our winter preparations and Adverse Weather Plan, which takes into account the potential impact of other risks relating to Brexit and fuel supplies.
- 3.8 Considerable work on the service business continuity plans was undertaken in 2019/20 in preparation for the Council's response to the Covid Pandemic. The Council's overarching Business Continuity Plan was last updated in 2019 and work will be undertaken in 2022 to update it, taking into consideration our new organisational structure. In September, the Council carried out an IT Disaster Recovery exercise which overall was successful. Some areas for improvement were identified and these will form part of ICT Road Map. Further work will also be undertaken on our Business Impact Analysis.
- 3.9 A mini exercise with the Corporate Management Team is planned for later this year and the team will also be supporting an exercise in relation to the Great Dam Reservoir in 202.
- 3.10 The Council continue to be insured through an arrangement with the London Borough of Sutton. They cover all our insurable risks including employees, public liability, properties and equipment. There are no significant risks to highlight in this report.

4 Corporate Risk Register

- 4.1 The Corporate Risk Register (previously Leadership Risk Register) as outlined in Appendix 1 is reviewed by management. Many of the current risks have been impacted by Covid pandemic and will continue to do so as we return to a more business as usual model. The Table below outlines the previous top ten risks and the updated risks for 2021.

	Top ten risks Nov 2020	Rating		Top ten risk Nov 2021	Rating
L1	Financial impact of COVID and the Recovery will result in loss of income. Loss of income from commercial tenants.	High	S1	Financial outlook and the impact on income levels including income from commercial tenants	High
L2	Council Resilience and	High	S2	Disruption to Council Services	High

	disruption to services			Backlog and ongoing disruption to services due to impact of Covid and other disruptions to services Impact of further lockdowns, adverse weather, and fuel supply	
L3	Delivering and implementing the Local Plan and the 5 year land supply	High	S3	Local Plan Delivering and implementing the Local Plan and the 5 year land supply	High
L4	Organisational Capacity and failure to deliver the four year plan and Vision	High	S4	Organisational Capacity and Capability . Failure to deliver the Vision, four year plan, annual plan and service delivery plans	High
L5	Failure to provide adequate health and safety and COVID Secure services	Med	S5	Health & Safety Failure to provide adequate health and safety and covid secure	Med
L6	Failure to deliver stability, substantial and complex changes, and systems with supporting additional home working	High	S6	ICT capacity and resilience Failure to deliver stability, substantial and complex changes, and systems with supporting additional home working	High
L7	Impact of proposed local government structural change by Surrey County Council	Med	S7	County Deal Impact of proposed deal by Surrey County Council	Med
L8	Impact of a local lockdown of second wave	High	S8	Economic Regeneration Impact on economic growth within the Borough	Med
L9	EU Transition or other externally driven events such as NHS winter pressures, and severe weather/flooding.	Med	S9	Climate Change Failure to reduce CO2 omissions and meet targets	Med
L10	Impact on economic growth within the Borough	High	S10	Loss of Data/ breach of GDPR/ Cyber Threat	Med

4.2 The main changes for the Committee to note are

4.2.1 S8 Economic Regeneration was previously L10

4.2.2 S9 Climate Change and S10 Loss of data/data breach and Cyber threat are new risks.

4.2.3 The previous L8- Impact of a second lockdown has been included within S2 , disruption to council services

4.2.4 The previous L9 EU Transition or other externally driven events such as NHS winter pressures, and severe weather/flooding has also been included in S2.

5 Risk Assessment

Legal or other duties

5.1 Impact Assessment

5.1.1 The impact of the Covid !9 pandemic and ongoing recovery has had a significant impact on the Council's risk.

5.2 Crime & Disorder

5.2.1 There are no specific crime and disorder implications arising from this report.

5.3 Safeguarding

5.3.1 There are no specific safeguarding concerns arising from this report

5.4 Dependencies

5.4.1 The Council works with the Surrey Local Resilience Form (SLRF) to respond to emergencies . This respond is impact by changes to government guidance and legislation.

5.5 Other

5.5.1 No specific implications.

6 Financial Implications

6.1 No specific implications

6.2 **Section 151 Officer's comments:** None arising from the contents of this report.

7 Legal Implications

7.1 The Civil Contingency Act 2004 and non-legislative measures deliver a framework for civil protection. Under the Civil Contingency Act, the Council is a Category One provider and has several duties in respect of emergency planning. The Council has in place several plans which are regularly tested and is a partner within the Surrey Local Resilience Forum which maintains the Community Risk Register. The Council also has a duty to maintain a list of all Vulnerable People within the Borough.

7.2 **Legal Officer's comments:** none arising from the contents of this report.

8 Policies, Plans & Partnerships

8.1 **Council's Key Priorities:** The risk management framework underpins the delivery of all key priorities. :

8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

8.3 **Climate & Environmental Impact of recommendations:** No specific implications

8.4 **Sustainability Policy & Community Safety Implications:** No specific implications

8.5 **Partnerships:** The council work with the London Borough of Sutton for the provision of insurance and Applied Resilience for emergency planning support.

9 Background papers

9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Audit, Crime & Disorder and Scrutiny - 19 November 2020 Risk Management Framework Annual Report
- Audit, Crime & Disorder and Scrutiny - 8 April 2021 The Council's response to the Covid 19 Pandemic and learning points

Other papers:

-

The Leadership Risk Register is the top 10 corporate risk. The Risk Evaluation Matrix provides guidance on scoring probability and impact. The residual risk are shown on the Summary Table below

Probability	1	2	3	4	5	
Almost Certain				S1		5
Probable				S2.S3, S6		4
Possible			S5, S7,S8,S9, S10		S4	3
Unlikely						2
Rare						1
	Insignificant	Minor	Moderate	Major	Highly significant	Impact

Ref	Description of Risk/ Opportunity	Rating	Risk Level	Mitigation in place	Accountable Officer & Accountable Group	Link to 4 Year Plan 2020-24	Residual Risk	Residual Rating	Direction of Travel
S1	Financial Financial outlook and the impact on income levels including income from commercial tenants	25	High	Budget monitoring Delivery of the MTFS Deliver of income generation plans Review of government funding review Appointment of a Commercial Manager	Chief Finance Officer	All priorities	20	High	No change (wording updated)
S2	Disruption to Council Services Backlog and ongoing disruption to services due to impact of Covid and other disruptions to services Impact of a further lockdowns, adverse weather and fuel supply	25	High	Return to work arrangements in place Plans to tackle backlogs in place. HR support to enable staff return to work Pandemic Plan Fuel Plan Winter preparations	CMT	All Priorities	16	High	Includes previous L8 and L9
S3	Local Plan Delivering and implementing the Local Plan and the 5 year land supply	25	High	Work programme updated timetable to deliver a draft Local Plan in 2022	Head of Place	Underpinning all Corporate Priorities. Statutory requirement.	16	High	No change

S4	Organisational Capacity and Capability . Failure to deliver the Vision, four year plan, annual plan and Vision	20	High	Earlier planning for 22/23 is in place and will align priorities with budget On going recruitment to fill vacant posts New induction HR support to enable staff return to work Performance management of services Completion of People Framework	Head of HR&OD, Chief Executive/ Directors	All priorities	15	High	Change to scoring
S5	Health & Safety Failure to provide adequate health and safety and covid secure	20	High	Covid Secure Framework Corporate H&S Risk Assessments	Directors	Effective Council	9	Medium	No change
S6	ICT capacity and resilience Failure to deliver stability, substantial and complex changes and systems with supporting additional home working	25	High	ICT Road Map and Priority actions Ongoing work on Disaster recovery and business continuity	Head of D &ST	Effective Council	16	High	Focused on ICT
S7	County Deal Impact of proposed deal by Surrey County Council	16	High	Working on collaborative or shared services with other Boroughs	Chief Executive and SMT	All priorities	9	Med	reworded
S8	Economic Regeneration Impact on economic growth within the Borough	20	High	Economic Recovery Action Plan and High Street Action Plan Business Support to prioritise on key areas	Head of Place	All priorities	9	Medium	Was LI reworded

S9	Climate Change Failure to reduce CO2 omissions and meet targets	20	High	Climate Change Action Plan was initially developed for 4 years but this is a longer term plan Working with SCC and other partners to deliver key changes Govt legislation Post recruited to	Head of Place	Green & Vibrant	9	Medium	New
S10	Loss of Data/ breach of GDPR/ Cyber Threat	16		Firewall and IT Security framework in place Information Governance policies and protocols being updated	Head of D& ST Head of Corporate Assurance	Effective Council	9	Medium	New

Defined Strategic Risk Levels Risk Evaluation Matrix

The tables below give guidance on assessing risks on a scale of 1 to 5 in terms of their probability and their impact. These give broad range of risks to provide consistency across all risk registers. However you may have additional criteria that you want to consider in assessing a risk. The risks is scored without taking into consideration of the score in place - “a natural or inherent risk” and then scored taking into account the control measures or mitigation measures in place these are referred to as the, “Residual Risks”

Probability Score	1	2	3	4	5
Description	Rare	Unlikely	Possible	Probable	Almost Certain
Frequency	This will probably never happen or occur	Not expected to happen/occur	Might happen or occur occasionally	Will probably happen/ occur but it is not a persisting issue	Will undoubtedly happen/ occur , possibly frequently
Likelihood	Less than 5% chance	Around 10% chance	Around 25% chance	Around 60% chance	Around 90% chance

Impact Score	1	2	3	4	5
Descriptor	Insignificant	Minor	Moderate	Major	Highly significant
Employees	No impact on staff or service delivery	Short term low staffing Temporary reduction in service No impact on staff morale	Medium term staffing issues Loss of experienced staff to deliver services Minor staff dissatisfaction	Late delivery of key services Lack of experienced staff Low morale	Non delivery of key objectives High impact on services Very low morale
Finance	Minimal financial implication Below £25,000	Budget pressures < £25 k to £100k	Budget pressures between £100,000 and £200,000	Budget risk £200k to £500k Loss of income	Significant loss of income more than 10% budget

					Not covered by insurance Budget risk over £500,000
Statutory duties/Legislation	Minimal or no impact	Minor breach Reduced rating if unresolved	Single breach if statutory duty Challenging external recommendations	Several breaches Enforcement action or improvement notices Critical report Low performance rating	Multiple breaches Prosecution for Judicial Review Service collapse
Projects/ Programmes	Little/no slippage no threat to outcomes	Some minor issues with the project	Some risk to the delivery of the project but actions to mitigate	Major impact on delivery/timeframe/costs	Serious threat to the delivery of the project
Health& Safety- impact on the safety and well-being of the public and staff	No ill effects	Short lived/minor injury or illness that may require first aid assistance Small number of work days lost	Moderate injury/ill effects requiring hospitalisation. Risk of prosecution from enforcement agencies	Single fatality and or long term illness or multipole serious injuries RIDDOR reporting?	Multiple and /or multiple incidences or permanent disability or ill health.

The above is not prescriptive criteria, but a guidance tool for management.

Assurance levels of the controls scored 1 to 5

Strength of controls is scored on a scale of 1(low) to 5 (high) to identify what is in place to mitigate the risks including controls, processes, action plans and targets.

CAPITAL BUDGET MONITORING QUARTER 2

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1: Update of Capital Project Progress

Summary

This report presents the capital monitoring position at Quarter 2 for the current financial year 2021/22.

Recommendation (s)

The Committee is asked to:

- (1) Receive the capital monitoring position at Quarter 2, as set out in the report;
- (2) Note the progress of capital projects as set out in Appendix 1.

1 Reason for Recommendation

- 1.1 To present the capital budget monitoring position to members for Quarter 2 and to provide an update on the progress of individual capital projects.

2 Background

- 2.1 This report summarises the capital monitoring information at the end of the second quarter of 2021/22. It details actual capital expenditure and receipts against capital budgets and financing. The report also provides the forecast outturn position and variances at year-end.
- 2.2 The core capital programme does not include investments made through the property acquisition funds; this activity is summarised within section 5.

3 Core Capital Programme

3.1 The expenditure budget per Committee for the core capital programme is shown below:

Committee	2021/22 Original Budget £'000	Carry forwards from 2020/21 £'000	Additions during 2021/22 £'000	2021/22 Current Approved Schemes £'000
Strategy & Resources	225	536	0	761
Environment & Safe Communities	455	1,419	9	1,883
Community & Wellbeing	805	516	185	1,506
Total Core Capital Programme	1,485	2,471	194	4,150

3.2 The 2021/22 budget was agreed by full Council in February 2021. The budgets carried forward from 2020/21 were approved at S&R Committee on 27 July 2021, as were the following new budget additions during the year:

3.2.1 an additional £185k for Disabled Facilities Grant projects to align with the grant provided by central government;

3.2.2 an additional £8.5k for the Ashley Centre car park expansion joints project.

3.3 Actual expenditure on the core capital programme to the end of September 2021 and a full year forecast is summarised below:

Committee	2021/22 Current Approved Budget £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	761	175	381	-380
Environment & Safe Communities	1,883	118	1,175	-708
Community & Wellbeing	1,506	209	1,284	-222
Total Core Capital Programme	4,150	502	2,841	-1,309

- 3.4 On the core capital programme, projected expenditure for the full year is £2.841m, £1.309m less than the £4.15m budget. The main variances are: the replacement of EEBC street lamp columns project (£425k) which has been delayed due to limited resources; the Replacement of CRM and Data Warehouse project (£380k) which is subject to a procurement exercise; the Hogsmill streams repairs (£282k) the works for which are reliant on suitable weather conditions; the football pitch draining project (£90k) which is on hold whilst further investigations take place; and the Playhouse works (£128k), which are scheduled for August 2022. An update on progress of individual schemes is set-out in Appendix 1.

4 Financing of Capital Expenditure 2021/22

- 4.1 The financing of the 2021/22 core capital programme is summarised below:

Financing of Core Capital Programme	2021/22 Current Approved Budget £'000
Capital Receipts Reserves	922
Capital Grants-DFG	1150
Budgeted Revenue Contributions	264
Revenue Reserves	34
Section 106	153
Community Infrastructure Levy	1627
Total	4,150

5 Property Acquisition Funds

Commercial Property

- 5.1 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available for investment. Please note, this is not a reserve that the Council holds; it is a limit (approved by Full Council) up to which borrowing could be undertaken.

Residential Property

- 5.2 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the Council to manage homelessness and reduce associated costs. To date, no new purchases have been identified during 2021/22.

- 5.3 The remaining balances on the Property Acquisition Funds are shown in the following table.

Property Acquisition Funds	Commercial Property (in-Borough) £0	Residential Property £0	Total £0
Opening fund balance	80,000	3,000	83,000
Purchases during 2016/17	-19,206	-811	-20,017
Purchases during 2017/18	-5,148	-562	-5,710
Purchases during 2018/19	0	-257	-257
Purchases during 2019/20	-6,077	-20	-6,097
Purchases during 2020/21	0	-95	-95
YTD purchases during 2021/22	0	0	0
Fund balances at 30/09/2021	49,569	1,255	50,824

- 5.4 Of the Residential Property Acquisition Fund balance, £10.5k is earmarked to fund the remaining modifications required to 87 East Street (Defoe Court) to make it suitable for use as temporary accommodation, as agreed at S&R Committee in December 2018.

6 S106 Developer Contributions

- 6.1 The balance of S106 funds held by the authority are set out in the following table:

	£'000	£'000
Section 106 funds held as at 1 April 2021		2,668
Section 106 net receipts to 30 September 2021		0
Balance of S106 Funds held as 30 September 2021		2,668
Less:		
Funds held due to SCC and other organisations	-130	
Funds committed and approved for specific schemes	-245	
Funds allocated to Horton Chapel Arts and Heritage Society	-482	
		-857
Unallocated S106 funds as at 30 September 2021		1,811

- 6.2 S106 agreements specify for what purpose the funds may be spent. The breakdown of current unallocated balances against the different categories is detailed in the following table:

Breakdown of unallocated S106 balances	£'000
Open Spaces	30
Affordable Housing	1,719
Open Space - Park & Gardens	7
Environmental Improvements	49
Community Facilities	4
Monitoring Charge	2
Total	1,811

- 6.3 The majority of S106 balances are within Affordable Housing; this funding is used to facilitate provision within the Borough where the development is not financially viable without additional funding. Planning officers work with providers to identify schemes where the affordable housing would not be deliverable without the additional support.

7 Community Infrastructure Levy

- 7.1 The Council generated £1.795m of Community Infrastructure Levy (CIL) for the period 1 April 2021 to 30 September 2021. This includes one sum for £1.27m for the Woodcote Grove site development.
- 7.2 Large sums are collected in instalments so not all the cash has been received at this date. Of the £914k of invoices raised but not yet collected, only £15k relates to financial years prior to 2020/21 and is being pursued by the Legal department.
- 7.3 5% is used for administering the scheme and 15% is ring fenced for a local spending fund comprising two schemes, a CIL Neighbourhood Scheme and a Borough Investment Fund. CIL balances are set-out in the following table:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2021	6,809	1,382	227	8,418
CIL invoices raised to 30 Sept 2021	1,436	269	90	1,795

Invoices outstanding at 30 Sept 2021	-731	-137	-46	-914
Receipt held as charge against property	-1	0	0	-1
CIL Payments made to 30 Sept 2021	-116	-97	0	-177
CIL Funds held at 30 September 2021	7,397	1,417	271	9,121
<i>Less commitments:</i>				
Plan E contribution	-1,011	0	0	-1,011
Stoneleigh Station	-500	0	0	-500
Replacement of EEBC Lamp Columns	-425	0	0	-425
Improvements to Great Dam	-75	0	0	-75
Borough Investment Fund	0	-71	0	-71
Civic Infrastructure Fund 2019/20	0	-40	0	-40
Civic Infrastructure Fund 2020/21	0	-127	0	-125
Civic Infrastructure Fund 2021/22	0	-250	0	-250
Monitoring CIL scheme in 2021/22	0	0	-59	-59
Unallocated CIL funds at 30 Sept 2021	5,386	929	212	6,565

7.4 To be eligible for funding from the CIL Main Fund (80%), schemes must meet the infrastructure types set-out in the Council's Regulation 123 list. The Joint Infrastructure Group should consider any eligible schemes and make recommendations to Strategy and Resources Committee who approve funding.

8 CIL Neighbourhood Scheme (15%)

8.1 A report to S&R Committee in April 2018 agreed a sum of £100k for a Borough Investment Fund. No bids for the Borough Investment Fund have been received in 2021/22 to date. There is still £71k of the original £100k allocation remaining.

8.2 The 2021/22 scheme is underway with the first stage assessment of bids having concluded with successful bids progressing to the second stage. The assessment of bids at this final stage is scheduled for 1 November, at which stage a decision will be made as to how funds will be allocated. Schemes which are allocated funding can then commence and progress will be included in the quarterly capital monitoring reports.

8.3 Expenditure and progress on the CIL Neighbourhood Scheme (15%) is detailed in Appendix 1.

9 Capital Receipts

9.1 The expected balances of capital receipt reserves is shown below:

Capital Reserves	Capital Receipts Reserve £'000
Balance brought forward at 1 April 2021	4,050
Estimated use to fund the 2021/22 capital programme	-922
Earmarked for Residential Property Programme	-189
Allocated to Horton Chapel Arts and Heritage Society	-351
Capital receipts received to 30 September 2021	0
Estimated Balance at 31 March 2022	2,588

9.2 The Council's Medium Term Financial Strategy states the aim of maintaining a minimum uncommitted level of capital reserves of £1m.

10 Risk Assessment

Legal or other duties

10.1 Impact Assessment

10.1.1 The impact of each scheme is assessed during the capital bidding process.

10.2 Crime & Disorder

10.2.1 None arising directly from the contents of this report.

10.3 Safeguarding

10.3.1 None arising directly from the contents of this report.

10.4 Dependencies

10.4.1 None arising directly from the contents of this report.

10.5 Other

10.5.1 None arising directly from the contents of this report.

11 Financial Implications

- 11.1 Financial implications are set-out in the body of the report.
- 11.2 **Section 151 Officer's comments:** Updated capital projections at Quarter 3 will be brought to Audit, Crime & Disorder and Scrutiny Committee in February 2022.
- 11.3 The process for setting the 2022/23 capital programme is underway and will report back to policy committees in January 2022.

12 Legal Implications

- 12.1 There are no direct legal implications arising from this report.
- 12.2 **Legal Officer's comments:** None arising from the contents of this report.

13 Policies, Plans & Partnerships

- 13.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 13.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 13.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report. The impact of each scheme is assessed during the capital bidding process.
- 13.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.
- 13.5 **Partnerships:** None arising directly from the contents of this report.

14 Background papers

- 14.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Capital Budget Monitoring - Quarter 1 to this committee on 1 September 2021
- Budget Report to Full Council – 16 February 2021.

Other papers:

- None.

Project	Current Approved Budget £	Actuals to Q2 2021/22 £	Year End Forecast 2021/22 £	Estimated Variance £	Comments from Manager	Original Target Completion
Plan E	1,126,506	116,269	1,126,506	0	The majority of works on the Marketplace are now complete and the invoice was paid in Q2. Phase 2 installation of new bus shelters with live-time transport information starts in October.	May 2020 – <i>revised date:</i>
Disabled Facilities Grants and Small Repairs Grants	1,150,489	180,537	1,150,489	0	The DFG programme continues to be hindered from Covid 19 effects, such as contractor availability and the sourcing of certain materials. The DFG team have been working at a 25% reduced capacity since December 2020 but we have recruited a new member of staff who has been in post for a month. Training is currently taking place and in the long-term, having a full team will assist in reducing the waiting list. The intention is to promote the Home Improvement Agency and grant programme, subject to staff resources.	Ongoing
ICT Programme of Works	275,000	70,780	275,000	0	The backup solution improvement, to reduce the risk from cyber-attack ransomware and enable a business continuity test, has been completed. Solutions to simplify and add resilience to the network to protect all sites from network provider or infrastructure failure, such as the Unicorn link, are being assessed. Work to reduce the risk of a successful cyber-attack, through using dedicated Security Incident and Event monitoring, is in proof-of-concept phase. Stage 2 of the Office 365 project to add resilience and improve ways of managing documents is in discovery phase.	March 2022

Project	Current Approved Budget £	Actuals to Q2 2021/22 £	Year End Forecast 2021/22 £	Estimated Variance £	Comments from Manager	Original Target Completion
Ashley Centre Car Park Expansion Joints	38,525	0	38,525	0	The original scheme has been amended to remove the ground and first floors and a revised budget agreed by S&R Committee on 27 July 2021. The works have commenced and are expected to complete in November.	December 2021
Playhouse Refurbishment	128,000	0	0	(128,000)	Expected to be scheduled in August 2022 when the theatre is quiet. The works were not scheduled prior to this whilst the situation with the pandemic was being monitored.	March 2021– <i>Revised date:</i> <i>Sept 2022</i>
Outdoor gym equipment in Chessington Road	23,000	23,000	23,000	0	The project has now completed.	March 2021
Hogs mill streams and horse pond repairs	292,000	1,850	10,000	(282,000)	A contractor has been engaged following a successful tendering process, and an order placed. However, works are unlikely to take place this financial year due to the recent significant rainfall. The aim is to schedule the works between May and September 2022, depending on weather conditions.	September 2021 – <i>Revised date:</i> <i>December 2022</i>
Replacement of CRM and Data Warehouse	410,048	29,504	30,048	(380,000)	Phase 1 implementation is ongoing, and we will shortly be commencing on the procurement for phase 2. It is likely that the majority of outstanding budget for this project will be rolled forward to FY 2022/23.	Phase 1 - March 2020 Phase 2 – March 2023
Renewal of Town Hall lift controls	76,248	74,643	76,248	0	The works are now complete.	January 2019 – <i>Revised date:</i> <i>Sept 2021</i>

Project	Current Approved Budget £	Actuals to Q2 2021/22 £	Year End Forecast 2021/22 £	Estimated Variance £	Comments from Manager	Original Target Completion
Football Pitch Drainage System	90,000	0	0	(90,000)	A pitch condition desktop study was required as part of the grant funding application, which has delayed progress. The funding application was unsuccessful, therefore S106 funds will be used instead, as agreed. The window for undertaking these works this year has now	September 2022 – <i>Revised date September 2023</i>
Harrier Centre Track Repairs	40,000	5,000	35,700	(4,300)	A contractor has been engaged and following further investigation of the site the previously stated forecast has been revised to reflect the anticipate costs of the works.	October 2021
Replacement of EEBC Lamp Columns	425,000	0	0	(425,000)	This project has had to be delayed to 2022/23 due to lack of engagement from the main contractor. A consultant will need to be employed to advise on the scheme with the works anticipated for summer 2022.	March 2022 – <i>Revised date: March 2023</i>
Improvement to Great Dam – Epsom Common	75,000	0	75,000	0	A revised professional services quotation has been negotiated to an acceptable level. An order has been placed and a specification is being prepared. Timescales to be determined by weather conditions.	March 2022

CIL 15% Neighbourhood Scheme Projects

Project	Current Approved Budget £	Actuals to Q2 2021/22 £	Year End Forecast 2021/22 £	Estimated Variance £	Comments from Manager	
2019/20 Schemes						
Epsom Common Facilities (Total budget £26,000)	10,055	520	10,055	0	Partially complete – noticeboard and boulders still to be installed.	
2nd Epsom Scouts Refurbish of HQ	27,000	0	0	(27,000)	Project did not proceed.	
Defibrillators across Epsom	28,800	25,465	28,800	0	In progress – six defibrillators installed and five are pending.	
2020/21 Schemes						
1st Ewell Court Scout Group (shed)	15,000	15,000	15,000	0	Project complete.	
Court Rec (outdoor gym)	23,650	21,500	23,650	0	Project complete.	
Drinking Water Fountains	25,740	24,540	25,740	0	Project completed.	
London Road Rec (replacement playground)	33,000	0	33,000	0	Work is underway and should be completed in the next couple of weeks.	
Longmead MUGA	15,440	10,000	15,440	0	Project completed.	
Rifle Butts Alley (resurfacing)	63,000	0	63,000	0	Work was due to commence 01/09/21, but a local resident has raised concerns. The work is now expected to commence in November.	
Girl Guiding Epsom (trench)	22,658	0	22,658	0	Applicant has been contacted to provide a project update.	

REVENUE BUDGET MONITORING - QUARTER 2

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report presents the forecast revenue outturn position for the current financial year 2021/22, as at Quarter 2 (30 September).

Recommendation (s)

The Committee is asked to:

- (1) Receive the revenue budget monitoring report, which projects a £2.67m budget deficit for 2021/22, along with provisional funding for the deficit;
- (2) Note that a report will be prepared for Community & Wellbeing Committee in the new year 2022, to present a Homelessness and Rough Sleeper Strategy with mitigation options for the budget pressures within the Housing service;
- (3) Note that a report is being prepared for Community & Wellbeing Committee in the new year 2022, to present a recovery plan for the Venues;
- (4) Note that the updated Quarter 3 position will be reported back to this Committee in February.

1 Reason for Recommendation

- 1.1 To present the 2021/22 forecast revenue outturn position to members, as at Quarter 2.

2 Background

- 2.1 In February 2021, Full Council agreed a total net expenditure budget of £8.61m for 2021/22. The budget anticipated no use of general fund working balances, which stand at £3.38m. Under the Medium Term Financial Strategy, the Council maintains a minimum general fund working balance threshold of £2.5m.
- 2.2 On 1 September, this Committee received the Quarter 1 revenue budget monitoring report, which projected a £2.63m deficit against the 2021/22 budget.
- 2.3 Covid-19 has continued to have a major impact on the Council's services and the updated projection at Quarter 2 is for a budget deficit of £2.67m this year, largely unchanged from Q1.
- 2.4 The £0.04m increase in the projected deficit is mainly due to increased fuel and staffing costs within waste collection, as sectoral issues such as the petrol and HGV driver shortages impact this service.
- 2.5 The projected £2.67m deficit assumes that no further government support will be forthcoming. The main reasons for the deficit remain increased expenditure incurred to manage homelessness, combined with significant reductions in income from service areas such as car parks and the Council's venues.
- 2.6 To partially address the projected deficit, the Council's budget contains a £950,000 contingency that can be deployed. In addition, officers have submitted a claim to DLUHC (formerly MHCLG) for eligible lost income, which is expected to result in compensation for the Council of £506,000. This sum is lower than the £662,000 originally anticipated in the Q1 report, mainly because DLUHC has decided to assess 2021/22 losses against a lower 2020/21 budget baseline, rather than against 2021/22 budgets (which had been uplifted by 3%).
- 2.7 Uncertainty remains heightened around future projections, and any further government restrictions to manage Covid-19 would likely impact the extent to which demand levels for services and income levels recover in the near term. The budget position will continue to be monitored closely, with forecasts updated and reported to members accordingly through the year.

3 Forecast Position

- 3.1 A summary of the forecast outturn position by service area for 2021/22 is shown in the following table:

Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy & Resources Committee</u>			
Democratic & Civic	688	688	0
Corporate Functions	579	579	0
Corp Financial Management	1,817	1,821	4
Tax Collection & Benefits	970	970	0
Land Charges	(1)	(6)	(5)
Land & Property	(2,333)	(2,333)	0
Economic Dev. & Prosperity	92	92	0
Employee and Support Services	472	266	(206)
Subtotal Strategy & Resources	2,285	2,077	(208)
<u>Environment & Safe Communities Committee</u>			
Car Parking	(2,095)	(1,123)	972
Environmental Services	3,608	3,710	102
Planning & Building Control	774	1,141	367
Community Safety	92	92	(1)
Environmental Health	194	214	20
Subtotal Environment & Safe Communities	2,574	4,034	1,460
<u>Community and Wellbeing Committee</u>			
Housing	1,653	2,217	564
Personal Social Services (Route Call, Community Alarm, Higher Needs Service and Disabled Facilities Grant)	411	464	52
Support for Voluntary Orgs	237	237	0
Social Centre	525	583	58
Health & Wellbeing	92	92	0
Countryside, Parks & Open Spaces	1,904	1,973	69
Sports, Leisure & Cultural	1,236	1,907	672
Precepting & Levying Bodies (NJMC & EWDC)	365	365	0
Subtotal Community & Wellbeing	6,423	7,838	1,415
Capital Charges	(2,669)	(2,669)	0
Total General Fund	8,612	11,280	2,668

3.2 The projected budget deficit across services for 2021/22 is £2.67m, which can be provisionally funded as set-out in the following table:

2021/22	£'000
Projected Deficit, Pre-Government Support	2,668
Less Government Income Protection Scheme	(506)
Projected Deficit, Post-Government Support	2,162
<u>Provisional Funding</u>	
Corporate Contingency for Covid-19	(950)
Corporate Projects Reserve	(329)
General Fund Balance	(883)
Subtotal Funding	(2,162)
Total	0

- 3.3 The Council should be able to claim £506k in lost income compensation from DLUHC to partially offset the deficit. The Council's budgeted contingency of £950k, plus unbudgeted contributions of £329k from the Corporate Projects Reserve (note - this is in addition to the budgeted contribution of £306,000 from this reserve) and £883k from the General Fund balance, can also be provisionally earmarked to fund the projected deficit. Deficit funding will remain under review throughout the year and will only be finalised at year-end, when the actual outturn position is known.
- 3.4 The following section of the report details the individual budget variances that make up the projected deficit of £2.67m within services.

4 Budget Variances

- 4.1 The main variances to budget are shown by Committee in the following tables:

Strategy & Resources Committee	Adverse / (Favourable) Variance £'000	Detail
Employee and Support Services	(206)	<p>Employee costs are forecast to be £273k under the overall budget. This favourable variance is partially offset by additional legal support costs to manage unauthorised encampments, combined with additional HR costs such as recruitment advertising fees associated with the restructure, totalling £52k.</p> <p>The favourable variance is also partially offset by increased cleaning costs at Town</p>

		Hall, which are expected to exceed the budget by £15k in 2021/22.
Land & Property	0	<p>Although the overall variance within Land and Property is nil, there are compensating variances to report.</p> <p>A number of rent reviews have been successfully completed, resulting in additional income of £836k for back rent at industrial estate sites. This one-off income is expected be transferred to the Property Income Equalisation Reserve, subject to Committee approval at year-end. The reserve currently holds a balance of £5.496m and is held to mitigate the potential impact of any tenants choosing to exercise break clauses and end their tenancies, as reported to Strategy & Resources Committee on 21 September 2021.</p> <p>The rent reviews have also resulted in uplifts to underlying annual rental income. Combined with a further review due later in the year, this should substantially achieve the £225k additional annual income target in the Medium Term Financial Strategy.</p>
Other miscellaneous variances	(1)	<p>The treasury management function is expected to underachieve the £115k budgeted income from investments, as interest rates remain at historic lows and continue to limit returns.</p> <p>Notwithstanding, the performance of the Council's investments does continue to beat the LIBID benchmark, and any interest shortfall can be met from the Interest Equalisation Reserve, resulting in minimal adverse variance to budget overall.</p>

		A separate report on the Council's investment returns will be taken to Financial Policy Panel on 30 November 2021.
Total Strategy & Resources Variance	(208)	

Environment & Safe Communities Committee	Adverse / (Favourable) Variance £'000	Detail
Car Parking	972	<p>Car park visitor numbers have yet to recover to pre-Covid levels. The parking income forecast has been based on the six months to September, with an assumption that usage will increase by 25% for the rest of the financial year. The result is a projected £972k under-recovery of income, as broken down below:</p> <p>Surface Car Parks: £149k Ashley Centre: £653k Atkins: £23k Hook Road: £110k Ewell Car Parks: £28k Off/On Street Parking - £9k</p> <p>The loss of income to 30 June will form part of our Income Compensation Scheme claim to DLUHC. In the meantime, officers continue to explore further opportunities to generate additional income through offering car park spaces to businesses.</p>
Domestic Waste	123	<p>Fuel costs have recently increased and are predicted to reach a ten-year high, resulting in a £39k adverse variance to budget.</p> <p>Furthermore, increased agency costs are expected due to staff on long-term sickness and cover for several vacancies within the team. These areas of spend are being monitored by the Service Manager and mitigating action taken to minimise spend wherever possible. The long-term sickness cases are being managed in line with HR policies.</p>

Bulky Waste	(23)	Based on half year results, the year-end forecast for income represents a favourable variance of £23k.
Building Control (Planning & Building Control)	137	<p>The service is being transferred to Elmbridge Borough Council following the retirement of two staff members and difficulties recruiting new staff, resulting in a projected net loss of income to EEBC of £137k for the year.</p> <p>Following the establishment of a new service delivery model, the updated service costs will need to be factored into the Council's future budget plans.</p>
Development Control (Planning & Building Control)	229	<p>Since the pandemic began, the service has seen a decrease in income, projected as a £185k adverse variance in 2021/22.</p> <p>In December 2020, S&R agreed £96,000 funding from reserves to cover the cost of responding to planning appeals. However, following one appeal progressing to a public enquiry, costs are expected to exceed this funding by £34k. A further adverse variance of £10k is forecast for legal and consultancy fees relating to applications.</p> <p>To support the planning service, an additional £190,000 of one-off funding was agreed at S&R Committee on 27 July, to be funded from the Corporate Projects Reserve.</p>
Other Miscellaneous Variances	22	
Total Environment and Safe Communities Variance	1,460	

Community & Wellbeing Committee	Adverse / (Favourable) Variance £'000	Detail
Housing	564	<p>The number of households in nightly paid accommodation has been reducing during Q2 and is now forecast at 70 for the remainder of the year. As a result, the forecast adverse budget variance has recovered somewhat to £564k, from £608k at Q1.</p> <p>To minimise numbers in expensive nightly paid accommodation, Defoe Court continues to be brought into use, and officers are collaborating with Rosebery Housing Association to identify alternative accommodation options. In addition, funding for two one-bed flats was approved at Strategy and Resources in September 2021. The Homelessness Working Party including senior officers meets monthly to manage the Council's response and to capitalise on any funding opportunities.</p>
Personal Social Services – Route Call, Community Alarm, Higher Needs Service and Disabled Facilities Grant	52	<p>Routecall passengers continue to be slow to return to the service, resulting in a £34k forecast adverse variance to budget.</p> <p>Within the Higher Needs Service, clients are gradually increasing each month, although it is not expected that numbers will fully return to pre-Covid levels by year end and a £33k adverse variance to budget is forecast.</p> <p>Partially offset against these adverse budget pressures is a favourable £15k transfer from the Home Improvement Agency reserve to fund the costs of administering the Disabled Facilities Grant scheme</p>

<p>Social Centre</p>	<p>58</p>	<p>Members and hirers have been returning to the Community & Wellbeing Centre, although numbers are not yet back to pre-Covid levels. An adverse variance to budget of £38k is forecast for year end.</p> <p>In addition, reduced income from lettings and the loss of some regular hirers is expected to result in a £20k adverse variance to budget.</p>
<p>Parks and Open Spaces</p>	<p>69</p>	<p>Sports activities and BBQs at parks reduced during spring and summer, resulting in a £45k adverse variance to budget.</p> <p>There have been fewer bookings at the Harrier Centre, resulting in an £18k adverse variance.</p> <p>Based on bookings to date, income at Hook Road Arena will also be under budget by £21k.</p> <p>Statutory reports on the Great Pond Dam are £2k above budget.</p> <p>However, a new lease at Horton Country Park and lettings to cafes in parks has increased income by £17k, partially mitigating the above adverse variances.</p>
<p>Sports, Leisure and Cultural</p>	<p>672</p>	<p>Bourne Hall and the Playhouse have now reopened and there has been a gradual return of hirers and ticket sales.</p> <p>However, at Bourne Hall, lettings and café income remain below net budget targets, resulting in a £170k forecast adverse variance.</p> <p>At the Playhouse, there are fewer shows than pre-Covid but pantomime ticket sales are progressing well. Net income is anticipated to be 50% of that for the same period in 2019/20, resulting in a £358k adverse variance to budget.</p>

		<p>Ewell Court House is not expected to re-open for events during 2021/22 (£63k adverse variance).</p> <p>No income is expected on the GLL contract at the Rainbow Centre for the first quarter 2021/22 (£81k adverse variance).</p> <p>The income losses to 30 June have formed part of the Council's Income Compensation claim to DLUHC.</p>
Total Community & Wellbeing Variance	1,415	

5 Employee Costs

- 5.1 At the end of September, the Council is £170k under its year-to-date employee budget of £6.62m, mainly as non-essential recruitment had been paused to manage the adverse financial impact of Covid-19.
- 5.2 Following the Council's restructure and transition to a new operating model, recruitment is underway to fill vacant posts. Employee costs are monitored monthly to ensure any adverse variances are flagged promptly to Heads of Service, thereby enabling prompt mitigating action to be taken.
- 5.3 To support the planning service with additional staffing resources, £190,000 of one-off funding was agreed at S&R Committee on 27 July, to be funded from the Corporate Projects Reserve.

6 Epsom & Ewell Property Investment Company (EEPIC)

- 6.1 The Council's budget includes £0.6m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties. Income from EEPIC is forecast to be on budget, with rent to date on track from tenants.

7 Update on 2021/22 Savings Delivery

7.1 The 2021/22 budget required £317k of new savings to be delivered during the year. The delivery status of these savings is summarised in the following table

Summary of Budgeted Savings - 2021/22	Committee	Achieved	In progress or deferred	Not Achievable
		£000	£000	£000
Review of Commercial Estate	S&R	113	-	-
Reduce Training Budget	S&R	6	-	-
Review of Town Hall	S&R	15	-	-
Review of Facilities Maintenance	S&R	19	-	-
Review of Parking	E&SC	-	24	-
Review of Community & Wellbeing Centre	C&W	-	23	-
Review of Parks/Ranger Service	C&W	17	-	-
Reduction in Service Contingencies	S&R	41	-	-
Building Control savings	E&SC	-	-	10
Treasury Management Income	S&R	-	20	-
Trade Waste Additional Income	E&SC	-	5	-
Review of Borough Insight	S&R	24	-	-
Total Savings - £317k		235	72	10

7.2 The majority of savings, totalling £235k, have been achieved to date. Savings totalling £72k have all been impacted in some way by Covid-19 and consequently either remain in progress or have been temporarily deferred due to the current economic environment. These savings will need to be reviewed and progressed at the appropriate time once uncertainty clears.

7.3 The £10k saving within building control is no longer deliverable, following the decision to transfer the service to Elmbridge Building Control Service. An alternative saving will need to be sought through the budget process, to prevent the Council's future budget deficit from increasing.

8 Revenue Reserves

8.1 At Q2, the general fund balance remains forecast to reduce to £2.5m (from £3.383m) by the end of this year, as per the provisional funding of the projected deficit in the following table:

2021/22	£'000
Projected Deficit, Pre-Government Support	2,668
Less Government Income Protection Scheme	(506)
Projected Deficit, Post-Government Support	2,162
<u>Provisional Funding</u>	
Corporate Contingency for Covid-19	(950)
Corporate Projects Reserve	(329)
General Fund Balance	(883)
Subtotal Funding	(2,162)
Total	0

- 8.2 The provisional balance on strategic reserves including the collection fund account was £17.1m at 1 April 2021. These reserve balances are forecast to reduce to £14.6m at 31 March 2022, principally due to budgeted drawdowns from the business rates equalisation reserve (£320k), flexible housing support grant reserve (£278k) and property maintenance reserve (£199k), combined with the unbudgeted provisional deficit funding of £329k and other agreed in-year allocations from the corporate projects reserve, such as for the Local Plan and other planning resources.
- 8.3 A review of reserves will be presented to Financial Policy Panel on 30 November 2021.
- 8.4 The Council holds other revenue reserves which are commuted sum receipts totalling £1.46m. The commuted sums are used to generate interest to fund on-going maintenance to specific parks and open spaces.

Summary of Revenue Reserves	01 April 2021 £'000	31 March 2022 forecast £'000
General Fund	3,383	2,500
Strategic Reserves & Collection Fund Account	17,080	14,565
Commuted Sums	1,464	1,464
Total	21,927	18,529

9 Actions and Next Steps

- 9.1 To address the projected budget deficit, the Council's senior management continues to progress the following key initiatives:
- 9.1.1 Measures to mitigate increased expenditure within homelessness, including bringing Defoe Court into use. Officers are also collaborating with Rosebery Housing Association to identify alternative accommodation options, to reduce the numbers in expensive nightly paid accommodation. In addition, funding for two one-bed flats was approved at Strategy and Resources in September 2021. The Homelessness Working Party including senior officers meets monthly to manage the Council's response and to capitalise on any funding opportunities.
 - 9.1.2 Officers have submitted a claim to DLUHC for lost income to 30 June 2021, totalling £506,000.
 - 9.1.3 For the venues, the Head of Operational Services is preparing a report to Community & Wellbeing Committee in the new year, setting-out a recovery plan.
 - 9.1.4 The Head of Service for Housing will prepare a report to Community & Wellbeing Committee in the new year, once the Strategic Housing Manager has been appointed, to present a Homelessness and Rough Sleeper Strategy with mitigation options for the budget pressures within the Housing service.
 - 9.1.5 Finance officers will continue to monitor the funding landscape to ensure the Council is kept aware of any new government funding announcements (if there are any).

- 9.2 Budget plans for 2022/23 remain under review to take account of any permanent underlying changes to expenditure and income levels. The Council's budget position is continuously monitored by the finance team and budget managers. It is expected that the next budget monitoring report to members will be the updated quarter three forecasts in February 2022.

10 Risk Assessment

Legal or other duties

10.1 Impact Assessment

- 10.1.1 Ultimately, all services will be impacted in some way by the Council's overall budget position over the long term.

10.2 Crime & Disorder

- 10.2.1 None arising directly from the contents of this report.

10.3 Safeguarding

- 10.3.1 None arising directly from the contents of this report.

10.4 Dependencies

- 10.4.1 None arising directly from the contents of this report.

10.5 Other

- 10.5.1 None arising directly from the contents of this report.

11 Financial Implications

- 11.1 Financial implications are set-out in the body of the report.

- 11.2 **Section 151 Officer's comments:** Even in the near term, there remains uncertainty around future demand levels for the Council's services and income streams, especially if government brings in additional Covid-19 restrictions over the winter. For 2021/22, contingency budgets and reserves can provisionally mitigate the overall projected deficit. Officers will continue to monitor the position and ultimately, longer term should income streams not recover or increased expenditure pressures not be mitigated, budget plans for future years including 2022/23 will need to be adjusted accordingly.

- 11.3 Quarter 3 forecasts for 2021/22 will be brought back to Audit Crime & Disorder and Scrutiny Committee in February 2022, and provisional budgets for 2022/23 will be reported to policy committees in January 2022.

12 Legal Implications

- 12.1 There are no direct legal implications arising from this report.
- 12.2 **Legal Officer's comments:** None arising from the contents of this report.

13 Policies, Plans & Partnerships

- 13.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 13.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 13.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.
- 13.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.
- 13.5 **Partnerships:** None arising directly from the contents of this report.

14 Background papers

- 14.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Revenue Budget Monitoring Report – Quarter 1 to Audit Crime & Disorder Committee, 1 September 2021.
- Budget Report to Full Council – 16 February 2021

Other papers:

- None

WORK PROGRAMME 2021/22

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 – Work Programme 2021/22

Summary

This report presents the Committee with the work programme for 2021/22.

Recommendation (s)

The Committee is asked to:

- (1) Note and agree the on-going work programme for 2021/22 attached at Appendix 1

1 Reason for Recommendation

- 1.1 Paragraph 1.2(d) of the Overview and Scrutiny Procedure Rules states that the Committee is responsible for approving an annual Overview and Scrutiny Work Programme, including the programme of any subcommittees or panels. The recommendation enables the Committee to maintain oversight of its work programme 2021/22 and make any additions or adjustments it may wish.

2 Background

- 2.1 The Committee work programme for 2021/21 was agreed at its April 2021 meeting . Appendix 1 shows the current position of the work programme . The Committee will wish to note that that two additional items are reported to this meeting , a post implementation review of Defoe Court and a report on the appointment of a new external auditor .

- 2.2 The report to update the Committee on Compliance with the Surveillance Camera Code of Practice has been pushed back from November 2021 to February 2022. The performance monitoring report providing an update on performance against the Annual Plan has also been pushed back to February. Both are due to the current pressures on officers to deliver priorities and additional work relating to Covid 19.

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 No implications for the purposes of this report.

3.2 Crime & Disorder

- 3.2.1 The Crime & Disorder Committee has a responsibility to review the actions and decisions of the local Community Safety Partnership on an annual basis. The work programme enables the Committee to meet this responsibility.

3.3 Safeguarding

- 3.3.1 No implications for the purposes of this report

3.4 Dependencies

- 3.4.1 Completion of the Council's financial accounts for 21/22 are dependant upon consideration of the Annual Internal Audit Report and Opinion

3.5 Other

- 3.5.1 No implications for the purposes of this report.

4 Financial Implications

- 4.1 None for the purposes of this report.

- 4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

- 5.1 None for the purposes of this report.

- 5.2 **Legal Officer's comments:** none arising from the contents of this report.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

6.1.1 All priorities

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** None for the purposes of this report.

6.4 **Sustainability Policy & Community Safety Implications:** the work programme includes the scrutiny of the actions and decisions of the community Safety Partnership.

6.5 **Partnerships:** None for the purposes of this report

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Annual Report 2020/21, Audit, Crime & Disorder and Scrutiny Committee, 19 November 2020
- Work Programme 2020/21, audit, Crime & Disorder and Scrutiny Committee 8 April 2021

Other papers:

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**Audit, Crime & Disorder and Scrutiny Committee
Work Programme 2021/22**

MEETING	ITEMS FOR CONSIDERATION BY FULL COMMITTEE
June 2021	<ul style="list-style-type: none"> • <i>Internal Audit Progress Report 2020/21</i> • <i>Annual Internal Audit Report & Opinion 2020/21</i> • <i>Annual Governance Statement 2020/21</i> • <i>Four Year Plan: Year End Performance Report 2020/21</i> • <i>Use of Delegated Powers Annual Report</i> • <i>Annual Report on the Regulation of Investigatory Powers Act 2000</i> • <i>Annual Report 2020/21 (To be presented to Full Council)</i> • <i>Work Programme 2021/22</i>
November 2021	<ul style="list-style-type: none"> • Internal Audit Progress Report 2021/22 • Post Implementation Review of Defoe Court • Revenue Budget Monitoring Report Qtr 2 • Capital Budget Monitoring Report Qtr 2 • Public Sector Audit Appointments Opt in • Risk Management Framework Annual Report • Work Programme 2021/22
February 2022	<ul style="list-style-type: none"> • Internal Audit Progress Report 2021/22 • Revenue Budget Monitoring Report 2021/22 Qtr 3 • Capital Budget Monitoring Report 2021/22 Qtr 3 • Annual Governance Statement and District Auditor's Audit Findings, Progress Against Action Plans • Four Year Plan: Six Monthly Performance Report 2021/22- • Update on Compliance with the Surveillance Camera Code of Practice • Work Programme 2021/22
April 2022	<ul style="list-style-type: none"> • Internal Audit Progress Report 2021/22 • Internal Audit Plan 2022/23 and Internal Audit Charter 2022/23 • Annual Report on the Community Safety Partnership • Annual Report 2021/22 (To be presented to Full Council) and Draft • Work Programme 2021/22

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