Public Document Pack

Democratic Services

AUDIT AND SCRUTINY COMMITTEE

Tuesday 18 July 2023 at 7.45 pm

Place: Council Chamber, Epsom Town Hall

Online access to this meeting is available on YouTube: Link to online broadcast

The members listed below are summoned to attend the Audit 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 James Lawrence
Councillor Robert Leach (Vice-Chair)	Councillor Jan Mason
Councillor Chris Ames	Councillor Phil Neale
Councillor Rachel King	Councillor Chris Watson

Yours sincerely

Chief Executive

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

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 using free YouTube software.

A link to the online address for this meeting is provided on the first page of this agenda. A limited number of seats will be available on a first-come first-served basis in the public gallery at the Town Hall. If you wish to observe the meeting from the public gallery, please arrive at the Town Hall reception before the start of the meeting. A member of staff will show you to the seating area. 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 this 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.

Questions and statements from the Public

Up to 30 minutes will be set aside for questions and statements from members of the public at meetings of this Committee. Any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough may ask a question or make a statement on matters within the Terms of Reference of the Committee.

All questions must consist of one question only and cannot consist of multiple parts. Questions and statements cannot relate to planning or licensing committees matters, 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 Chair are defamatory, offensive, vexatious or frivolous will not be accepted. Each question or statement will be limited to 3 minutes in length.

If you wish to ask a question or make a statement at a meeting of this Committee, please contact Democratic Services at: democraticservices@epsom-ewell.gov.uk

Questions must be received in writing by Democratic Services by noon on the third working day before the day of the meeting. For this meeting this is **Noon, 13 July 2023**.

A summary of statements must be received by Democratic Services by noon on the working day before the day of the meeting. For this meeting this is **Noon, 17 July 2023**.

For more information on public speaking protocol at Committees, please see Annex 4.2 of the Epsom & Ewell Borough Council Operating Framework.

Filming and recording of meetings

The Council allows filming, recording and photography at its public meetings. By entering the Council Chamber and using the public gallery, you are consenting to being filmed and to the possible use of those images and sound recordings.

Members of the Press who wish to film, record or photograph a public meeting should contact the Council's Communications team prior to the meeting by email at: communications@epsom-ewell.gov.uk

Filming or recording must be overt and persons filming should not move around the room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non-handheld devices, including tripods, will not be allowed.

AGENDA

1. QUESTION AND STATEMENTS FROM THE PUBLIC

To take any questions or statements 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 - 10)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 06 April 2023 and to authorise the Chair to sign them.

4. COMMITTEE WORK PROGRAMME (Pages 11 - 16)

This report presents the Committee with the Work Programme for 2023-2024.

5. IT STRATEGY (Pages 17 - 48)

This report provides the interim IT Strategy agreed by Strategy & Resources Committee on 28 March 2023.

6. ANNUAL GOVERNANCE STATEMENT 2022-2023 (Pages 49 - 66)

This report seeks the Committee's approval of the draft Annual Governance Statement 2022-2023.

7. USE OF DELEGATED POWERS ANNUAL REPORT (Pages 67 - 72)

In accordance with the council's Scheme of Delegation to officers, this report sets out significant decisions taken by officers in consultation with committee chairs for the period 26 May 2022 to 31 May 2023.

8. PERFORMANCE AND RISK REPORT - JULY 2023 (Pages 73 - 102)

This report provides an overview of the council's end of year performance with respect to its 2022-2023 annual plan objectives, key performance indicators, corporate risks and annual governance statement actions.

9. EXTERNAL AUDITOR'S ANNUAL REPORT - 2021/22 (Pages 103 - 136)

This report presents Grant Thornton's 2021/22 Annual Report to members.

10. INTERNAL AUDIT PROGRESS REPORT - JULY 2023 (Pages 137 - 158)

This report summarises progress against the Internal Audit Plan 2022-2023.

11. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022-2023 (Pages 159 - 182)

This report presents the Committee with the Annual Internal Audit Report and Opinion 2022-2023.

Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 6 April 2023

PRESENT -

Councillor Steve Bridger (Chair); Councillor Nigel Collin (Vice-Chair); Councillors Rob Geleit, Phil Neale, David Reeve, Alan Sursham and Chris Webb

In Attendance: Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (Items 32-37 only)

Absent: Councillor David Gulland and Councillor Christine Howells

Officers present: Andrew Bircher (Interim Director of Corporate Services), Brendan Bradley (Head of Finance), Will Mace (Business Assurance Manager), Tim Richardson (Democratic Services Manager) and Phoebe Batchelor (Democratic Services Officer)

---

32 QUESTION TIME

No questions were received by members of the public.

33 DECLARATIONS OF INTEREST

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

34 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting of the Audit and Scrutiny Committee held on 2 February 2023 were agreed as a true record and signed by the Chair.

A Member of the Committee raised that a number of items of additional information were due to be provided to Members following the meeting on 2 February 2023, but that these had not yet been received. The Committee requested officers to provide the additional information detailed in the minutes of the 2 February meeting to all Members of the Committee following this meeting.

35 SIAP INTERNAL AUDIT PLAN 2023-2024 AND INTERNAL AUDIT CHARTER

The Committee received a report that introduced the Internal Audit Plan and Charter for 2023-2024.

Following consideration, the Committee unanimously resolved to:

(1) Endorse the Internal Audit Plan 2023-2024 as set out in Appendix 1 of the report.

(2) Approve the Internal Audit Charter 2023-2024 as set out in Appendix 2 of the report.

36 SIAP INTERNAL AUDIT PROGRESS REPORT - APRIL 2023

The Committee received a report summarising the progress against the Internal Audit Plan 2022-2023.

The following matters were considered:

a) **Live Audit Reviews.** A Member of the Committee asked a question concerning the overdue items displayed in the table on page 44 of the agenda and whether the Committee could be provided with a detailed list of the outstanding actions. The representative for the Council's Internal Auditor directed the Committee to Annex 1 and 2 of the Progress Report where the relevant items were laid out in more detail.

b) **Management Actions.** A Member requested clarification of progress against the revised management action dates laid out on page 53 of the agenda. The Business Assurance Manager informed the Committee that the data collection for progress against these actions was currently taking place and would continue over the next couple of weeks. An interim check has taken place already with relevant lead officers.

Following consideration, the Committee unanimously resolved to:

(3) Note the internal audit progress report from Southern Internal Audit Partnership (SIAP) attached at Appendix 1 to the report.

37 EXTERNAL AUDIT UPDATE

The Committee received a report presenting an update on the 2021/22 Statement of Accounts audit and the Annual Auditor's Report.

Following consideration, the Committee unanimously resolved to:

(4) Note the conclusion of the 2021/22 Statement of Accounts audit;

(5) Receive Grant Thornton's letter regarding the Annual Auditor's Report.

38 COMMITTEE ANNUAL REPORT 2022-2023

The Committee received a report presenting the Annual Report of the Audit and Scrutiny Committee for 2022-2023.

Following consideration, the Committee unanimously resolved to:

(6) Approve the Annual Report 2022-2023 attached at Appendix 1 to the report and to present the Annual Report to the next meeting of Full Council.

39 ANNUAL REPORT OF THE USE OF RIPA POWERS

The Committee were presented with the Annual Report on the Council's activities relating to surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) for 2021.

The following matters were considered:

a) **Correction of Report.** The Committee noted a typographical error to paragraph 1.1 of the report. The Interim Director of Corporate Services informed the Committee of the following correction:

- **T**hat the final sentence of paragraph 1.1 be deleted.

This correction was required as the report incorrectly stated that the Committee was required to approve the Policy.

b) **Use of Mobile CCTV.** Following a question, the Interim Director of Corporate Services informed the Committee that he understood that the use of Mobile CCTV does not require RIPA authorisation unless it is covert in nature. The Interim Director agreed to investigate the requirements surrounding the use of mobile CCTV and report back to the Committee on this matter. A Member of the Committee responded to follow up on enquiries that they had previously made about the use of mobile CCTV in relation to possible misdemeanours within their ard, and queried the lack of use of RIPA surveillance over recent years.

The Interim Director of Corporate Services agreed to follow up on the Member's enquiries about RIPA surveillance and supply supplementary information about its uses.

c) **Covert surveillance.** The Committee noted that covert surveillance had been used successfully in the past to take action on certain offences that have been committed.

Following consideration, the Committee unanimously resolved to:

(7) Note the report of the Council's use of its RIPA powers for 2021 and 2022.

40 OMBUDSMAN ANNUAL REPORT 2021-22

The Committee received a report providing the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman during 2021-2022.

The following matters were considered:

a) **Ombudsman Annual Letter. T**he Interim Director of Corporate Services informed the Committee that in future when the Ombudsman's Annual Letter is received by the council, it would be brought to the next available Audit & Scrutiny Committee meeting to enable a more timely review.

b) **Ombudsman Complaints.** The Interim Director of Corporate Services acknowledged that a level of criticism had been directed at the council for the way in which some Ombudsman complaints had been dealt with. The Interim Director of Corporate Services assured the Committee that a number of actions had been taken to address the issues identified in the Ombudsman's letter, and that he anticipated that the current year's report from the Ombudsman would not show a repeat of them.

c) **Correction of Report.** The Committee noted that the heading of line 4.1 should include the word "Equality" before "Impact Assessment".

d) **Interim reports.** The Committee considered that regular reports on Ombudsman complaints would be more beneficial than a single report presented at the end of the year detailing all complaints over the previous 12 months**.** The Interim Director of Corporate Services agreed that updates would be provided regularly at each future meeting of the committee.

e) **Complaint Procedure.** A Member asked if complaints are referred to the Ombudsman by the council or whether complainants approach the Ombudsman of their own accord. In response, the Interim Director of Corporate Services informed the Committee of the council's two stage complaint process and explained that complainants were informed of their right to refer the matter to the Ombudsman if they were not satisfied with the outcome of the council's investigation. The Ombudsman had the right to not accept a case if it has not gone through the council's full two stage process.

f) **Housing Ombudsman.** In response to a question regarding the Housing Ombudsman Service, the Interim Director of Corporate Services detailed that there are a number of Ombudsman who deal with public services. The Local Government Ombudsman was working in partnership with the Housing Ombudsman to develop a complaint handling code and training programme.

A Member asked if the data presented in the report included housing complaints taken to the Ombudsman. The Interim Director of Corporate Services responded that the report did include relevant Housing

complaints taken to the Ombudsman, but that the council no longer managed it's own social housing stock.

Following consideration, the Committee unanimously resolved to:

(8) Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2021-2022.

41 COMMITTEE WORK PROGRAMME 2023-2024

The Committee received a report updating the Committee with the work programme for 2023-2024.

Following consideration, the Committee unanimously resolved to:

(9) Agree the on-going work programme for 2023-2024 as presented in Section 2 of the report.

The meeting began at 7.30 pm and ended at 8.03 pm

COUNCILLOR STEVE BRIDGER (CHAIR)

This page is intentionally left blank

COMMITTEE WORK PROGRAMME 2023-2024

Head of Service:	Andrew Bircher, Acting Director of Corporate Services
Wards affected:	All Wards
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None.

Summary

This report presents the Committee with the Work Programme for 2023-2024.

Recommendation (s)

The Committee is asked to:

(1) Note and agree the on-going Work Programme for 2023-2024 as presented in Section 2.

1 Reason for Recommendation

1.1 Paragraph 4.6 of the Constitution states that the Committee "can scrutinise decisions made by the Full Council or policy committees"[1]. Paragraphs 1.3(i) and 1.3(iii) of Annex 4.6 of the Council Operating Framework also states that the Committee "will be responsible for arranging the overview and scrutiny functions on behalf of the council" as well as "approving an annual overview and scrutiny Work Programme".[2] These enable the Committee to maintain an oversight of its Work Programme 2023-2024 and make any additions or adjustments it may wish.

[1]See *Constitution of Epsom and Ewell Borough Council*, p.3. Online available: https://democracy.epsom-ewell.gov.uk/documents/s27178/Constitution%20of%20Epsom%20and%20Ewell%20Borough%20Council.pdf [Last accessed 18/05/2023]

[2] See *Council Operating Framework, Annex 4.6: Overview, Audit and Scrutiny*, p.1. Online available: https://www.epsom-ewell.gov.uk/sites/default/files/documents/council/about-council/governance/Annex%204-6%20-%20Overview%20Audit%20and%20Scrutiny.pdf [Last accessed 18/05/2023].

2 Background

2.1 The committee Work Programme for 2023-2024 is presented in Section 2.3 below.

2.2 The plan includes reports that relate to the committee's areas of responsibility as stipulated in its terms of reference.[3]

2.3 Work Programme 2023-2024:

Meeting		Agenda
Past	**6 April 2023**	• Internal Audit: Progress Report - April 2023 • Internal Audit: Audit Plan 2023-2024 & Internal Audit Charter • External Audit Update • Committee Annual Report 2022-2023 (to be presented to Full Council) • Regulation of Investigatory Powers Act (2000) Annual Report • Work Programme 2023-2024 • Local Government and Social Care Ombudsman Annual Letter
Present	**18 July 2023**	• External Audit Update – Annual Auditor's Report • Internal Audit: Annual Report & Opinion 2022-2023 • Internal Audit: Progress Report – July 2023 • Annual Governance Statement 2022-2023 • Performance and Risk Report – July 2023 • Use of Delegated Powers Annual Report • Work Programme 2023-2024 • IT Strategy[4]
Future	**28 September 2023**	• 2022-2023 Statement of Accounts and Audit Findings Report (subject to external audit progress). • Revenue Budget Monitoring – Quarter 1 (2023-2024) • Capital Budget Monitoring – Quarter 1 (2023-2024) • 2022-2023 Treasury Management Outturn Report (This workstream is currently subject to review by Standards & Constitution Committee) • Internal Audit: Progress Report – September 2023 • Performance & Risk Report - September 2023 • Work Programme 2023-2024 • Local Government and Social Care Ombudsman Annual Letter
	16 November 2023	• Revenue Budget Monitoring – Quarter 2 (2023-2024) • Capital Budget Monitoring – Quarter 2 (2023-2024)

[3] See *Audit and Scrutiny Committee-Terms of Reference*, Online available: https://democracy.epsom-ewell.gov.uk/mgCommitteeDetails.aspx?ID=157 [Last accessed 18/05/2023].

[4] The placeholder moved from April 2023 to July 2023, as a date for the IT Strategy being taken to Strategy and Resources Committed was confirmed.

		• 2023-2024 Treasury Management Interim Report, including associated training (This workstream is currently subject to review by Standards & Constitution Committee) • Code of Corporate Governance[5] • Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality) • Work Programme 2023-2024 • Update on Compliance with the Surveillance Camera Code of Practice • External Audit Update (if required)
	1 February 2024	• Community Safety Partnership Update • Revenue Budget Monitoring – Quarter 3 (2023-2024) • Capital Budget Monitoring – Quarter 3 (2023-2024) • External Audit Update • Equality and Diversity (inc. modern slavery) Annual Report • Internal Audit: Progress Report - February 2024 • Performance and Risk Report – February 2024 • Work Programme 2023-2024
	28 March 2024	• Internal Audit: Annual Plan 2024-2025 & Internal Audit Charter • Internal Audit: Progress Report - March 2024 • External Audit Update • Performance and Risk Report – March 2024 • Committee Annual Report 2023-2024 (to be presented to Full Council)[6] • Work Programme 2024-2025 • Regulation of Investigatory Powers Act (2000) Annual Report

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 No direct implications from this report.

3.2 Crime & Disorder

3.2.1 The annual scrutiny of the Community Safety Partnership is proposed to be held at the February 2024 committee meeting.

3.3 Safeguarding

[5] Placeholder, in the event of any significant changes following annual officer review.
[6] Note, the Committee's Annual Report will be early this year (2023-2024), due to the committee timings.

3.3.1 No direct implications from this report.

3.4 Dependencies

3.4.1 The committee does rely on some of the council's partners, and other committees, to deliver its work programme as proposed in Section 2.3 (e.g. internal and external audit, and the Community Safety Partnership).

3.5 Other

3.5.1 No other direct implications from this report.

4 Financial Implications

4.1 None for the purposes of this report.

4.2 **Section 151 Officer's comments**: The forward plan will enable the Council to meet statutory obligations with regards to external audit.

5 Legal Implications

5.1 None for the purposes of this report.

5.2 **Legal Officer's comments**: None for the purposes of this report.

6 Policies, Plans & Partnerships

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

6.1.1 Effective Council: Strengthen the council's financial independence.

6.1.2 Effective Council: Improve openness, transparency and customer service.

6.1.3 Safe & Well: Work with partners to keep our borough safe and secure.

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

6.3 **Climate & Environmental Impact of recommendations**: No direct implications from this report.

6.4 **Sustainability Policy & Community Safety Implications**: See Section 2.3, February 2024 meeting.

6.5 **Partnerships**: No direct implications from this report.

7 Background papers

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

Previous reports:

- Committee Work Programme 2023-2024, *Audit and Scrutiny Committee*, 6 April 2023. Online available: https://democracy.epsom-ewell.gov.uk/documents/s27002/Committee%20Work%20Programme%202023-2024.pdf [last accessed 18/05/2023].

Other papers:

- None.

This page is intentionally left blank

Head of Service:	Chris Anderson, Head of IT
Wards affected:	(All Wards);
Urgent Decision? (yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	**Appendix 1** – IT Strategy **Appendix 2** – Roadmap 2023 **Appendix 3** – Roadmap 2023-24

Summary

This report provides the interim IT Strategy agreed by Strategy & Resources Committee on 28 March 2023.

Recommendation (s)

The Committee is asked to:

(1) Note and comment on the contents of the IT Strategy.

1 Reason for Recommendation

1.1 To provide members of the Audit and Scrutiny Committee with oversight of the work undertaken to date to develop a council IT Strategy.

2 Background

2.1 A new Head of Information Technology was appointed in January 2023 and tasked with reviewing and updating the council's IT Strategy.

2.2 Initial work resulted in an interim IT Strategy being presented to and agreed by Strategy & Resources Committee (28 March 2023) with a more detailed and costed IT Strategy to be presented to the same committee in September 2023.

2.3 As requested, the IT Strategy is presented to the Audit & Scrutiny Committee for oversight and comment.

3 Risk Assessment

3.1 Risk assessment and implications are included within the body of the attached report and associated appendices.

4 Financial Implications

4.1 Financial implications are included within the body of the attached report and associated appendices.

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

5 Legal Implications

5.1 Legal implications are included within the body of the attached report and associated appendices.

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

6 Policies, Plans & Partnerships

6.1 Linkage to relevant Council policies, plans and partnerships are included within the body of the attached report and associated appendices.

7 Background papers

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

IT Strategy – Main Report – Appendix 1

IT Strategy – Appendix 2

IT Strategy – Appendix 3

IT STRATEGY

Head of Service:	Chris Anderson, Head of IT
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 – Draft - Information Technology Strategy 2023 Appendix 2 – Draft - Information Technology Roadmap 2023 - 2024

Summary

This report provides details of the Epsom & Ewell Borough Council Information Technology Strategy for 2023 and beyond. The IT Strategy defines the principles, governance, standards and methodology by which the council will source, procure, implement, maintain and deliver IT services both internally (to staff and partners) and externally (to residents). This report details also a high-level IT Roadmap for 2023-2024.

Delivery of the IT Roadmap workstreams and projects will provide Members/Officers with improved ways of working that increases collaboration and reduces the requirement for physical servers and infrastructure located at Council premises.

The IT Strategy and IT Roadmap are still both in development and require further work to fully define and cost the work programme.

Recommendation (s)

The Committee is asked to:

(1) Agree the draft IT Strategy and the associated plan to invest in a programme of works as set out in the draft IT Roadmap. The works to include; a refresh of end user devices for councillors and officers, a programme of works to update infrastructure, and transformational projects to improve and increase online services to residents.

(2) Approve the indicative funding implications for delivering the defined IT Roadmap in 2023-2024 as set out in table 1 of this report, these being; the carry forward of unspent 2022/23 capital funding of £215k and new capital funding for 2023/24 of £225k (which is inclusive of an additional £15k in order to complete the Member device refresh).

(3) Agree that a revised and more detailed IT Strategy and IT Roadmap will be submitted to committee later in 2023. This will seek further approval for the projected costs for IT services 2024-2027.

1 Reason for Recommendation

1.1 Strategy and Resources Committee approved the ICT Programme of Works capital funding for 2022-2023 on 28th March 2022. Subsequently, there has been a significant period of change within the IT team and an external review of the IT Strategy.

1.2 The external IT Strategic Review, and subsequent work undertaken by the recently appointed Head of IT, has resulted in greater clarity regarding the current and future IT service provision and the outcomes desired by councillors and officers. These include significant improvement to the end-user experience and Member/Officer digital skills, a continuing rationalisation of the council's application portfolio and improved online resident facing services.

1.3 The IT Strategy and accompanying IT Roadmap are the first steps in defining the path from our current "as is" to our desired "to be" state.

1.4 Key aspects of the IT Strategy include increased use of cloud services and potential leasing of end user devices, both of which will result in a shift from capital funding to revenue costs.

1.5 Further work is required to fully define the IT Strategy, IT Roadmap and the detailed stabilising, enabling and improvement projects which are expected to take a number of years and require capital funding to complete. Consequently, short-term funding of the IT Service through 2023/24 is indicative only and longer-term funding is yet to be defined.

2 Background

2.1 IT services within EEBC have grown organically over many years. This has resulted in systems and infrastructure which have become overly complex and difficult to maintain, and which are perceived by users as slow and difficult to use.

2.2 An ICT Programme of Works (2019-2022) was implemented, consisting of a number of workstreams intended to update or replace existing systems and provide an improvement in IT/business alignment, the end user experience, efficiency and overall user satisfaction.

2.3 Whilst a number of these projects completed successfully (Civica Cloud migration, CRM Phase 1), others were either only partially completed or were not progressed at all. The reasons for this are manyfold, however the impact of Covid (both in terms of the direct impact on staff and on the availability of external resources, services and hardware required to deliver projects) and issues of high-staff turnover were major contributing factors.

2.4 From April-June 2022 an IT Strategic Review was undertaken. This provided a useful insight into the state of EEBC's IT services including internal capability, capacity, and the historical and current challenges facing the service. The review also set out the goals and requirements of the future service as defined by Councillors and officers.

2.5 Subsequent to the review, there has been a further period of instability whilst a new Head of Information Technology was recruited and appointed (January 2023). This appointment has however afforded the opportunity for the IT Management Team and Senior Management Team to reconsider the IT Strategy afresh.

2.6 Whilst the external IT Strategic Review conducted in 2022 has remained the primary source of information, a further series of engagements with a number of Councillors, all Heads of Service (a number of who were not in post or unable to contribute at the time of the review), end users, and consideration of the council's accommodation strategy (only available since the IT Strategic Review) has resulted in what we believe is a clearer, more defined IT Strategy. Although it is acknowledged that there is still significant work required to complete it.

3 IT Strategy 2023

3.1 The IT Strategy (see appendix 1) defines the principles, governance, standards and methodology by which the council will source, procure, implement, maintain and deliver IT services both internally (to staff and partners) and externally (to residents).

3.2 The IT Strategy builds on the outputs of the IT Strategic Review (2022), states the defined goals and service requirements and links them to an IT Roadmap which details the work required to achieve them. Notably, the revised IT Strategy clearly defines the governance and controls which will be implemented to ensure delivery is achievable and goals are met.

3.3 There has been limited time since appointment (January 2023) for the Head of IT to create the revised IT Strategy and the accompanying IT Roadmap, with both still a work in progress. Work on them will continue with the output being that all projects will be reviewed and baselined, thus ensuring that they are fully aligned to the IT Strategy and clearly defined, documented, resourced and funded.

3.4 Whilst many of the projects required to deliver the IT Strategy will be familiar, a significant change is proposed to the way in which we deliver the desktop service to officers and the devices they use.

3.5 As noted in the IT Strategic Review, the current End User Experience (delivered through a Citrix desktop) is widely considered to be poor, with most staff finding it slow and difficult to use. Excessive time taken to load the desktop, it's failure to fully integrate with Microsoft Teams, poor support for video, and our use of thin-client devices (which are tied to the desk) mean that in an organisation aiming to become increasingly mobile and connected Citrix and Thin-clients are no longer fit for purpose.

3.6 To address this our strategy is to refresh the desktop hardware and provide secure, corporate laptops as our default end user device[1]. This, in conjunction with Microsoft 365 and Teams, will provide staff with a consistent end user experience, enable collaboration and increase productivity. In tandem with the laptop refresh older monitors (often deployed in pairs) will be retired and replaced with monitors sized appropriately to the work being undertaken[2].

3.7 In conjunction with the deployment of a new secure desktop, work will be undertaken to improve WiFi coverage, increase network bandwidth[3], and implement supporting technology and services such as secure, always-on, virtual private network (vpn) technologies.

3.8 Changes to end user devices will be phased, with those using only Microsoft 365 and browser based Cloud services prioritised. User training and education will be a key to gaining optimal benefit from this change in technology.

3.9 Devices issued to councillors were similarly identified in the IT Strategic Review as being sub-optimal. This was reiterated during introductory meetings between councillors and the new Head of IT, although there was no consensus amongst councillors on a single, preferred device. Given the current age of the devices issued to councillors a device refresh is now due. It is therefore proposed that councillors be given a choice of device (either a laptop or an iPad) and that these be issued to councillors post-election in May 2023.

---

[1] Work will be undertaken to document the different user personas and to agree with Heads of Service a selection of supportable devices appropriate to business requirements.

[2] Eg: Planners working on large format plans may benefit from larger 40"-49" monitors. Energy efficiency of monitors will be reviewed in line with corporate climate change action plan.

[3] Existing Town Hall network and WiFi infrastructure is end of life and in need of replacement. All equipment will be specified such that it can be utilised as part of our developing corporate accommodation strategy.

3.10 Capital funding of £250k has previously been agreed (Strategy & Resources Committee, 29th March 2022) to complete a number of improvement and replacement projects including the website (which is due to become obsolete in November 2023), Revenues & Benefits Document Management System (end of life) and network infrastructure (end of life). Of this amount, £215k is forecast to remain unspent at year-end (31 March 2023). It is requested therefore that the unspent balance be carried forward into the 2023/24 financial year to complete these projects.

3.11 In addition to carrying forward the unspent 2022/23 balance, new Capital funding of £225k is sought for the coming financial year (2023/24). This will allow key improvement works outlined within the draft IT Roadmap to progress whilst detailed work is undertaken to inform on the longer-term costs arising from the revised IT Strategy. Table 1 below sets out agreed, known and indicative costs.

3.12 At this time, no additional revenue costs have been identified. This will undoubtedly change as the strategy progresses and will be covered in the September update report.

3.13 Separate Capital funding of £556k has previously been agreed for the corporate CRM project. Of this, £191k has been spend to date with £365k remaining.

Financial Year	IT Capital Programme	CRM Replacement Programme
2022/23	£215,000	£165,000
2023/24	£225,000	£100,000
2024/25	tbc	£100,000
Total	tbc	£365,000

Table 1: Indicative capital programme costs 2023-2025

3.14 Delivery of the IT Strategy is anticipated to require an increased investment in IT. Initially this will be a call on capital funds however, over time with increasing use of consumption-based cloud services there will be a shift to revenue expenditure.

3.15 Whilst savings will be achieved through simplification of the infrastructure and applications estate, it is anticipated that overall costs for IT are likely to rise as a result of increased use of IT services by business functions, adoption of new technologies, and the ever-increasing requirement to combat cyber threats.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- Procurement of IT goods and services will follow the Council's Contract Standing Orders.

4.2 Crime & Disorder

- None for the purposes of this report.

4.3 Safeguarding

- None for the purposes of this report.

4.4 Dependencies

- None for the purposes of this report.

4.5 Other

- None

5 Financial Implications

5.1 The proposed capital budget implications are detailed at Table 1.

5.2 Funding has previously been agreed and is therefore already in place for the 2022/23 budget requirement of £215,000 and the CRM Replacement Project budget requirement of £365,000.

5.3 For the new £225,000 budget request for 2023/24, it is proposed to fund this from the Council's budgeted £500,000 revenue contribution to capital schemes.

5.4 Longer-term beyond 2023/24, should there be a reduction as expected in the IT capital funding requirement but an increase in revenue funding requirement, consideration can be given at a later date to re-purposing a proportion of the budgeted revenue contribution to capital to meet this requirement.

5.5 While re-purposing a portion of the Council's budgeted revenue contribution to capital would reduce funds available to invest in other capital projects, this would be mitigated if the requirement for IT capital expenditure reduces in the longer term.

5.6 **Section 151 Officer's comments**: Work should continue to develop the more detailed IT Strategy and to identify its longer-term capital and revenue budget implications. Funding for both revenue and capital implications will need to be identified upon presenting the final strategy for approval, to ensure any proposals agreed by members are financially deliverable.

6 Legal Implications

6.1 **Legal Officer's comments**: There are no direct legal implications arising from the contents of this report.

7 Policies, Plans & Partnerships

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

Effective Council - Improve access to services through technology.
Smart & Connected – Increase digital connectivity for all.

7.2 **Service Plans**: The ICT Roadmap underpins the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations**:

The revised IT Strategy and IT Roadmap support the Climate Change Action Plan as follows:-

Theme 6: Use of technology and information systems.

- reduce the need to travel to meetings (action 53),
- support a change in working practices, improved digital skills, and reduced use of print/paper (action 55),
- support a reduction in on-premise infrastructure and the move to Cloud services (action 58).

Theme 2: Council Building & Energy Use.

- a reduction in accommodation required for staff and on-premise infrastructure will support reduced energy consumption (action 17)

7.4 **Sustainability Policy & Community Safety Implications**:

None for the purposes of this report.

7.5 **Partnerships**:

None for the purposes of this report.

8 Background papers

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

Previous reports:

- ICT Programme of Works – 29 March 2022

Other papers:

- None

EEBC – Information Technology Strategy 2023

Author:	Chris Anderson
Master Version no:	1.00
Date:	17/03//2023
Document Owner:	Chris Anderson
Filename:	
Doc Ref:	

Version No.	**Change Description**	**Requested by**	**Date**
1.0	Draft	**CJA**	17/03/2023

DRAFT

Table of Contents

Information Technology Strategy 4
Purpose of this Strategy 4
Benefits of this Strategy 4
Constraints 5
Background 5
IT Service Goals 5
IT Service Principles 6
Cloud Centric 6
Customer Centric 7
Digital by Default 7
Secure by Default 7
Interlinked with Corporate Strategies & Plans 8
IT Service Governance 8
Resource Ownership 9
IT Service Quality & Standards 9
IT Services Collaboration & Shared Services 9
Strategic Priorities 10
Continued Service Stabilisation: 10
End User Experience: 10
Infrastructure Services: 10
Data Services: 10
CyberSecurity: 10
Resident Services: 10

DRAFT

Information Technology Strategy

Purpose of this Strategy

This Information Technology (IT) Strategy defines the principles, governance, standards and methodology by which Epsom & Ewell Borough Council (EEBC) will source, procure, implement, maintain and deliver IT services. Its main purpose is to ensure that IT services, of whatever nature, are aligned to business requirements and complement each other within a holistic service ecosystem.

To achieve this, the IT Strategy is but one element in a suite of documents which clearly link ("The Golden Thread") the council's long-term vision for the borough to corporate, department, team and individual deliverables.

Figure 1: The IT Strategy in a corporate context.

Benefits of this Strategy

The benefits of this IT Strategy are:-

- A clear vision of where we want to be and what is important to us.
- Clear principles by which our services are selected and delivered.
- A defined governance framework within which IT Services are managed.

DRAFT

Constraints

This IT Strategy defines 'where we are', 'where we want to be' and the principles we will use to move from one state to the other. It also defines our agreed, priorities. This strategy is, by its very nature, high-level and consequently its vision is not constrained by the inevitable pressures and limits on the resources (people, financial, technical) required to deliver it. Rather, these will be considered (partially) within the roadmap and fully at the point of project initiation.

Background

IT services within EEBC have grown organically over many years. Whilst the services may broadly be said to have met basic EEBC business requirements, this organic and uncoordinated growth has resulted in systems that are disjointed and which are perceived by users as slow and difficult to use. IT services are viewed as a necessary but expensive overhead which provides limited value, although it should be noted that the failure to derive value is a consequence of multiple factors including a wider internal failure to truly embrace technology and modernise business processes.

To address these issues, in Spring 2022, following on from the global Covid pandemic, a wide-reaching review was instigated with the aim to ensure EEBC IT services could meet the near-term and future requirements of the organisation. Maple Networks were commissioned to undertake this review. The outcome of the IT Strategic Review provided a clear understanding of the current state of EEBC IT services, the capabilities of both the IT Team and the wider user base, constraints (technical, financial, resource and skills) and a clear set of tactical and strategic objectives to better align IT Services with the requirements of the organisation.

The review noted that there had been a long-term underinvestment in IT services and that, in part as a consequence of this, there was a significant level of aged, legacy systems and stored technical debt[1]. This legacy and underinvestment (in time, resource, money) being the main driver for the IT Team to become increasingly reactionary and siloed in its delivery of services to the organisation. The report also noted that despite the multiple challenges and constraints, recent progress had been made in remediating a number (although by no means all) of the legacy issues and stabilising the infrastructure platform upon which IT services are delivered.

This EEBC IT Strategy builds on the findings of that review and defines the framework in which future EEBC IT services will be delivered.

IT Service Goals

The IT Service Review afforded the opportunity to set clearly defined goals for the future delivery of IT services. These are summarised as:-

- The infrastructure should be highly available, highly secure, and high performing, providing the flexibility and agility for the council to deliver services as required and at pace.
- The application landscape should be simplified, centralised and easy to use, with particular focus on resident facing applications including the website and obtaining access to their data.
- The internal user experience should be improved, thereby enabling increased officer mobility, effectiveness and efficiency.

[1] Technical debt arises from lack of investment (resources, time, financial) in the IT ecosystem. If unplanned and unmanaged, over time technical debt leads to inefficiencies, an inability to innovate and progress, poor performance and increased costs to maintain systems that do not meet business requirements.

- The resident experience of public facing services should be reviewed and improved. Online resident services should be easy and intuitive to use, thereby encouraging channel shift to more efficient means of engagement and service delivery[2].
- Data should be consolidated with a single point of truth (Golden record).
- All systems and data should be secure.

IT Service Principles

To meet the identified service goals, IT services will be scoped, sourced, implemented and delivered in accordance with the following principles:

Cloud Centric

In line with the Government's Cloud First policy, IT services will be sourced and delivered through Cloud services as opposed to on-premise hardware and software. Adopting this approach will enable the council to migrate away from on-premise hardware and software, which are increasingly difficult and costly to maintain, onto services and platforms which are modern, scalable, resilient and secure.

There are various forms of "Cloud" and in migrating services EEBC will adopt the following approach.

1. Software_as_a_Service (SaaS)
   SaaS is the provision of cloud based applications and software solutions. Implicit within SaaS is the provision of the application and the underpinning hardware, operating system, middle-ware and management software. Examples of those currently used by EEBC are Microsoft 365 (Email and MS-Office applications such as Word and Excel), Civica Financials and iTrent (HR).
2. Platform_as_a_Service (PaaS)
   PaaS sits between SaaS and IaaS. In a PaaS environment you rent the hardware (like IaaS) and additionally the operating system, database management and development tools.
3. Infrastructure_as_a_Service (IaaS)
   IaaS is a type of cloud computing service where compute, storage, and networking resources are rented on demand. Effectively you are renting hardware only, installing and managing the operating system and other software or applications yourself.
4. On-Premise consists of hardware and software which is typically owned outright and is run and managed by internal teams with 3rd party supporting contracts.

[2] Channel shift must consider and address individual requirements arising from disability (disability discrimination act) and/or socio economic deprivation. This will involve working with residents/citizen panels to ensure customer needs are properly defined.

DRAFT

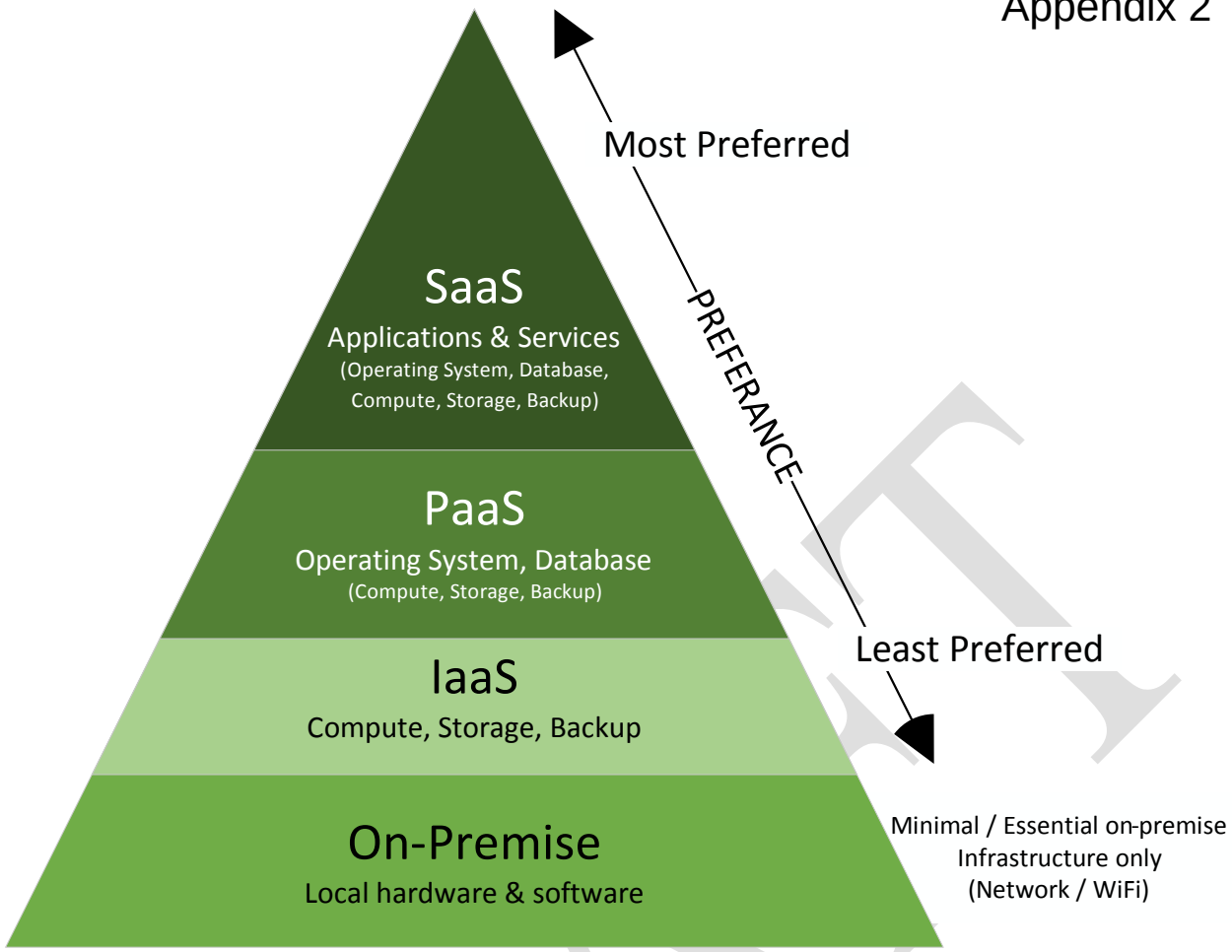


Figure 2: Cloud adoption preference.

Customer Centric

In procuring IT services we will ensure that;

- The customer (whether that be internal colleagues, external residents, or both) is at the forefront of our choice of service.
- IT services are intuitive and easy to use.
- IT services are reliable and available when required.
- Staff are trained and supported in order to derive the greatest value from our digital services

Digital by Default

Our IT services will be designed as part of a holistic ecosystem to;

- Provide (authorised) staff with a seamless view of the customer.
- Enable the customer to access the services they consume regardless of the backend application in which their data is held.
- Enable business process reengineering and automation to be implemented, thereby increasing service efficiency and data accuracy.

Secure by Default

Our IT services will be;

DRAFT

- Secure from internal and external threats.
- Maintained and patched to the appropriate level.
- Current (in contract and mainstream support). By direct consequence all existing, non-current, legacy systems will be decommissioned.
- Used by staff who are appropriately trained in IT security.

Interlinked with Corporate Strategies & Plans

In addition to the four core principles set out above, IT services will align with and actively support the principles and outcomes defined in related corporate strategies and plans.

- Accommodation Strategy:
  - IT services will support and facilitate the developing corporate accommodation strategy by ensuring that end user devices and applications enable flexible work styles, mobility and collaboration, thereby potentially reducing the overall office space requirement.
  - The migration to Cloud services and related reduction in on-premise hardware will reduce the requirement for dedicated IT equipment rooms and associated power usage.
- Climate Change Action Plan:
  - The migration to power efficient Cloud services and related reduction in on-premise hardware will significantly reduce IT related power use[3], supporting the council's aim of becoming carbon neutral by 2035.
  - The deployment and use of laptops will better support officers to work flexibly, reducing travel and associated emissions.
- Workforce Strategy:
  - The implementation of appropriate devices, services and training will enable staff to work seamlessly from multiple locations and become more effective and efficient in the tasks they perform. This will support staff wellbeing, making the council a more attractive place to work and supporting staff retention.

IT Service Governance

We will implement a governance structure which ensures that;

- IT (in conjunction with Senior Management Team) own the IT Strategy and all IT resources.
- Our agreed IT Strategy principles are adhered to.
- There is the required clarity on reporting channels and approval processes (inc: Project initiation and funding decisions).
- IT services remain aligned to business requirements.
- There is the requisite level of oversight and scrutiny.

It is inevitable that the call on IT Team resources to deliver what is an extensive and ambitious programme of work whilst maintain the existing infrastructure and services will exceed the available capacity. Our governance and principals will ensure that ALL IT programmes, project and work is co-ordinated, of value, strategically aligned and prioritised within the resource available.

[3] The power usage of the councils main Town Hall server room is c157,000Kw (c£60,000) per annum.

DRAFT

Resource Ownership

As we implement our strategy it is important that IT services are seen as a corporate resource. IT will therefore be responsible for the selection, procurement and management of IT resources including, but not limited to, laptops, monitors, mobile devices, applications, licences, etc. By taking a clear, corporate approach to IT resources we will avoid situations whereby they are underutilised or deployed less effectively than they could be.

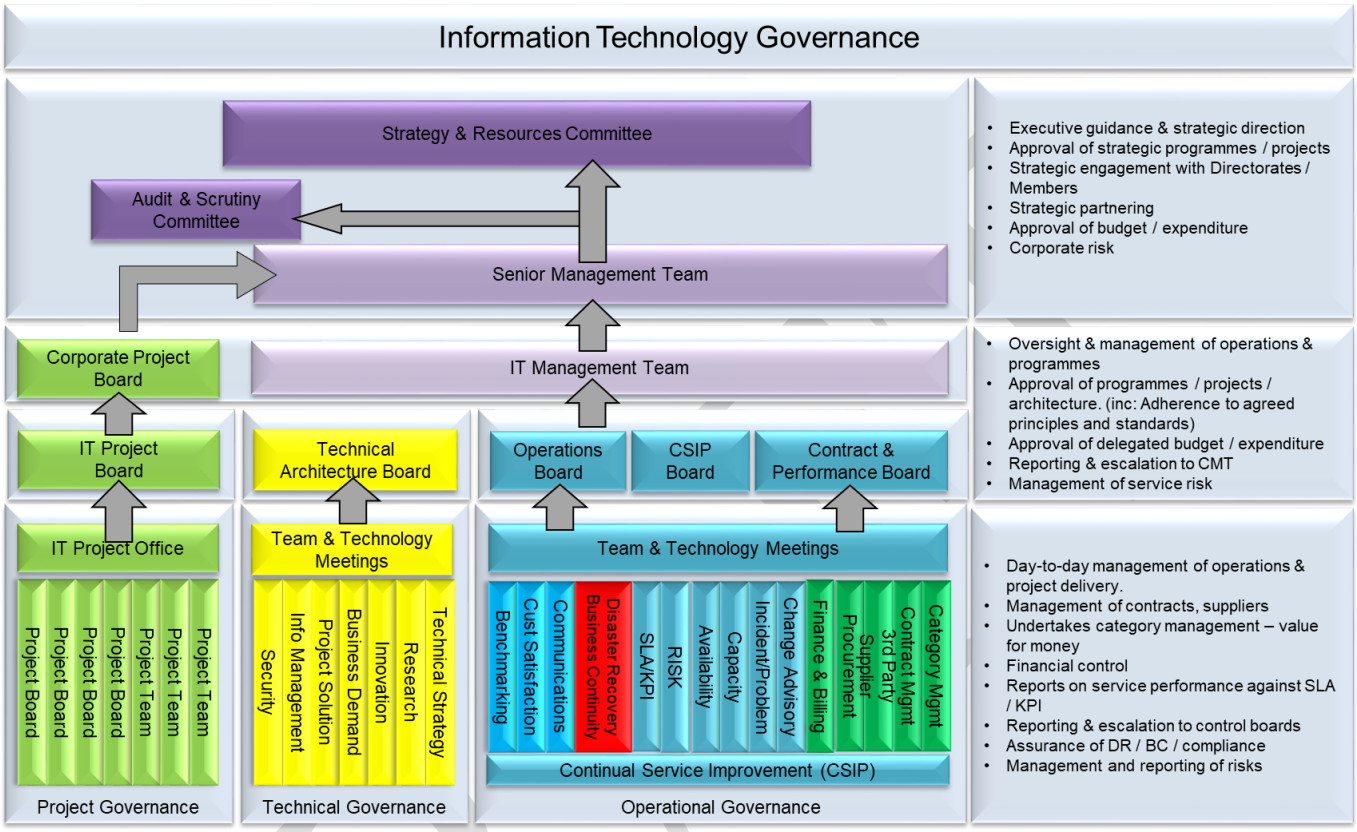


Figure 3: IT Service Governance

IT Service Quality & Standards

IT services will be delivered to appropriate standards using agreed methodologies to ensure compliance and quality criteria are met.

- ITIL – We will design and deliver services using the IT Infrastructure Library (ITIL) methodology.
- GCSx/PSN – We will connect to secure government services and in doing so we will ensure IT services are secure and comply with the required standards including the Code of Connection.
- PCI/DSS - Payment Card Industry Data Security Standard (PCI DSS) is an information security standard used to handle credit cards from major card brands.
- Project Management – We will deliver projects using project management methodologies appropriate to the size and type of project. Eg: Prince 2/Agile.

IT Services Collaboration & Shared Services

EEBC is a small council and as such has limited resources and few internal opportunities to benefit from economies of scale. To address this, IT Services will actively seek to learn from councils (and other relevant organisations) who have previously implemented services on our roadmap and not just "reinvent the wheel".

Where appropriate, we will collaborate and partner with others, thereby sharing resources, risks and costs. Whilst this may extend to joint procurements we do not envisage entering into any form of shared service arrangement.

The in-house IT Team, in conjunction with internal stakeholders, will be responsible for defining and delivering services. We will consider selective outsourcing of low-level services where it is most cost effective and efficient to do so. (eg: laptop build and deploy service).

Strategic Priorities

Based on the Maple IT Strategic Review we have identified the following strategic priorities.

Continued Service Stabilisation:

There are a number of areas where despite a recent and on-going programme of work the existing service offering falls short of business requirements. These areas will be reviewed and remediation implemented where, given the strategic roadmap and the current and/or future operational impact, it is considered cost-effective to do so.

End User Experience:

Feedback received both directly and through the IT Strategic Review highlights issues with the suitability, reliability and performance of the Citrix desktop service. The current thin-client based service does not support mobile working and to gain any form of mobility staff are generally required to use their own equipment. Further, the current service relies on aged, on-premise hardware and software which is (in part) end of life. Our IT Strategy will therefore be to replace the current desktop offering with corporate supplied and managed laptops. This will provide a vastly improved end user experience, true mobility and increased levels of security.

Infrastructure Services:

To benefit fully from the deployment of corporate laptops a number of areas of the current IT infrastructure need to be reengineered or replaced. A number of these are at or near end of life and already scheduled for upgrade or replacement. Undertaking this work now will be the most cost effective approach.

Data Services:

EEBC is currently in a hybrid state having moved some services and data into the Microsoft 365 Cloud environment. Whilst hybrid is an inevitable transition state, the work programme to complete the migration has stalled, in-part as a result of the significant resource required from within the organisation to cleanse and prepare data for migration. This programme of work is critical to the move to Cloud services and needs to be reinvigorated with all stakeholders committing fully to the work required.

CyberSecurity:

Work undertaken to date has seen the implementation of a hosted Security Information and Event Management (SIEM) service. This will be reviewed and a wider CyberSecurity programme initiated to take a holistic approach to protecting corporate systems and data. A key focus of this will be on user education.

Resident Services:

Delivery of public facing services is another area where some notable improvements have been achieved over the past few years but where the impetus has been lost. We will instigate a programme of work solely focussed on delivering improved, online, resident services. This will encompass both an upgrade and improvements to the corporate website and increasing the number

DRAFT

of online transactional services. We will engage with residents through citizens panels, surveys etc to ensure their views and needs are incorporated.

Other Services:

In addition to the strategic priorities there is a large and complex programme of business-as-usual upgrades and service improvements which need to be completed.

DRAFT

This page is intentionally left blank

EEBC – Information Technology Roadmap

2023 - 2024

DRAFT

Author:	Chris Anderson
Master Version no:	1.00
Date:	17/03//2023
Document Owner:	Chris Anderson
Filename:	
Doc Ref:	

Version No.	**Change Description**	**Requested by**	**Date**
1.0	Draft	**CJA**	17/03/2023

DRAFT

Table of Contents

Information Technology Roadmap 4
Purpose of this Roadmap 4
IT Roadmap Governance 4
IT Service Quality & Standards 5
Strategic Priorities 5
Continued Service Stabilisation: 5
End User Experience: 5
Infrastructure Services: 6
Data Services: 6
CyberSecurity: 6
Resident Services: 6

DRAFT

Information Technology Roadmap

Purpose of this Roadmap

This Information Technology (IT) Roadmap details the programmes and projects which are scheduled to run throughout the period 2023 – 2025.

To achieve the desired outcomes all projects will need to be fully scoped, resourced and funded. They will also require the appropriate level of authority in order to proceed. All work will be delivered in the context of our corporate 'Golden Thread', which links the high-level, strategic vision of councillors to the actions by officers required to achieve it.

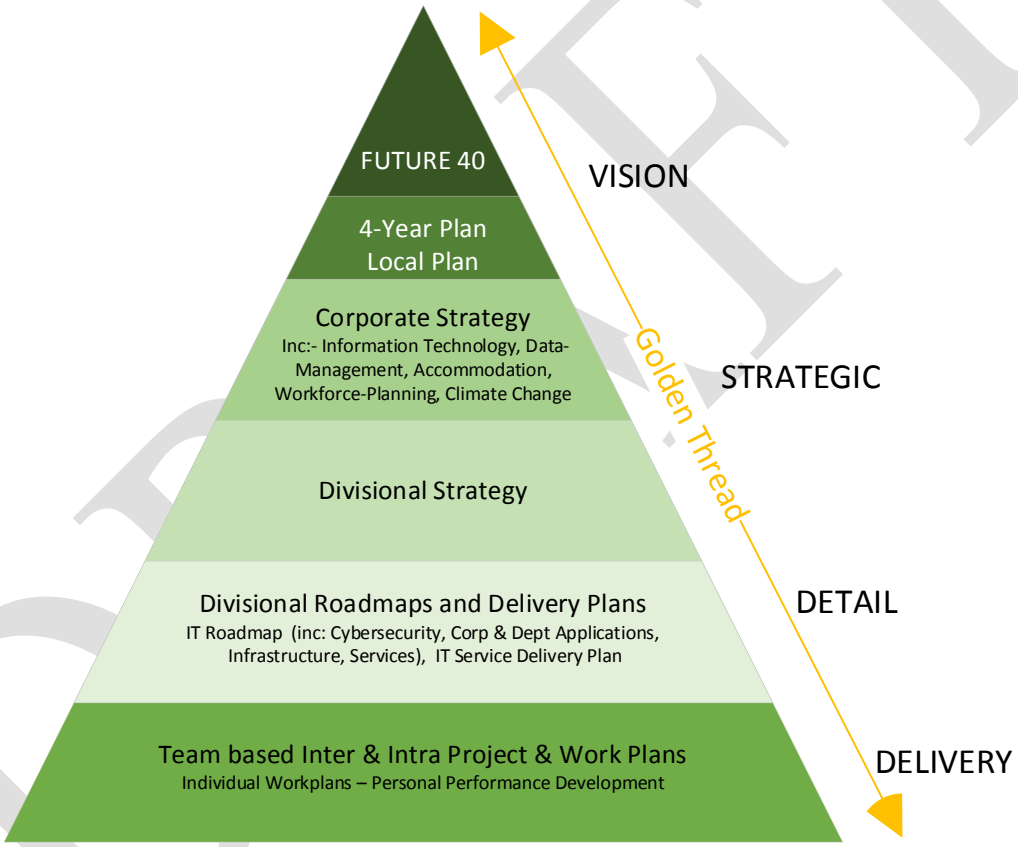


Figure 1: The IT Strategy in a corporate context.

IT Roadmap Governance

We will implement a governance structure which ensures that;

- ALL IT programmes, projects and work is co-ordinated, of value, strategically aligned and prioritised within the resources available.
- All IT work conforms with the relevant IT Strategy principles.
- All IT work adheres to the Corporate and IT project governance frameworks, within which all projects will have:-

- Clear, achievable outcomes.
- Defined, measurable benefits.
- The required sponsorship, resources, funding and authority to commence.

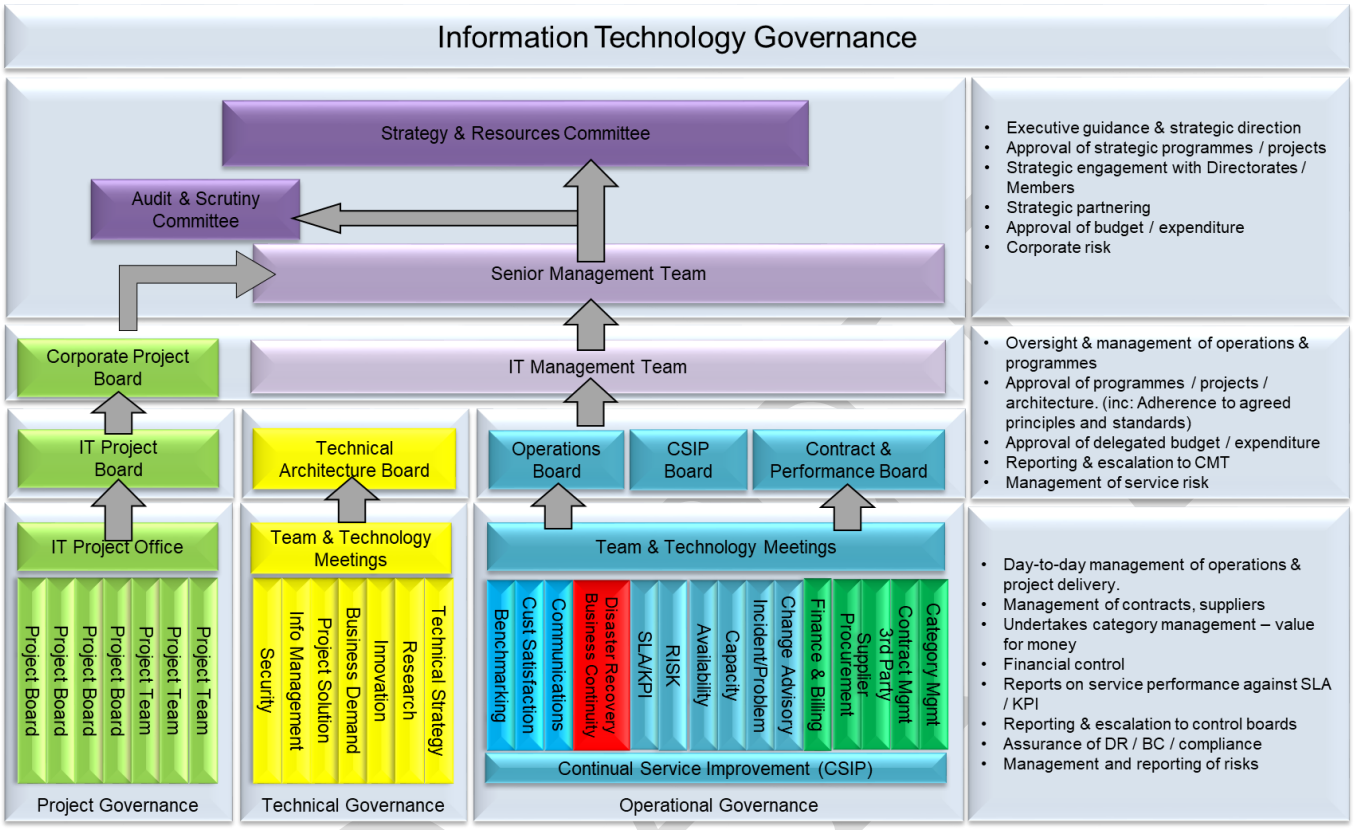


Figure 2: IT Service Governance

IT Service Quality & Standards

IT Programmes and projects will be delivered to appropriate standards using agreed methodologies to ensure compliance and quality criteria are met.

- We will deliver projects using project management methodologies appropriate to the size and type of project. Eg: Prince 2/Agile.

Strategic Priorities

The identified strategic priorities for 2023-2025 are:

Continued Service Stabilisation:

There are a number of areas where despite a recent and on-going programme of work the existing service offering falls short of business requirements. These areas will be reviewed and remediation implemented where, given the strategic roadmap and the current and/or future operational impact, it is considered cost-effective to do so.

End User Experience:

Feedback received both directly and through the IT Strategic Review highlights issues with the suitability, reliability and performance of the Citrix desktop service. The current thin-client based service does not support mobile working and to gain any form of mobility staff are generally required to use their own

equipment (BYOD). Further, the current service relies on aged on-premise hardware and software which is end of life.

Our IT Strategy will therefore be to replace the current desktop offering with corporate supplied and managed laptops. This will provide immediate benefit and, in conjunction with improvements to the supporting infrastructure and other strategic priority projects, users will derive the desired end user experience and benefits including:-

- A significantly improved end user experience.
- True mobility and increased levels of security.
- Seamless use of Microsoft Teams (presence, communications and online meetings).

The move to corporate supplied laptops aligns with strategic objectives to:-

- Increase the effectiveness and productivity of staff,
- Support the developing accommodation strategy (by giving the council increased opportunities and options for "hot desking")[1].
- Support the corporate Climate Change Action Plan through reducing both staff travel and the amount of on-premise infrastructure running the current Citrix Desktop environment (hardware, software, and power).

Infrastructure Services:

To benefit fully from the deployment of corporate laptops, a number of areas of the current IT infrastructure need to be reengineered or replaced. These include the network hardware, WiFi controllers and access points and firewalls. A number of these are at or near end of life and already scheduled for upgrade or replacement. Undertaking this work holistically as part of an agreed strategy (rather than as point solution upgrades) will be the most cost effective and technically beneficial approach. Further work is required to fully define the scope of work required.

Data Services:

EEBC is currently in a hybrid state having moved some services and data into the Microsoft 365 Cloud environment. Whilst hybrid is an inevitable transition state, the work programme to complete the migration has stalled, potentially as a result of the significant resource required from within the organisation to cleanse and prepare data for migration. This programme of work is critical to the move to Cloud services and needs to be reinvigorated with all stakeholders committing fully to the work required.

CyberSecurity:

Work undertaken to date has seen the implementation of a hosted Security Information and Event Management (SIEM) service. This will be reviewed and a wider CyberSecurity programme initiated to take a holistic approach to protecting corporate systems and data. A key focus of this will be on user education.

Resident Services:

Delivery of public facing services is another area where some notable improvements have been achieved over the past few years but where the impetus has now been lost. We will instigate a programme of work solely focussed on delivering improved, online, resident services. This will encompass both an upgrade and improvements to the corporate website and increasing the number of online transactional services.

[1] Using indicative figures: Office accommodation in Epsom is c£1,600 per annum per person (excludes office servicing and power). Laptops and monitors (based on a 4-year laptop and 8-year monitor replacement cycle) cost c£275 per person per annum. Laptop figure excludes software, support and management which would be similarly incurred by a fixed desktop.

DRAFT

Other Services:

In addition to the strategic priorities there is a large and complex programme of business as usual upgrades and service improvements which need to be completed.

Financial Implications

The IT Strategy 2023 and accompanying IT Roadmap require further work to fully detail, scope and cost projects. The figures set out below and in in Appendix A: Information Technology Roadmap – Capital Works Programme 2023/24 are based on earlier work and should be considered indicative of the funds required. Further work is planned in the coming months to fully detail, schedule and cost the strategy.

DRAFT

Appendix A – Information Technology: Capital Works Programme 2023-2024

Information Technology Roadmap – Capital Works Programme 2023/2024				
Title	**Work Type**	**Est Cost £**	**Funding source**	**Description**
Corporate Website	Business as Usual / Upgrade	40,000[1]	Capital funding from 2022/23 to be carried forward to 2023/24	Corporate website runs Drupal 7 which is end of life Nov '23. This project is to:- 1. upgrade onto Drupal 9 (or 10). 2. Reimplementation of the design and content.
Citrix Cloud	Strategic Project	50,000[1]	Capital funding from 2022/23 to be carried forward to 2023/24	Review required: Identify requirement for Citrix cloud given strategy change to EUC. Likely a much smaller hosted environment to support legacy applications whilst these are upgraded or replaced.
Revs & Bens – Document management System	Strategic Replacement	50,000[1]	Capital funding from 2022/23 to be carried forward to 2023/24	R&B DMS is now end of life and on limited support. This project is to replace the current DMS with an alternate solution, possibly Sharepoint. Scope and details of project yet to be defined and requested budget is indicative of likely cost.
Councillor device refresh	Business as usual	25,000[1] 15,000[2]	Capital funding of £25k approved 2022/23 to be carried forward to 2023/24 and additional capital funding of £15k requested.	Originally in 2022/23 workplan. Included within IT Strategy 2023, proposal is to give all councillors a choice of devices (either a laptop or iPad). Complete May 2023. Budget increase requested to allow for increased number and potentially higher cost of replacement devices
Sharepoint	Strategic Project	25,000[1]	Capital funding from 2022/23 to be carried forward funding to 2023/24	Head of IT reviewing the scope and deliverables of this project. Until complete it is not possible to be clear on funding required.
Title	**Work Type**	**Est Cost £**	**Funding source**	**Description**

[1] Capital funding approved by Strategy & Resources Committee, 29th March 2022.
[2] New Capital funding requirements. In most cases this is indicative, pending approval of the IT Strategy and a full review of requirements.

DRAFT

Network Switch Refresh WiFi Replacement Firewall Replacement	Business as usual / Strategic Project	25,000[1] 100,000[2]	Capital funding of £25k approved 2022/23 to be carried forward and new additional Capital funding of £100,000 requested for 2023/24.	Network switches are end of life and a replacement project was planned for 2022/23 at an estimated cost of £25k. Work on this project has yet to commence. Further to this, the corporate WiFi and corporate firewalls are also now end of life. This is a timely opportunity to redesign and upgrade the entire EEBC network infrastructure in line with the new IT Strategy. Scope and details of project yet to be defined and requested budget is indicative of likely cost.
End User Devices	Strategic Project	£100,000[2]	New Capital funding request of £100,000 for 2023/24	As set out in the corporate IT Strategy we will move away from Citrix, thin-client and BYOD devices and deploy laptops to all staff as their standard desktop. We will selectively upgrade monitors. Options for outright purchase or leasing are to be explored as will a managed deployment service versus cost to self-serve.
PSN/GCSx	Business as usual	£10,000[2]	New funding request for IT Healthcheck and preliminary work on replacement of PSN/GCSx connection.	The council connects to PSN/GCSx secure government networks through aggregated links supplied currently by Surrey County Council (SCC). It was anticipated that the requirement for a PSN/GCSx connection would cease in March 2023, however the Cabinet Office have advised that the service will continue, likely for a further 3 years. 1. In order to connect the council's network and devices must comply with the Cabinet Office Code of Connection. Consequently, the council will need to commision an independent health check and action identified vulnerabilities. 2. The SCC aggregated connection will cease in Autumn 2024. An alternate means of connection will be required.

Table 1: IT Roadmap high-level projects and indicative costs.

[1] Capital funding approved by Strategy & Resources Committee, 29th March 2022.
[2] New Capital funding requirements. In most cases this is indicative, pending approval of the IT Strategy and a full review of requirements.

DRAFT

This page is intentionally left blank

ANNUAL GOVERNANCE STATEMENT 2022-2023

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards)
Urgent Decision? (yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	**Appendix 1 -** Draft Annual Governance Statement 2022-2023

Summary

This report seeks the Committee's approval of the draft Annual Governance Statement 2022-2023.

Recommendation (s)

The Committee is asked to:

(1) Approve the 2022-2023 draft Annual Governance Statement as set out at Appendix 1, prior to it being signed by the Chief Executive and the Chair of the Strategy and Resources Committee.

(2) Give delegated authority to the Chief Finance Officer to make any required amendments to the Annual Governance Statement prior to its submission with the Statement of Accounts.

1 Reason for Recommendation

1.1 To comply with the Accounts and Audit Regulations 2015, the Council must prepare an annual statement which appraises its internal control environment. This is referred to as the Annual Governance Statement (**AGS**), and forms part of the annual financial statements.

2 Background

2.1 Our governance arrangements aim to ensure that: we set and meet objectives; act lawfully, openly and honestly; and do the right things in the right way. In addition, these arrangements also create a framework in which all monies and resources are accounted for, safeguarded, and used efficiently and effectively.

2.2 The AGS is an important document which provides assurance concerning our governance arrangements, both financial and non-financial. It is prepared on an annual basis for inclusion in the Statement of Accounts. Before the Chief Executive and Chair of Strategy and Resources Committee certifies the statement, it is presented to the Audit and Scrutiny Committee for approval.

2.3 The draft AGS 2022-2023 is attached at Appendix 1. This statement has been prepared in consultation with senior management (via Divisional Assurance Statements), and the three statutory officers: Head of Paid Service (Chief Executive), Chief Finance and Section 151 Officer, and Monitoring Officer. The Chief Internal Auditor's opinion is included in the AGS, which provides independent assurance over our systems of internal control and risk management.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 There are no direct equality implications associated with this report.

3.2 Crime & Disorder

3.2.1 There are no direct crime and disorder implications associated with this report.

3.3 Safeguarding

3.3.1 There are no direct safeguarding implications associated with this report

3.4 Dependencies

3.4.1 Before final publication of the AGS and audit accounts for the year ended 31 March 2023 the AGS must be certified by the Chief Executive and Chair of the Strategy and Resources Committee. This follows consideration of the draft statement by the Audit and Scrutiny Committee.

3.4.2 The content of the AGS is, in part, dependent upon the findings of the Chief Internal Auditor's annual opinion report. This is expected to be published in the same meeting of Audit and Scrutiny Committee as this one.

3.5 Other

3.5.1 There are no other implications with this report. Although notably, the report is a form of risk assessment as it provides the council's assessment of its own governance and systems of internal control. Where improvements have been identified, they are listed in the AGS's action plan

4 Financial Implications

4.1 There are no financial implications arising through the preparation and publication of the AGS

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

5 Legal Implications

5.1 In order to comply with Regulation 6 of the Accounts and Audit Regulations 2015, the council must prepare and approve an Annual Governance Statement (AGS). Regulation 10 of the 2015 regulations requires the council to publish the AGS alongside the adopted statement of accounts.

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:

Effective Council – Engaging, responsive and resilient Council.

6.2 **Service Plans**: The matter is included within a Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations**: no relevance for the purposes of this report.

6.4 **Sustainability Policy & Community Safety Implications**: no relevance for the purposes of this report.

6.5 **Partnerships**: The Southern Internal Audit Partnership deliver the council's internal audit function.

7 Background papers

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

Previous reports:

- Annual Governance Statement 2021-22, Audit and Scrutiny Committee, Tuesday 14th June 2023. Online available: Epsom and Ewell Democracy (epsom-ewell.gov.uk) [Last accessed: 02/06/2023]

Other papers:

- Annual Internal Audit Report and Opinion 2022-2023, which is on the agenda for this committee meeting: Epsom and Ewell Democracy (epsom-ewell.gov.uk).

Annual Governance Statement

2022-2023

DRAFT

Date: July 2023

Executive Summary

Epsom & Ewell Borough Council are committed to delivering on the themes that emerged from the long term vision of the Borough, also known as Future40. The themes form the core of our Four Year Plan 2020-2024, they are:

We continue our drive to work as efficiently and effectively as possible towards these priorities, reviewing services, assets and other sources of income, but remaining adaptable to changes in government legislation and other external factors.

Central to our success, is having a robust foundation of good governance and sound financial management. Our local Code of Corporate Governance outlines our governance arrangements and systems of internal control, which ensures we are meeting the CIPFA principles of good governance.[1]

Each year the council is required to produce an Annual Governance Statement (AGS), which describes how our corporate governance arrangements, set out in the local code, have been working. This AGS gives assurances on compliance for the year ending 31 March 2023 and an update on the approval of the year's Statement of Accounts.

The Chair of Strategy and Resources Committee and Chief Executive both recognise the importance of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this AGS, and to further enhance our governance arrangements to enable delivery of our Four Year Plan. Further, they confirm they have been advised of the implications of the governance review by senior management. In addition, they are assured that the Audit & Scrutiny Committee are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Epsom & Ewell Borough Council:

INSERT SIGNATURE	**INSERT SIGNATURE**
Chair of Strategy & Resources Committee Date:	**Chief Executive** Date:

[1] CIPFA (2016) Delivering Good Governance in Local Government Framework, 2016 Edition. CIPFA: London.

Review of the Effectiveness of the Council's Governance Framework

Governance can be defined as comprising "the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times."[2] Governance includes processes, procedures, policies, administrative systems, legal arrangements and so forth, "through which [an organisation's] objectives are set and pursued in" their environmental context, while "ensuring that stakeholders can have confidence that their trust in [the organisation] is well founded."[3]

Throughout the year, the council regularly reviews the effectiveness of its governance arrangements, through performance reporting, Internal and External auditing, and the activities of the Audit & Scrutiny Committee. In addition, the AGS is informed by senior management governance assessments, including by statutory officers, and the controls outlined in the Code of Corporate Governance. Together these practices ensure there is regular corporate oversight, and that our governance arrangements remain effective.

The AGS incorporates our continuous assessment of our governance arrangements, and through this identifies areas where we can improve.[4] Although this approach seeks to manage risks to the council's governance, and ensure we are doing things in the right way and delivering value for money, our operating environment is continually changing and evolving. Consequently, this AGS can provide a reasonable, rather than absolute, assurance of the council's governance arrangements.

Effectiveness Assessment

This Statement's appraisal shows that we generally have a sound foundation of governance, systems of internal control and risk management in place. However, there are some areas which remain a challenge for us and require further improvement. These weaknesses may impact our ability to manage risks effectively and achieve our aims and objectives. Yet we are aware of these issues and have plans in place to address them.

The council is also aware of other issues that could affect our financial position, such as inflationary pressure, insurance claims, appeals (such as for planning) and other matters.

---

[2] IFAC and CIPFA (2014) The International Framework: Good Governance in the Public Sector, p. 2. Online available: https://www.ifac.org/_flysystem/azure-private/publications/files/IFAC-CIPFA-International-Framework-Good-Governance-in-Public-Sector-Exec-Summary_0.pdf [last accessed 30/05/2023].

[3] The Chartered Governance Institute UK & Ireland (2022) *What is corporate governance?* Online available: https://www.cgi.org.uk/about-us/policy/what-is-corporate-governance [last accessed 18/04/2023].

[4] See the following sections: "Rationale for the Statement's *TBC* Assurance Opinion" and the "Action Plan".

Compliance with CIPFA Financial Management Code

CIPFA published its first edition 'Financial Management Code' for local authorities in October 2019. CIPFA considers that compliance with this code is mandatory for all local authorities although such compliance is not specifically mandated by statute. The code is essentially a best practice guide to financial management in the local authority sector. It covers the following areas:

- The responsibilities of the chief financial officer and the leadership team (including members).
- Governance and financial management style.
- Medium to long term financial management.
- The annual budget.
- Stakeholder engagement and business plans.
- Monitoring financial performance.
- External financial reporting.

Officers have undertaken an assessment of the council's compliance with the code and in general terms the council's arrangements meet the recommended standards.

Subsidiary Company

The council has one subsidiary company – Epsom & Ewell Property Investment Company Ltd (EEPIC) – a 100% wholly owned trading company of the council. It was set up in September 2017 to provide the council with the flexibility to undertake commercial trading activities in property investment. In accordance with Government guidance introduced in April 2018, no further out of Borough property investment acquisitions have been made. As the sole shareholder of EEPIC, the council ensures strong governance through regular meetings of the Shareholder Sub-Committee. It approves EEPIC's Annual Business Plan and receives an Annual Review each November as provided by the Shareholder Agreement. In addition to its role as shareholder, the council is also EEPIC's lender with separate governance provided through Strategy & Resources Committee for loan agreement matters. EEPIC Board Meetings are held quarterly with quarterly management and finance monitoring reports submitted to the council's S151 Officer to ensure loan monitoring compliance. All Directors are senior officers of the council, and all have received appropriate training. To maintain strong governance, the council's S151 Officer and Monitoring Officer are excluded from joining the EEPIC Board and act solely as representatives of the council.

DRAFT

Statutory Assurances

Several officers at the council hold statutory roles, which are established in legislation and have specific responsibilities. It is important that assurances from these officers are included in this AGS to support its conclusion on the council's governance arrangements.

1. Head of Paid Service

The Head of Paid Service is responsible for the overall corporate and operational management of the council. These responsibilities have been considered within the context of this statement and the Head of Paid Service can confirm that proper arrangements have been put in place for the overall operation and management of the council.

The Head of Paid Service has no significant concerns to report and continues to evolve the senior management structure and organisational strategy to align responsibilities and resources to deliver the council's ambitions and priorities.

In yet another challenging year for the council the organisation continues to recover from the Covid pandemic, and deal with the significant and increasing service and economic pressures we face, which are exacerbated by the growing cost of living crisis. Governance arrangements are improving and there has been a continued and sustained focus on performance and risk management.

The ongoing job market upheaval means there are often numerous employment options available to potential candidates and in some cases the council have found it difficult to recruit to specialist posts. However, job turnover has slowed significantly in the last six months and most key posts are filled, with a permanent Head of Legal Services and Monitoring Officer crucially now in post. We have had changes at the most senior level of the organisation and our S151 Officer is retiring in the near future, but succession plans are in place for this, and the Director posts are currently covered by internal interim appointments which are working well. This position will be resolved in the Autumn with a permanent recruitment campaign.

We welcome the opportunity to commence an LGA Corporate Peer review in January 2024 and will work with any recommendations to further strengthen our corporate governance arrangements.

2. Chief Financial and Section 151 Officer

The Chief Finance Officer (CFO) is responsible for the proper administration of the council's financial affairs. The Chief Finance Officer confirms that the council's arrangements conform to Section 151 of the Local Government Act 1972 and that the council complies with CIPFA's Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016). While the council has robust financial management arrangements in place, it is important to note that the 2023/24 budget was produced in the context of prevailing economic uncertainty, particularly in relation to interest rates, inflation (including volatile utility costs) and the impact of a potential recession next year and beyond. The uncertain economic outlook and

DRAFT

potential recession has resulted in increased uncertainty within the council's finances and demonstrates the ongoing importance of holding sufficient reserves to enable the council to manage the risks it faces.

The council will develop its Medium Term Financial Strategy 2024-28 to deliver corporate priorities while addressing the future budget gap (projected at £1.6m by 2025/26, as reported to Full Council in February 2023) and reducing risk. Financial risk remains elevated however, particularly with regard to service demands, utility costs and inflationary pressure. Provision has been made to manage risks as far as possible, but this remains an area of concern that will continue to be monitored.

3. Monitoring Officer

The Monitoring Officer is required to report to the council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989.

The Monitoring Office joined the council in May 2023, thus outside of this Statement's reporting period. Therefore, while the Monitoring Officer cannot provide assurances over the Statement period, they can confirm that the council's Monitoring Officer during 2022-23 raised no concerns regarding the outcomes of the governance review undertaken to produce it.

4. Internal Audit Annual Opinion[5]

I am satisfied that sufficient assurance work has been carried out to allow me to form a **reasonable** conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion frameworks of governance, risk management and management control are reasonable and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

5. External Audit

External Audit provided an unqualified (i.e. favourable) opinion on the Statement of Accounts 2021-2022, and did not identify any significant weaknesses in our:

[5] Please note our Internal Audit function is delivered by the Southern Internal Audit Partnership (SIAP), operated by Hampshire County Council. This paragraph is a direct quote from the *Annual Internal Audit Report & Opinion 2022-2023*, prepared by SIAP's Deputy Head of Partnership. It will be available in the committee papers for this meeting (once the agenda is published). The meaning of "reasonable" is defined in page 4 of the annual report.

governance arrangements, financial sustainability, or our economy, efficiency and effectiveness.[6]

The external audit of 2022-2023's Statement of Accounts is expected to take place in summer 2023.

DRAFT

[6] Note: this is based on the most recent audit report provided by Grant Thornton Ltd (2021-2022 audit). Grant Thornton define governance as: "Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information."

Rational for this Annual Governance Statement's Assurance Opinion

Definition[7]	Description
Adequate	There are sound policies and processes in place that are working effectively across services, which provide for good governance arrangements and support compliance with requirements of the CIPFA Principle, and the achievement of the council's aims and objectives. There may be minor areas for continuous improvement, but these do not represent a significant or material risk to the council's overall governance framework.
Some development or areas for improvement	Whilst there are policies and processes in place, there are some areas that remain a challenge for the council or require further improvement, which may impact the effectiveness of elements of the council's governance arrangements, compliance with the CIPFA principle and the achievement of the council's aims and objectives. The council has an action plan in place to address challenges and improvement matters.
Key development or many areas for improvement	We have identified significant challenges in relation to the policies and processes, which may impact the effectiveness of elements of the our governance arrangements, compliance with the CIPFA principle and achievement of our aims and objectives. We have implemented plans for corrective actions to manage these risks.

DRAFT

Please note: the items included in the table below are controls, processes etc. that have changed in the year, that is, where we improved or identified an area to improve. It is therefore not a list of all the governance arrangements we have in place. For a full list and further detail on our arrangements, please see our Code of Corporate Governance.

[7] We have referred to Basildon Council's criteria to inform this section's assessment (last accessed 02/06/2023).

Core CIPFA Governance Principle	Overall Assessment	What's working well	Where we can improve
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		I. Our constitution and operating framework were updated recently and implemented in May 2023. II. Re-launched our staff equality group and refreshed our Diversity, Equity and Inclusion Framework. III. We've recruited a new Head of Legal Services / Monitoring Officer.	I. Our fraud policies are being updated at present, we had hoped to complete this piece of work in 2022-2023. II. Through our constitution work, we identified that our councillors' code of conduct should be reviewed to ensure it still reflects best practice. III. We would like to promote 'The Seven Principles of Public Life' more widely within the organisation to reinforce our ethical values. IV. Our People Framework requires finalising. V. We are undertaking an audit on Complaints, to ensure our processes are working effectively. VI. We are making minor updates to our Whistleblowing Policy. VII. We are updating our Health and Safety policies and continuing with inspections to identify any gaps in practices.
B. Ensuring openness and comprehensive stakeholder engagement		I. We've reviewed our transparency page on our website and will be making some improvements over the next year. II. New format corporate performance reports have been taken to Audit & Scrutiny Committee. III. We have filled all vacancies in our Communications team.	I. We have a new customer engagement project underway (see Annual Plan 2023-2024).

		IV. New consultation platforms were trialled as part of our masterplan and local plan consultations.	
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		I. Our climate change strategy has been reviewed and updated. II. The Annual Plan 2023-2024 has been agreed, and benefits are linked to our Four Year Plan. III. Although still in its consultation phase, the local plan considers sustainable economic, social and environmental benefits.	I. A new medium term corporate plan will be required for 2024 onwards.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes		I. The Medium Term Financial Strategy was reviewed in year as part of the budget setting process. II. An Arts, Heritage & Culture Strategy is being prepared. III. A new corporate project (oversight) board, and a project management community of practice group, have both been established. IV. New corporate performance and risk management frameworks have been developed and established in year. V. Democratic Services have begun trialling the use of a committee action tracker using our ModGov software.	I. Our community development plan requires review, given delays to actions due to the additional workload created by government refugee support schemes.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		I. A permanent Chief Executive has been recruited. II. Building Control has moved into a new partnership arrangement with Elmbridge Borough Council. III. There is an induction programme for new councillors following the May 2023 elections. IV. A Project Management Group has been created (a community of practice). V. Officers continue to participate in and complete management training courses.	I. Recruitment to HR roles is taking longer than anticipated. II. IT Strategy due to Strategy & Resources Committee in September 2023. III. New permanent Directors require appointing.
F. Managing risks and performance through robust internal control and strong public financial management		I. We have had a positive outturn with regard to our finances, and treasury income has increased significantly. II. We adopted a new Risk Management Strategy in July 2022, which was part of a risk management assessment led by Internal Audit. Our external auditors have also reviewed aspects of the new framework. This work also includes the development of new committee risk registers. III. A transformation of our Planning (development management) service has been completed, and performance is improving significantly. IV. New format corporate performance reports have been taken to Audit & Scrutiny Committee.	I. The IT Strategy is due to Strategy & Resources Committee in September 2023, and IT governance practices and policies required updating. These are priority areas for improvement. II. We are reviewing the data we hold and ensuring it is filed correctly and securely. III. Our fraud policies are being updated at present, we had hoped to complete this piece of work in 2022-2023.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		I. A new live streaming system is now used for committee meetings. II. We've reviewed our transparency page on our website and will be making some improvements over the next year. III. A new 'Governance' webpage has been created. IV. Internal and External Audit have reported to Audit & Scrutiny Committee throughout the year. V. The Internal Audit Plan for 2023-2024 was agreed by Audit & Scrutiny Committee. VI. A new corporate project (oversight) board has been setup. VII. A SharePoint based "Members News" intranet site was created. VIII. This AGS and our Local Code of Governance have been reformatted to make them clearer and more accessible.	I. We are making minor updates to our Whistleblowing Policy.

Action Plan

2021-2022 Action Plan

Issues identified	Action taken	RAG status
Uncertainty regarding local government funding which will impact on the current Medium Term Financial Strategy financial stability	The re-basing exercise was reported to, and agreed by, Strategy & Resources Committee in July 2022. Updated budgets for 2023/24, factoring in latest government funding announcements, are currently being prepared for January policy committees and Full Council in February 2023, in line with the Council's budget setting framework.	Completed
Existing strategies in relation to changes in risk relating to investment properties may need reviewed	A revised investment strategy for 2023-2025 is being prepared. It is anticipated that this will be brought to committee in the next six months.	Completed
The arrangements for Information Governance and data protection need to be reviewed to ensure they are fully compliant with legislation and ICO guidance	Complete the recruitment of a new Data Protection Officer who will bring together and progress our information governance improvements.	Completed
Strengthening and updating the Constitution	The Constitution Working Group has agreed a proposal for an updated constitution. The proposal is due to Standards and Constitution Committee on 25 January 2023.	Completed

DRAFT

2022-2023 Action Plan

Issues Identified	Action to be taken	Due date
To develop a new Medium Term Financial Strategy, in support the Council's annual service	Strategic Financial Planning report to Strategy & Resources (July 2023)	29 Feb 2024

objectives and to maintain and improve the Council's financial resilience [Finance]	Budget/MTFS report to Full Council (February 2024)	
Community Infrastructure Levy (CIL) [Place Development]	Review and update CIL policies and procedures (inc. Neighbourhood CIL).	31 Dec 2023
Information governance [Policy & Corporate Resources]	Establish officer information governance scrutiny and oversight group.	30 Sep 2023
IT Strategy [IT]	Approval of IT Strategy with associated funding and implementation plan.	30 Sep 2023
PSN Certificate [IT]	Complete PSN health check (May 2023) and any remedial actions that result.	31 Mar 2024
IT policies [IT]	Review and update IT policies as necessary.	31 Mar 2024
Human resources [People & Organisational Development]	Enhance the resilience of the People & Organisational Development Service by recruiting vacant posts and continuing with multi-role training for new team members.	31 Mar 2024
Development Management [Place Development]	Review the Development Management transformation project to ensure the council is no longer under 'threat of designation'.	30 Sep 2023
Recruitment and retention [All Services / People & Organisational Development]	Review and enhance recruitment and retention policies and procedures for key roles across the council.	31 Mar 2024
The Local Plan [Place Development]	Ensure there is adequate resourcing in place to the Local Plan is progressed in the most efficient way possible.	31 Mar 2024
Health and safety [All Services / Policy & Corporate Resources]	Continue to gather assurance on the effectiveness of health and safety management across all council services and venues.	31 Mar 2024
Officer schemes of delegation [Legal Services]	Review, and update as required, the officer schemes of delegation.	30 Sep 2023
Homelessness [Housing & Community]	Review governance arrangements around the Homelessness and Rough Sleeper Strategy.	31 Mar 2024
Business continuity [Policy & Corporate Resources]	Review and update as necessary all team's business continuity plans.	31 Mar 2024

DRAFT

USE OF DELEGATED POWERS ANNUAL REPORT

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	**Appendix 1** - Schedule of significant officer decisions taken in consultation with committee Chairs

Summary

In accordance with the council's Scheme of Delegation to officers, this report sets out significant decisions taken by officers in consultation with committee chairs for the period 26 May 2022 to 31 May 2023.

Recommendation (s)

The Committee is asked to:

(1) Note the significant decisions taken by officers, in consultation with relevant committee Chairs, recorded using the delegated authority process from 26 May 2022 to 31 May 2023.

1 Reason for Recommendation

1.1 The Scheme of Delegation to officers, Appendix 2 of the Constitution, requires a report to be presented annually to the Audit and Scrutiny Committee setting out significant decisions taken under delegated powers in the previous year.

2 Background

2.1 The Scheme of Delegation was drawn up on the principle that officers are authorised to do all things that are necessary to run their services and to implement council policies, provided their actions are taken within budget and in compliance with the council's standing orders.

2.2 The Scheme contains several caveats and restrictions to ensure that councillors are aware of most actions taken under delegated powers and are consulted properly. One of these is that a report should be presented annually to this Committee setting out significant decisions taken by officers under delegated powers in the previous year.

2.3 Urgent decisions, decisions that need to be made in consultation with a committee Chair, or decisions which are specifically authorised by a committee, are recorded using the Officer Action process. The process is also used as a means of recording decisions which officers have felt it necessary to consult councillors on. Councillors are notified of any decisions taken via this process through Members News.

2.4 The phrase “significant decision” is not defined in the Scheme of Delegation. For the purposes of this report, it is defined as those decisions recorded using the Officer Action process.

3 Delegated Decisions

3.1 Appendix 1 provides a record of decisions taken under delegated powers since 26 May 2022 – 31 May 2023, in line with the timings of last year’s report to the Committee.

3.2 A total of 22 decisions were taken during the period. Two forms were cancelled.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No direct implications from this report.

4.2 Crime & Disorder

4.2.1 No direct implications from this report.

4.3 Safeguarding

4.3.1 No direct implications from this report.

4.4 Dependencies

4.4.1 None.

4.5 Other

4.5.1 None.

5 Financial Implications

5.1 As set out in individual cases and signed off by the Chief Finance Officer.

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

6 Legal Implications

6.1 The Chief Executive, Directors and Heads of Service can take all operational decisions within agreed policies in relation to the services for which they are responsible.

6.2 The current process of reporting is this report, which is brought to Audit & Scrutiny Committee annually, and in addition, each decision is published on "MembersNews" for councillors to review.

6.3 **Legal Officer's comments**: none other than as stated in this report.

7 Policies, Plans & Partnerships

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

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

7.3 **Climate & Environmental Impact of recommendations**: None.

7.4 **Sustainability Policy & Community Safety Implications**: None.

7.5 **Partnerships**: None.

8 Background papers

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

Previous reports:

- Epsom & Ewell Borough Council (2022) *Annual Report on the Use of Delegated Powers*, Audit & Scrutiny Committee, 14 June. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1250 [last accessed 08/06/2023].

Other papers:

- Epsom & Ewell Borough Council (2023) *Constitution: Appendix 2*. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=205&MId=1574&Ver=4&Info=1 [last accessed 08/06/2023].

This page is intentionally left blank

Use of Delegated Powers Summary Document

Date created: 08/06/2023

Officer Title	Responsible Committee	Form No.	Date Issued / Signed by CEX	Subject	Date Reported in Members' News	Reason for Use of Delegated Powers	Financial Implications	Source of Funding
Head of Digital & Service Transformation	S&R	618	26/05/2022	Discretionary Council Tax Energy Rebate Payment Scheme	27/06/2022	Committee timings: Approve launch of Government's discretionary council tax payments scheme for those in Bands E-H given tight timescales to allocate funds.	£188,250	Government: Council Tax Energy rebate Payment (Discretionary Fund).
Head of Property & Regeneration	S&R	619	11/08/2022	Upper Mill and Horse Pond works	08/12/2022	Repair works to Upper Mill and Horse Pond and emergency sinkhole works. Delegated as significant savings were achievable as the contractor was already on site.	£130,000	EEBC: Capital receipts reserve.
Head of Place Development	LPP	620	11/08/2022	Elmbridge Borough Council Draft Local Plan Regulation 19 Consultation	08/12/2022	Committee timings: To submit EEBC's final response on Elmbridge Borough Council's Draft Local Plan Consultation before the deadline.	£0	N/A
Head of Policy & Corporate Resources	C&W	621	18/08/2022	GLL fee increase to mitigate the rising utility costs	19/08/2022	Committee timings: To authorise GLL to increase their leisure centre fees promptly in response to rapidly increasing energy costs.	£0	N/A
Head of Housing & Community	C&W	622	25/08/2022	Consultation on the changes to flexi support housing grant calculation	26/08/2022	Committee timings: To submit EEBC's response to the Homelessness Prevention Grant before the deadline.	£0	N/A
Head of Property & Regeneration	S&R	623	28/09/2022	Energy contract	30/09/2022	Urgent approval to enter into a contract with an energy supplier (Half hourly metered sites). Quick turnaround times, from quote to contractor signature, are necessary in this sector to secure quoted energy prices, which are only held for a day.	£436,789	Revenue Budget.
Head of Digital & Service Transformation	S&R	624	05/10/2022	2023-2024 Surrey business rates pool	07/10/2022	Short deadline set by Surrey County Council for a response on whether EEBC would like to join the 2023/2024 Surrey business rates pool.	£150,000	Financial implications reflect projected additional retained business rates income for EEBC.
		625		**N/A Form Cancelled**				
Head of Finance	A&S	626	02/11/2022	Appointment of External Auditor	02/11/2022	Committee timings: the PSAA deadline to accept its recommended appointment fell before the next committee meeting.	To be confirmed by Public Sector Audit Appointments, but estimated at £191k per annum.	Revenue Budget.
Head of Housing & Community	LPP	627	01/11/2022	Taxi licensing revocation	02/11/2022	Committee timings: urgent decision required regarding revoking a taxi license in the interests of public safety.	£0	N/A
Head of Place Development	S&R	628	10/11/2022	The building safety regulations 2023 charging	11/11/2022	Committee timings: Respond to Department for Levelling Up, Housing & Communities consultation on proposed Building Safety (Fees and Charges).	£0	N/A
Head of Operational Services	E&SC	629	10/11/2022	Operation of Sunday car boot sales in Hook Road Car Park	11/11/2022	Short lead in time for proposed car boot sale pilot at Hook Road Car Park.	Projected implications: £800-£1000 per week income for EEBC, for each week an event is held.	N/A
Head of Property & Regeneration	S&R	630	15/12/2022	Energy contracts	23/12/2022	Urgent approval to enter into a contract with an energy supplier (Non half hourly sites). Quick turnaround times, from quote to contractor signature, are necessary in this sector to secure quoted energy prices, which are only held for a day.	£31,022	* Based on estimated annual spend, divided by 12 (months), then multiplied by the 3 (month period). * Revenue Budget.
		631		**N/A Form Cancelled**				
Head of Place Development	LPP	632	28/02/2023	EEBC response to Royal Borough of Kingston Draft Local Plan	01/03/2023	Committee timings: To submit EEBC's response to Kingston's Draft Local Plan Consultation before the deadline.	£0	N/A
Head of Place Development	LPP	633	28/02/2023	EEBC response to reforms to national planning policy	01/03/2023	Committee timings: To submit EEBC's response to Levelling-up and Regeneration Bill: Reforms to National Planning Policy Consultation before the deadline.	£0	N/A
Head of Operational Services	S&R	634	20/03/2023	Playground at Bourne Hall: use of Section 106 funds	20/03/2023	**N/A** approved by committee following completion of delegation form.	N/A	N/A
Head of Property & Regeneration	S&R	635	20/03/2023	Energy contract	22/03/2023	Urgent approval to enter into a contract with an energy supplier (hourly and non-hourly). Quick turnaround times, from quote to contractor signature, are necessary in this sector to secure quoted energy prices, which are only held for a day.	£1,011,432	Estimated total contract value. Revenue Budget
Head of Property & Regeneration	S&R	636	30/03/2023	Additional capital budget for Playhouse	31/03/2023	Provision in the Financial Regulations (Constitution) for delegated authority of up to £50,000 for additional capital budget. Replacement of seating and carpets.	£33,000	Property maintenance reserve.
Head of Finance	S&R	637	20/04/2023	To agree the Worldpay contract proposal	20/04/2023	To enter into a contract with Worldpay and secure significant savings by not delaying.	£284,000	Revenue Budget

Director of Environment, Housing & Regeneration	S&R	638	20/04/2023	Town Hall relocation feasibility funding	20/04/2023	Authority delegated for progressing the feasibility of the Town Hall relocation at 14 February 2023 Full Council Meeting.	£50,000	Income Tax Income Equalisation Reserve.
Head of Place Development	LPP	639	26/04/2023	Planning fees consultation	26/04/2023	Committee timings: To submit EEBC's response to Department for Levelling Up, Housing and Communities' Increasing planning fees and performance: technical consultation before the deadline.	£0	N/A
Head of Place Development	Planning	640	23/05/2023	TPO - 8 Grafton Road	24/05/2023	Committee timings: To approve the TPO within deadlines.	£0	N/A
Head of Place Development	Planning	641	23/05/2023	TPO - 44 Longdown Lane	24/05/2023	Committee timings: To approve the TPO within deadlines.	£0	N/A

PERFORMANCE AND RISK REPORT - JULY 2023

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards)
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	**Appendix 1** – Corporate Performance Report - July 2023

Summary

This report provides an overview of the council's end of year performance with respect to its 2022-2023 annual plan objectives, key performance indicators, corporate risks and annual governance statement actions.

Recommendation (s)

The Committee is asked to:

(1) Note and comment on the performance and risk information located at Appendix 1, including those targets which have not been achieved.

1 Reason for Recommendation

1.1 The terms of reference for this committee includes the responsibility for reviewing the performance of the council, and evaluating and monitoring progress on whether expected outcomes are being achieved in accordance with the council's strategic plans.

1.2 This report has been brought to the committee to aid its members in meeting these objectives.

2 Background

2.1 In February 2020 the council agreed a Four-Year Plan for the period 2020 to 2024. The six themes are:

- **Green & Vibrant** - A better place to live where people enjoy their

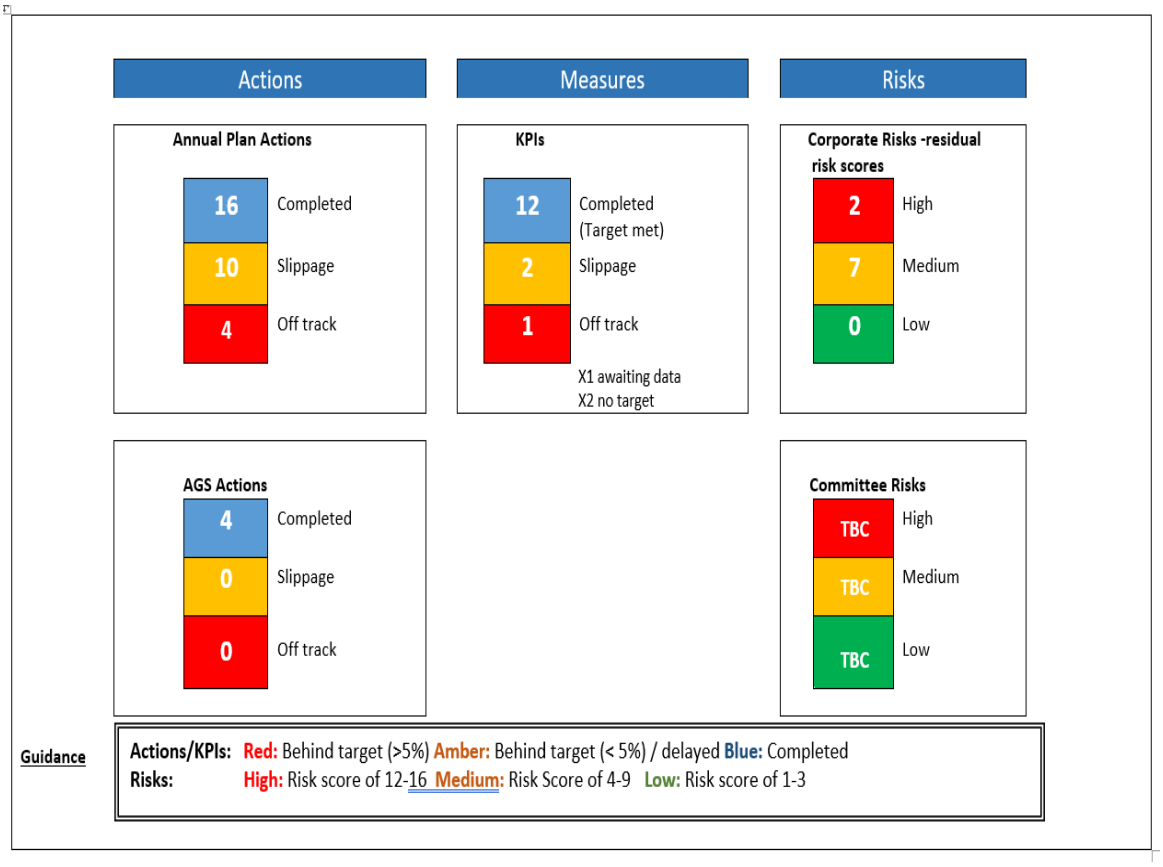
surroundings.

- **Safe & Well** - A place where people feel safe, secure, and lead healthy, fulfilling lives.
- **Opportunity & Prosperity** - A successful place with a strong, dynamic local economy where people can thrive.
- **Smart & Connected** - Alive and connected socially, economically, geographically, and digitally.
- **Cultural & Creative** - A centre for cultural and creative excellence and inspiration.
- **Effective Council** - Engaging, responsive and resilient council.

2.2 Since the Four-Year Plan's inception, three annual plans have been developed to support the delivery of these six themes and regular progress reports have been submitted to the committee.

3 April 2022- March 2023: End of Year Position

3.1 So far, the committee has received two interim corporate performance reports for 2022-2023. This report (**Appendix 1**) provides the end of year update on the annual plan objectives, key performance indicators, corporate risks and annual governance statement actions.



3.2 The tables below show the number of annual plan objectives that were achieved and missed during 2022-2023 by number, percentage and theme. Detailed narratives are provided in Appendix 1 (Section 3).

2022-2023			Previous Years	
Status	**No.**	**%**	**2021-2022**	**2020-2021**
Blue (achieved)	**16**	**53.3%**	70.3%	58.5%
Amber (slippage)	**10**	**33.3%**	10.8%	9.4%
Red (off track)	**4**	**13.3%**	18.9%	32.1%
Total	**30**	**100%**	100%	100%

Themes	Status			Total
	Blue	**Amber**	**Red**	
Green & Vibrant	5	0	1	**6**
Safe & Well	4	2	1	**7**
Opportunity & Prosperity	2	0	0	**2**
Smart & Connected	2	1	0	**3**
Cultural & Creative	0	4	1	**5**
Effective Council	3	3	1	**7**
Total	**16**	**10**	**4**	**30**

3.2.1 Some progress has been made with the 'amber' objectives during 2022-23 but the completion has been delayed by:

- The recruitment of a new Communications and Engagement Manager and setting up of a new Communications Team to develop a communication plan ('Effective Council'-Annual Plan No. 6, 'Safe & Well' – Annual Plan No. 18).

- The recruitment of a new Arts, Culture and Heritage Programme Officer to develop a strategy ('Culture & Creative' – Annual Plan numbers 9-12).

- The setup of new project teams to prepare business cases to generate additional income through council's venues and a proposal of providing a pet crematorium and/or cemetery. ('Effective Council' – Annual Plan numbers 8 and 20).

- The loss of key staff and the Homes for Ukraine Scheme which have put pressure on the services to deliver initiatives to address social isolation and barriers for digital inclusion ('Smart & Connected'- Annual Plan No.13, 'Safe & Well' – Annual Plan No. 16).

3.2.2 Limited progress has been made to the objectives with ‘red’ status due to:

- The unforeseen circumstances which have delayed the appointment of a new Head of IT to develop an ICT strategy (‘Effective Council’-Annual Plan No. 5).
- The loss of key staff and the Homes for Ukraine Scheme which have postponed the development of a community panel (‘Safe & Well’- Annual Plan No. 17).
- The unexpected waiting time for information from Surrey County Council regarding the adoption of a local heritage list (‘Culture & Creative’ – Annual Plan No. 29).
- The delay in developing a proposal for a plan and budget to review the Tree Preservation Orders. (‘Green & Vibrant’ – Annual Plan No. 30).

3.2.3 These ‘amber’ and ‘red’ objectives have been encapsulated into new objectives in the 2023-2024 Annual Plan and/or Service Delivery Plan.

3.3 **Key Performance Indicators** (Appendix 1, Section 3): Please note that the key performance indicators are provided on a quarterly basis, unless stated otherwise in Appendix 1. Of the 16 KPIs with targets, 12 have been ‘met’, 2 have ‘slipped’ and 1 is ‘off-track’. We have not yet received last quarter’s data for the ‘recycling rate’ KPI from our partner data supplier. While the target for response times to PCN appeals ended the year ‘off track’ due to a combination of a Driver and Vehicle, Licensing Agency (DVLA) audit, and managing some periods of peak demand, they are completed within statutory timeframes. There has been slippage in the percentage of staff turnover which in the year to date is 3.4 percentage points above the target of 15 per cent.

3.4 **Corporate Risk Register** (Appendix 1, Section 4): There are 9 corporate risks, 5 of which have reduced from a ‘High’ *inherent* risk score (i.e. in the absence of mitigations and controls) to a ‘Medium’ *residual* risk scores (i.e. after the mitigations and controls are accounted for). The two remaining risks with ‘High’ residual risk scores relate to the delivery of a local plan and interruption/failure to IT services. Further mitigating actions have been identified to control these risks. The two risks with ‘Medium’ inherent risk scores also have ‘Medium’ residual scores.

3.5 **Committee Risk Registers** (Appendix 1, Section 5): Committee risks are progressing. Three out of four policy committees have risks assigned, which have been reviewed by the relevant senior officers. The next step will be to confirm risks for Licensing and Planning Policy Committee, and share the updated risks for the other policy committees with the relevant Chairs and Vice Chairs.

3.6 **Annual Governance Statement (**Appendix 1, Section 6)**:** The four actions identified in the 2022-2023 Annual Governance Statement have been completed.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No direct risks.

4.2 Crime & Disorder

4.2.1 No direct risks.

4.3 Safeguarding

4.3.1 None for the purposes of this report.

4.4 Dependencies

4.4.1 The production of this report is dependent on the capacity of other service areas and committees to consider and contribute to its content.

4.5 Other

4.5.1 None: corporate risks are included in Appendix 1.

5 Financial Implications

5.1 No financial implications for the purposes of this report.

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

6 Legal Implications

6.1 No legal implications for the purposes of 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: Green & Vibrant, Safe & Well, Opportunity & Prosperity, Smart & Connected, Cultural & Creative, Effective Council.

7.2 **Service Plans**: The matter is reflected in the 2022-2023 Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations**: The Annual Plan reflects some objectives relating to climate change.

7.4 **Sustainability Policy & Community Safety Implications**: The Annual Plan reflects some objectives relating to community safety and enforcement.

7.5 **Partnerships**: Successful achievements of some objectives will require work with partners.

8 Background papers

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

Previous reports:

- Epsom and Ewell Borough Council (2023) *Performance and Risk Report – February 2023*. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1253&Ver=4 [last accessed 21/06/23].

- Epsom and Ewell Borough Council (2022) *Four Year Plan: Year End Performance Report 2021-2022*, Audit & Scrutiny Committee, Tuesday 14th June 7.30pm. Online available: https://democracy.epsom-ewell.gov.uk/documents/s23869/Four%20Year%20Plan%20Year%20End%20Performance%20Report%202021-2022.pdf [last accessed: 06/06/23]

Others:

- Epsom and Ewell Borough Council – *Constitution, Appendix 3 – Terms of Reference for Full Council and Committees*. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=205&MId=1574&Ver=4&Info=1 [last accessed 21/06/23].

EPSOM & EWELL BOROUGH COUNCIL

Corporate Performance Report

Date: July 2023

Contents

Contents 2

1. Summary 3

2. Annual Plan Progress 4

3. Key Performance Indicators 11

4. Corporate Risk Register 17

5. Committee Risk Registers 23

6. Annual Governance Statement Actions 24

1. Summary

Actions

Annual Plan Actions

16	Completed
10	Slippage
4	Off track

AGS Actions

4	Completed
0	Slippage
0	Off track

Measures

KPIs

12	Completed (Target met)
2	Slippage
1	Off track

X1 awaiting data
X2 no target

Risks

Corporate Risks -residual risk scores

2	High
7	Medium
0	Low

Committee Risks

TBC	High
TBC	Medium
TBC	Low

Guidance

Actions/KPIs: **Red:** Behind target (>5%) **Amber:** Behind target (< 5%) / delayed **Blue:** Completed
Risks: **High:** Risk score of 12-16 **Medium:** Risk Score of 4-9 **Low:** Risk score of 1-3

2. Annual Plan Progress (April 2022 - March 2023)

Each year we prepare an Annual Plan, which contains objectives and actions that will deliver on the themes outlined in our Four Year Plan.

No.	Ctte	Theme*	Key Deliverables	Responsible Officer	Dates / Key Milestones	RAG Status	Narrative
1	S&R	O&P	Proposals for providing "Pop Up" opportunities within the Borough.	Head of Property and Regeneration	30-Jun-22	Blue	***Completed** - Briefing report to councillors completed in June 2022. If agreed, proposals will be pursued in 2023-24.
2	S&R	O&P	Proposals for delivering flexible workspace within the Borough.	Head of Property and Regeneration	30-Jun-22	Blue	* **Completed** - Briefing report to councillors completed in June 2022. If agreed, proposals will be pursued in 2023-24.
3	S&R	S&C	Feasibility study to install WIFI capability across the Borough at key identified sites.	Head of Place Development	31-Dec-22	Blue	***Completed** - Agreed to remove from the Licensing and Planning Policy Committee forward plan indefinitely. This can be reviewed in the future if necessary.
4	S&R	S&C	Enhance engagement activities with businesses to facilitate networking and understand of their needs.	Head of Place Development	31-Mar-23	Blue	***Completed** - July business breakfast held. Local Enterprise Partnership (LEP) commissioned to undertake work on behalf of the council. LEP engaged with local authorities in East Surrey to develop economies and support businesses.
5	S&R	EC	An ICT Strategy to further improve resident's access to services and support future working requirements.	Head of IT	30-Sep-22	Red	* Unforeseen circumstances have delayed the appointment of a new Head of IT. The new Head was finally recruited in January 2023.

							*A roadmap and a draft ICT Strategy were agreed by Strategy and Resources Committee in March 2023 with the requirement for a detailed ICT Strategy to be reported in September 2023.
6	S&R	EC	A Communication Plan to support delivery of the Annual Plan and champion the work of the Council.	Director of Corporate Services	01-Apr-22 01-Apr-22 30-June-22	Amber	* The new Communications and Engagement Manager was appointed in October 2022. * The Communications Team is producing thorough communications plans for all projects and campaigns. A Communications Calendar is used for campaign planning. * Members Update has been reviewed and is now updated on an ongoing basis. * This work is part of a wider review of the council's Communications function, which is in progress. It will form part of the wider Communications Strategy which is currently being developed and it is due for completion in September 2023.
7	S&R	EC	Implementation of the recommendations arising from the Strategic Asset Reviews.	Head of Property and Regeneration	30-Jun-22	Blue	***Completed** - * Regular reports have been provided to Strategy and Resources in 2022-23. *A Property Review report regarding the potential relocation of the Town Hall was submitted to Council in February 2023.
8	S&R	EC	Business cases to be prepared which will generate additional income.	Head of Operational Services	Initial report 01-Apr-22 Business cases & implementation Ongoing to 31-Mar-23	Amber	* Considering ideas around sponsorship for the Playhouse, Bourne Hall and parks/open spaces. Project teams set up for Bourne Hall and parks/open spaces to discuss possibilities which will include: - Sponsorship of rooms at Bourne Hall and seats at the Playhouse. - Expanding the Community and Wellbeing Centre catering function, and the Bourne Hall café.

9	C&W	C&C	Create an identity for creative and cultural excellence which connects with a new generation of creatives.	Director of Corporate Services	31-Oct-22 Delivery via items 10, 11 & 12	Amber	* The outcome of the first stakeholder group meeting in September 2022 fed into the development of a strategy for the Borough. * A new Arts, Culture & Heritage Programme Officer was recruited in early 2023. * Draft themes / pillars of the Arts, Heritage and Culture Strategy were approved by SMT in April 2023. * Several activities below relate to arts, heritage and culture, and are underway. * A new action has been included in the 2023-2024 Annual Plan to continue work in this area, which will be progressed by the new Arts, Culture & Heritage Programme Officer.
10	C&W	C&C	Work with partners to deliver an enhanced programme of cultural and creative events across the Borough and within council venues.	Head of Operational Services	31-Oct-22	Amber	* A programme of events in venues is in place. * Events held in market place. * Epsom BID management will supply the programme of events to the town centre. * This action is also linked to Action 9 above and is encapsulated in a new action in the 2023-24 Annual Plan.
11	C&W	C&C	Deliver a programme of activities focused on heritage assets which include the delivery of heritage tours across the Borough.	Head of Operational Services	31-Oct-22 31-Mar-23	Amber	* The Community and Wellbeing Centre has arranged some excursions and planned countryside and Epsom Downs walk. * This action is linked to Action 9 above and is encapsulated into a new action in the 2023-24 Annual Plan.
12	C&W	C&C	Develop proposals to explore the use of digital media to promote our heritage	Head of Operational Services	30-Jun-22	Amber	* Whilst the cost of a new App has been estimated, the new Arts, Culture & Heritage Programme Officer is exploring options of using a cheaper/free App. * This action is linked to Action 9 above and is encapsulated into a new action in the 2023-24 Annual Plan.

13	C&W	S&C	Identify the barriers for digital inclusion and deliver the initiatives to address them.	Head of Housing and Communities	Identify barriers 30-Sep-22 Delivery of initiatives Ongoing to 30-Mar-23(+)	Amber	* The progress has been delayed due to loss of key staff and the Home for Ukraine Scheme. * Barriers to digital inclusion have been identified and this action will be included as a workstream in the Community Development Plan for 2023-24.
14	C&W	S&W	Homelessness and Rough Sleepers Strategy.	Head of Housing and Communities	Strategy 01-Apr-22 Delivery of initiatives Ongoing to 31-Mar-23(+)	Blue	* **Completed** - * The Strategy (and action plan) were agreed at the Community and Wellbeing Committee on 24 November 2022. It covers a period of 5 years and the initiatives will be delivered from 31 March 2023 onwards.
15	C&W	S&W	Working with partners to increase housing solutions.	Head of Housing and Communities	Work programme commenced 30-Apr-22 and ongoing to 31-Mar-23(+)	Blue	*** Completed** - * Close working with housing associations to identify development opportunities including Housing First funding for two new units of accommodation. *The Year 1 action plan of the Rough Sleeping and Homelessness Strategy has covered this action and a quarterly report has been submitted to the relevant committee Chair. * Additional government funding for homelessness is available for 2023-2025.
16	C&W	S&W	A programme of events which address activity levels, social isolation, domestic abuse and mental health.	Head of Housing and Communities	Programme of events 30-Jun-22 Delivery 31-Mar-23(+)	Amber	* The progress has been delayed due to service pressure from loss of key staff and the Homes for Ukraine Scheme. * Mitigation includes successful recruitment of new community development officer and refugee officer. * This action will be included in the Community Development Plan for 2023-24.

17	C&W	S&W	A Community Panel which reflects the diverse nature of our Borough.	* Head of Housing and Communities * Head of Digital and Service Transformation	30-Sep-22	Red	* The progress has been delayed due to service pressure from loss of key staff and the Homes for Ukraine Scheme. * This action has been encapsulated in a new action in the 2023-24 Annual Plan.
18	C&W	S&W	A series of community conversations to be held with an emphasis on listening to the seldom heard.	*Head of Housing and Communities *Communications and Engagement Manager	Programme 30-Jun-22 Conversations 31-Mar-23(+)	Amber	* The programme of conversation was developed with the Communication Teams in June 2022 and the briefing report has been provided for the Chair. * The programme has been used to inform the work for the related action in the 2023-24 Annual Plan. * The progress has been delayed due to service pressure from loss of key staff and the Homes for Ukraine Scheme.
19	E&SC	EC	Markets operated at additional sites within the Borough.	Head of Operational Services	30-Sep-22	Blue	*** Completed -** * Artisan Market in Ewell Village * Street trading in Stoneleigh * Street trading in Epsom
20	E&SC	EC	A feasibility report for providing a pet crematorium and/or cemetery.	Head of Operational Services	1-Oct-22	Amber	* Funding for consultancy has been secured, and research into options undertaken. Currently reviewing consultancy requirements on the basis of the research. Detailed proposals will be brought back to Strategy and Resources Committee. * This action has been carried forward to the 2023-24 Annual Plan.
21	E&SC	EC	A feasibility report for building a crematorium within the Borough.	* Head of Operational Services * Head of Housing and Communities	30-Jun-22	Blue	* **Completed** – *A decision has been made not to progress with this action based on the feasibility report

22	E&SC	G&V	a) Continue to deliver the Climate Change Action Plan. b) Produce a costed climate change plan, including options appraisals for actions that require significant investment	Head of Place Development	31-Mar-23 Agree costed action plan 31-Oct-22	Blue	*** Completed -** *(a) An updated Climate Change Action Plan and progress report have been agreed by the Environment and Safe Communities Committee on 24 January 2023. *(b) The Action Plan and progress report have included detailed costings.
23	E&SC	G&V	Seasonal awareness campaigns to promote greener more sustainable living.	Head of Place Development	31-Mar-23	Blue	*** Completed -** ***** The communications plans were developed. Two community events were attended and communications put out on anti-idling, recycling and food waste.
24	E&SC	G&V	Visible patrols across the Borough promoting behavioural change to maintain our clean and attractive streets and open spaces.	Head of Housing and Communities	31-Jul-22	Blue	* **Completed** - *Enforcement officers recruited, and patrols initiated.
25	E&SC	G&V	Tree Planting Strategy with accompanying programme of tree planting.	Head of Place Development	Strategy 30-Oct-22 Planting programme 31-Mar-23	Blue	*** Completed** - * Tree Management Plan (TMP) was adopted (subject to minor amendments) by the Environment and Safe Communities Committee on 21 March 2023. * Tree planting plan included within the TMP which will begin to deliver in the 2023-24 monitoring year.
26	E&SC	S&W	Review of current CCTV arrangements.	Head of Housing and Communities	31-Aug-22	Blue	* **Completed -** * The successful bid for the 'Safer Streets' funding led to the installation of new digital CCTV in town centre, which is now in operation. It is intended to address violence against women and girls, and protecting the night-time economy of the town centre.

27	E&SC	S&W	Key areas of concern addressed through the Community Safety Partnership and working with partners.	Head of Housing and Communities	Action plan prepared 31-May-22 Issues addressed 01-Jun-22 to 31-Mar-23	Blue	* **Completed -** *The Community Safety Action Plan 2022-24 has been developed and the progress against the key areas of concern has been reported in the annual review to the Community Safety Partnership and the Audit & Scrutiny Committee in February 2023.
28	LPP	G&V	Regulation 18 Consultation undertaken.	Head of Place Development	31-Mar-23	Blue	* **Completed -** * Consultation on the Regulation 18 Draft Local Plan has been undertaken. More than 1,500 responses have been received.
29	LPP	C&C	Adoption of a local Heritage List including buildings and objects.	Head of Place Development	31-Mar-23	Red	* Delayed due to awaiting further information from Surrey County Council before reporting to the Licensing and Planning Policy Committee in June 2023. * This action has been carried forward to 2023-24 Annual Plan.
30	LPP	G&V	Proposal for a plan and budget to review Tree Preservation Orders.	Head of Place Development	30-Sep-22	Red	* Delayed. This action has been carried forward to the 2023-24 Annual Plan.

The six themes of the Four Year Plan:

· Green & Vibrant (**G&V**) - A better place to live where people enjoy their surroundings.
· Safe & Well (**S&W**) - A place where people feel safe, secure, and lead healthy, fulfilling lives.
· Opportunity & Prosperity (**O&P**) - A successful place with a strong, dynamic local economy where people can thrive.
· Smart & Connected (**S&C**) - Alive and connected socially, economically, geographically, and digitally.
· Cultural & Creative (**C&C**) - A centre for cultural and creative excellence and inspiration.
· Effective Council (**EC**) - Engaging, responsive and resilient council.

3. Key Performance Indicators

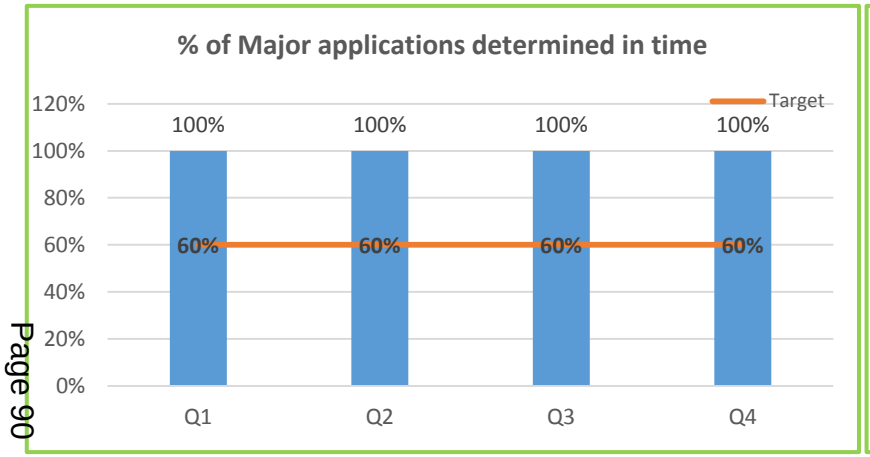
The table below contains a summary of our performance against a set of indicators. Further detail is provided in the following individual graphs and commentaries.

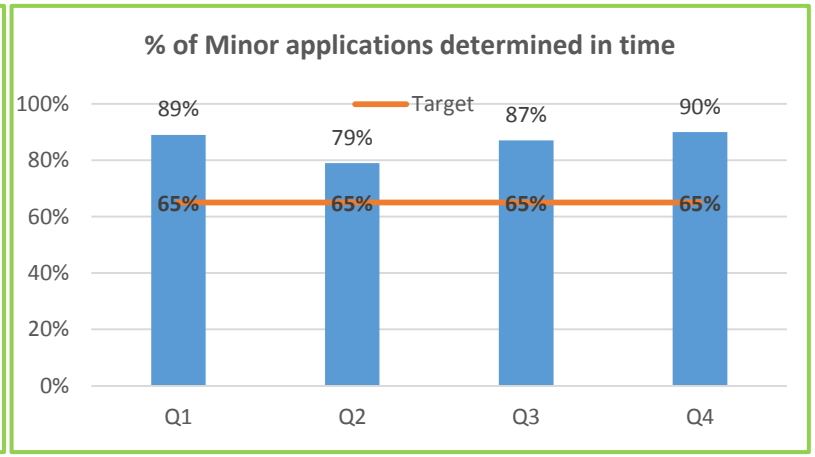
EEBC PERFORMANCE DASHBOARD

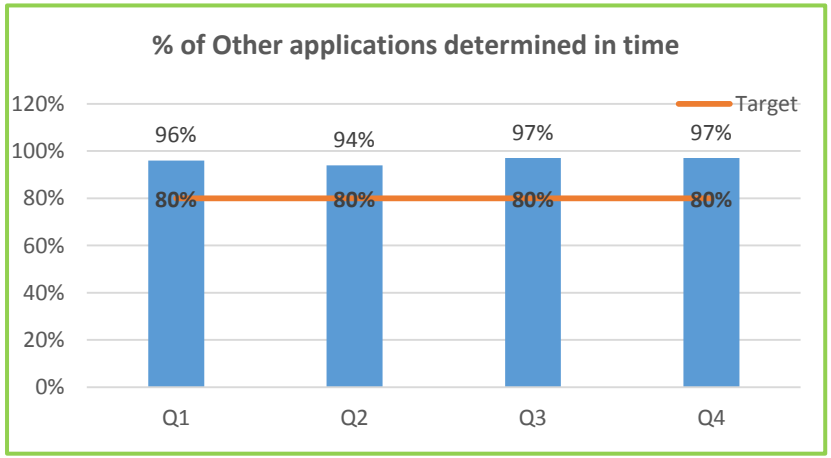
Q4 2022-23

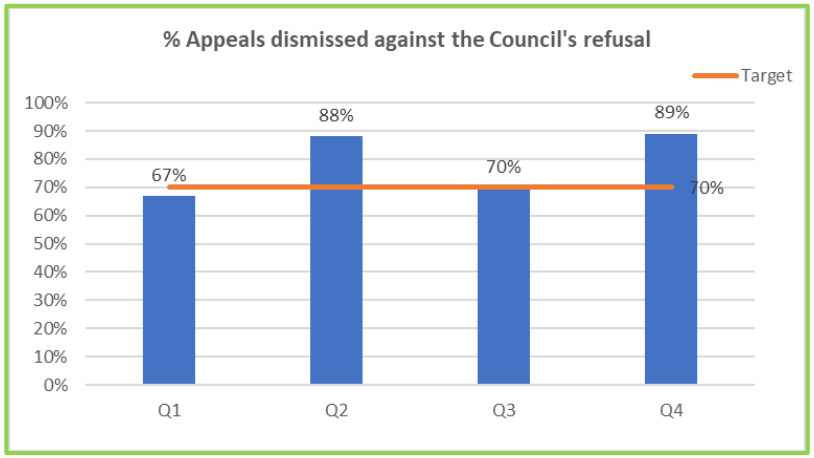
		Actual	Target	
Place Development	% Major applications determined in time	100%	60%	
	% Minor applications determined in time	90%	65%	
	% Other applications determined in time	97%	80%	
	% Appeals dismissed	89%	70%	
Housing & Community	No. households living in nightly paid accommodation	65	70	
	PCN appeals to be responded in 10 wd	60%	90%	
	Car Park visitors numbers	344,695	333,692	
	No of homeless prevention/relieved YTD	93	No target	
Digital & Service Transformation	% Council Tax collected (cumulative)	99.0%	99.0%	
	% NNDR collected (cumulative)	99.2%	99.0%	
Finance	Treasury Management Investment Income (k)	775.0	270.0	
	Forecast outturn vs budget (m)	8.32	8.63	
People & OD	Days lost to staff sickness (all) - YTD	13.00	vs LQ 1.9	
	% Staff turnover - YTD (voluntary only)	18.4%	15.0%	
Property & Regeneration	Priority 1 Maintenance Comp rate	100%	98.5%	
	Vacant Property Rate (%)	5.17%	No target	
Operational Services	Recycling rate	Q4 n.a.	54%	tbd
	% waste collection	99.9%	99.0%	

PLACE DEVELOPMENT







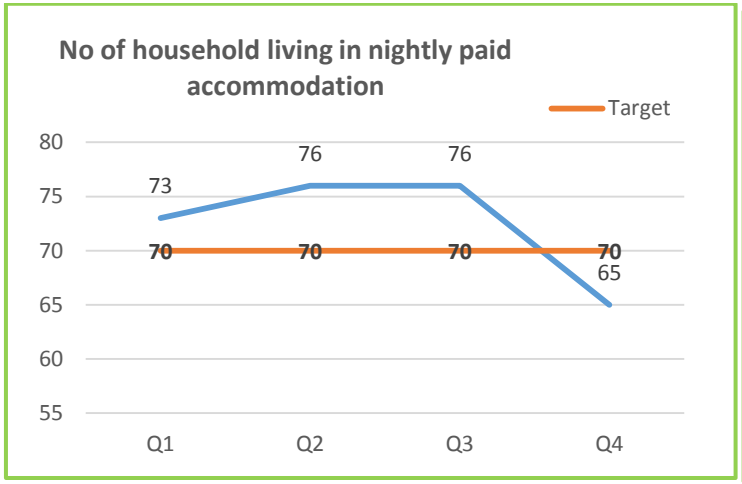


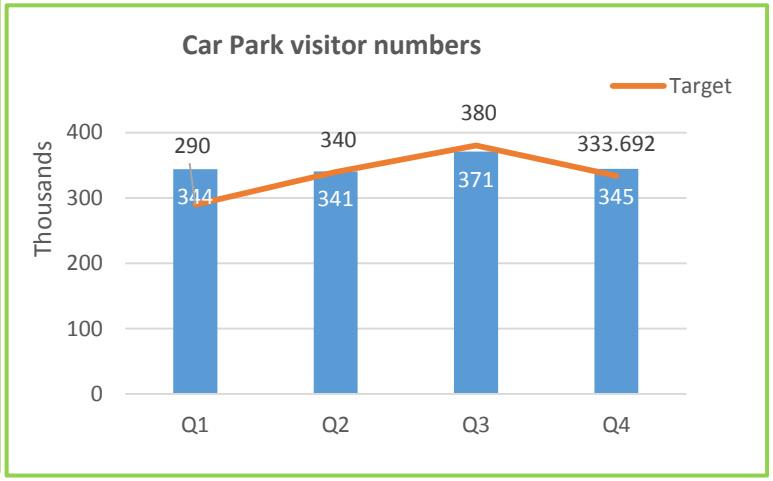
Commentary

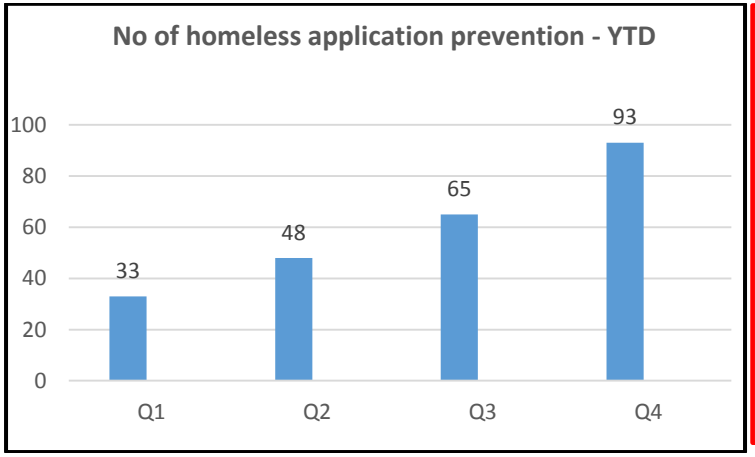
*** Major, Minor and Other applications**
Performance of Major, Minor and Other applications decided in time has continued to be strong throughout the year.

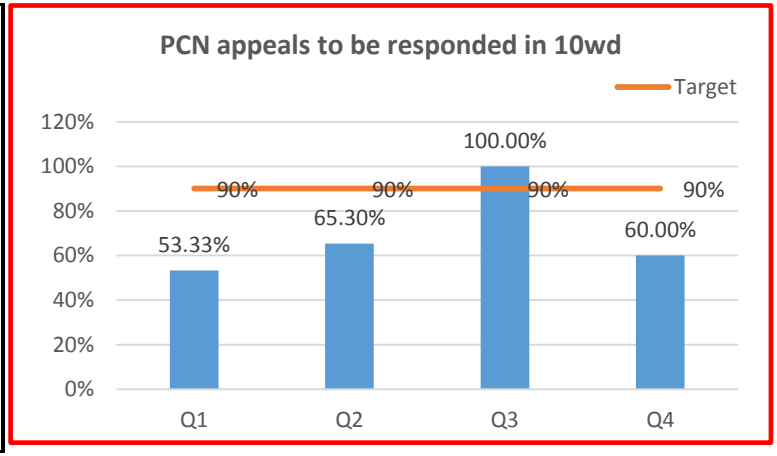
*** Appeals dismissed**
Performance generally consistent with or above the national average of approximately 70% of appeals being dismissed.

HOUSING & COMMUNITY









Commentary

*** No. of households living in emergency accommodation**

There was a fall in Q4 as a result of successful advice, prevention and relief interventions and because a new build social housing scheme come on-line, which moved homelessness households on from temporary accommodation.

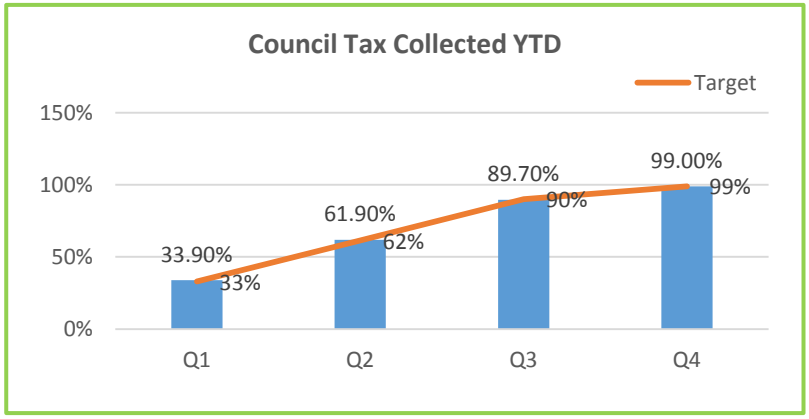
*** Prevention from homelessness**

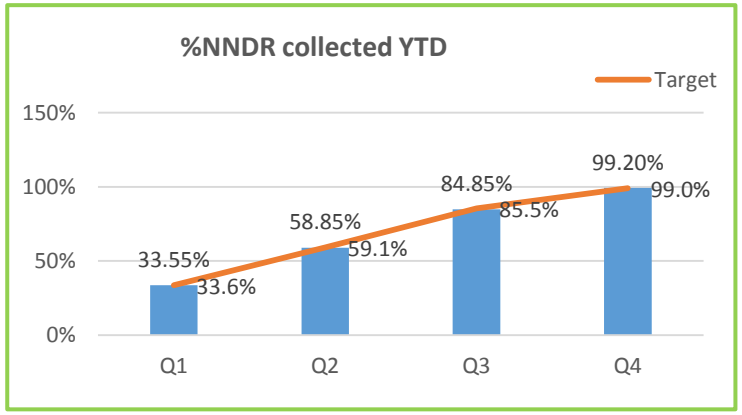
Year to date figures shown in the chart, currently baselining on this year's figures.

*** PCN appeals**: 3-month average. Staff annual leave, Driver and Vehicle Licensing Agency (DVLA) audit and off-street parking permit renewals all impacted on response times. All responses have been sent within statutory time frames and these KPIs are internal targets.

*** Car park visitors:** Change of use in Town Hall / Hope Lodge has reduced appearance of some visitor numbers as those staff / councillors / residents etc. with paper permits no longer leave a footprint.

DIGITAL SERVICE & TRANSFORMATION



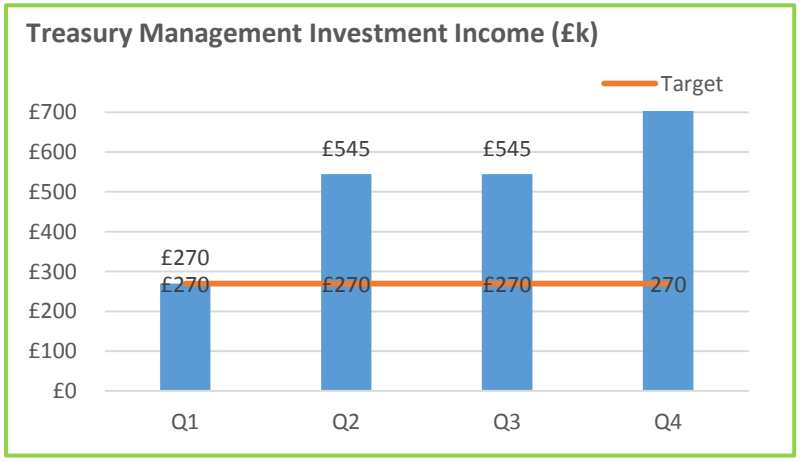


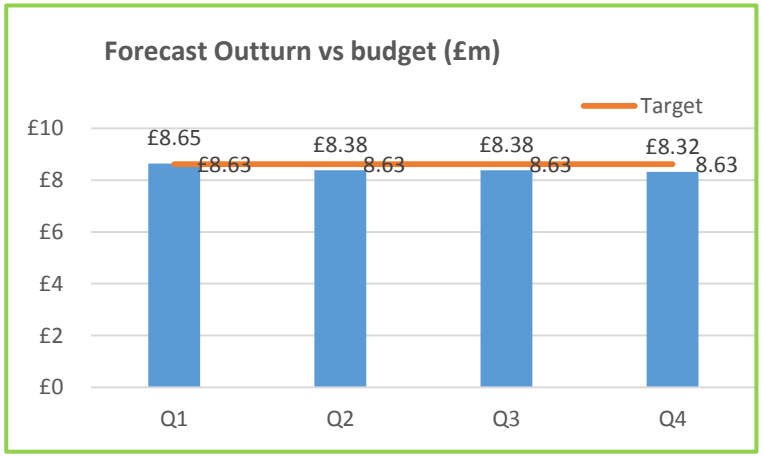
Commentary

*** Council Tax and NNDR**

Performance consistently close to target throughout the year, with our target being achieved in Q4 for both indicators.

FINANCE





Commentary

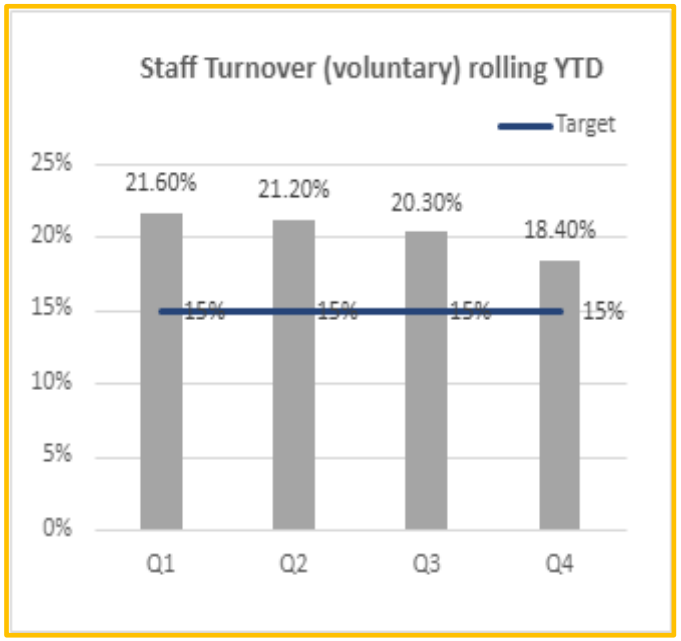
*** Treasury Investment Income**

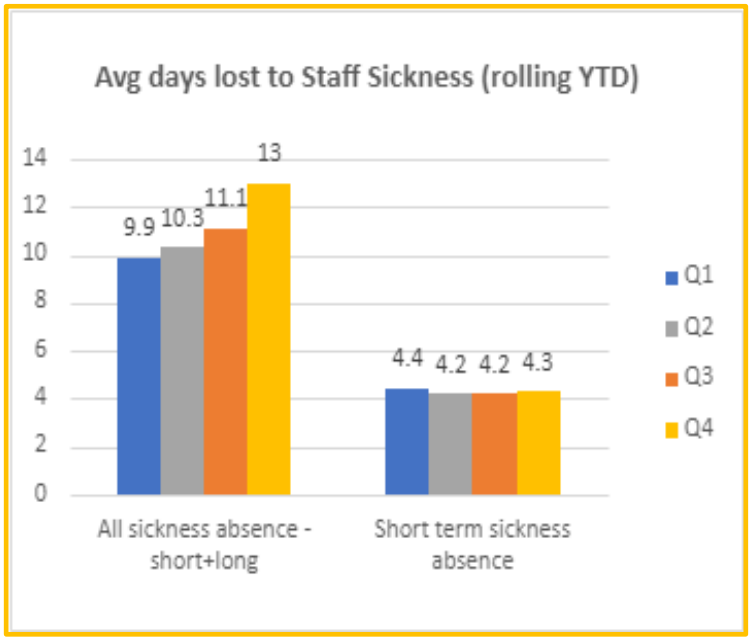
Increase in interest rates giving higher returns on investments.

*** Forecast Outturn**

Forecast £304k underspend at Q3, and this figure has been used for Q4 as it remains the latest verified position.

PEOPLE AND OD



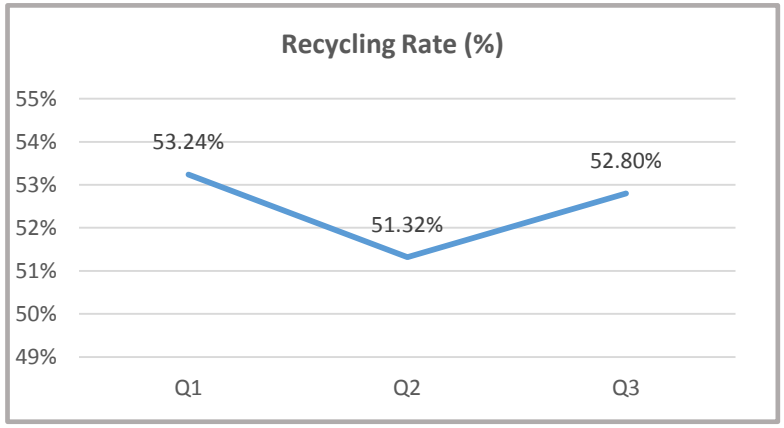


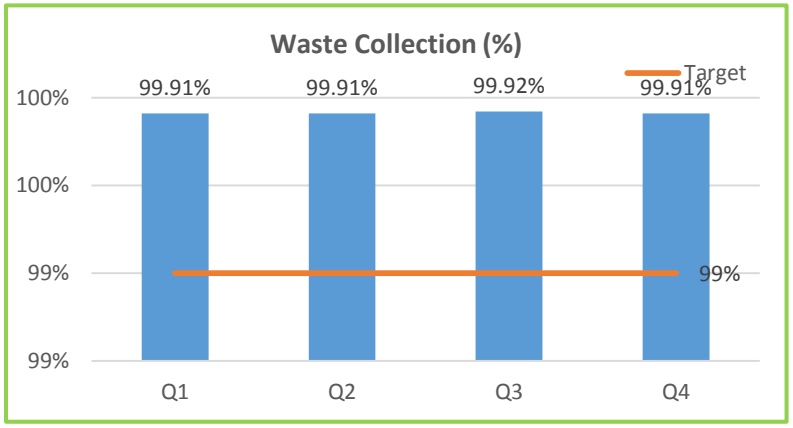
Commentary

*** Turnover** The continued decrease in voluntary turnover is contradictory to the XpertHR survey 2022, where most respondents indicated that labour turnover had increased within their organisation over the past 12 months. Fierce competition for candidates continues to create pressure on employers to offer higher salaries and/or more flexible working arrangements to recruit and retain employees. The HR team continue to carry out exit discussions and collate feedback from employees who are leaving.

*** Sickness absence** The figure for All Sickness is primarily due to a high number of long-term sickness cases in the 12-month period. HR continue to support managers with sickness absence in line with the council's procedure and works with employees and Occupational Health to reduce the number of days lost. Covid-19 still has a considerable impact on the Council's absence levels. The level of absence relating to musculoskeletal issues is primarily attributable to our manual workforce. Our trends are broadly in line with the CIPD H&W at Work Report 2022.

OPERATIONAL SERVICES





Commentary

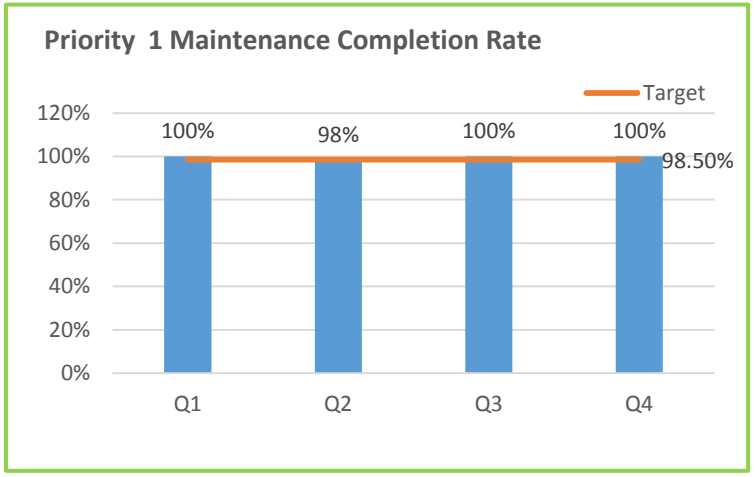
*** Recycling rate (target 54%)**

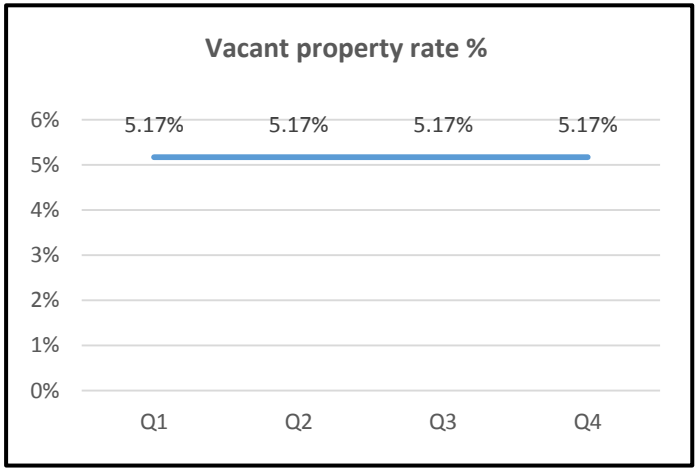
Q4 data not yet available from data supplier partner. Slight rise in contamination in Q3 meant that the quarter ended 1.01% below Q3 2021/22.

* **Waste collection**

Slight increase in reported missed bins in February and March due to snow and short-staffing events (the latter affecting garden waste collections only).

PROPERTY AND REGENERATION





Commentary

*** Maintenance completion**
Rates were close to target throughout the year.

*** Vacant property rate**
Valuation of the vacant properties divided by the total valuation of council's owned properties and then multiplied by 100 to arrive at this percentage. Valuations reflected last year's value.

4. Corporate Risk Register

Our corporate risk register contains our most strategic risks, those that may have a significantly detrimental effect on our ability to achieve our key objectives and delivery of core services. We assess our risks as follows:

Step 1: Score the **inherent** risk using the matrix below = the expected **impact** of the risk **multiplied** by the **likelihood** of the risk occurring (with no mitigations or controls).

Step 2: Consider how we mitigate the risk and any controls in place.

Step 3: Score the **residual** risk = impact x likelihood (taking into account the controls and mitigations we have in place).

Step 4: Review final risk score against the **risk tolerance boundary** (yellow line). If High (red), seek to further mitigate the risk to reduce it to Medium (amber) or Low (green); or acknowledge why it cannot be lowered at this time.

Likelihood				
4 Very likely	4	8	12	16
3 Likely	3	6	9	12
2 Possible	2	4	6	8
1 Remote	1	2	3	4
Multiplier	**1** Insignificant	**2** Medium	**3** High	**4** Severe
		Impact		

Red	High risks
Amber	Medium risks
Green	Low risks
Yellow	Risk tolerance boundary

ID	Category	Risk Identified *Risk that…* *Risk of…*	Potential Risk Consequences	Risk Owner	Likelihood	Impact	Inherent Risk	Mitigations & Controls	Likelihood (2)	Impact (2)	Residual Risk	Direction of Travel	Future Actions to Further Mitigate & Control Risk
PD14	Project	Failing to deliver a local plan (e.g. due to budget, staffing, legislative changes, legal objection/ challenge)	* Unable to provide robust planning policy for development in the Borough. * Impact on other council activities that link to the local plan, e.g. housing. * Unable to demonstrate value for money on investment in developing the plan. * Government intervention.	Head of Place Development	4	4	16	* Local plan project risk register in place. * Regular reporting to key stakeholders. * Project plan funding arrangements. * Resourcing arrangements.	4	4	16	Worsened	* Following the election in May 2023, briefing sessions will be held to ensure that councillors have a clear and shared understanding of the development of the Local Plan.
IT6	Operational	Failure or interruption to IT services	*Damage caused by successful cyber-attack. * Loss of data. * Service delays. * Reputational damage. * Staff satisfaction.	Head of IT	4	4	16	* On-going implementation of new IT Strategy. * On-going Business continuity planning. * Maintain effective ICT security procedures and processes. * Security operation centre monitoring systems 24/7.	3	4	12	New Risk	* Approve and implement full IT Strategy. * Robust management of programme to implement strategy inc. regular reviews to track progress and effectiveness. * New risk consolidates related IT Divisional risks).

PD1	Project	Failing to deliver the climate change strategy	* Unable to achieve Council's climate change ambitions. * Fail to reduce the Council's carbon emissions.	Planning Policy Manager	4	4	16	* Climate Change Action Plan. * Environment and sustainability Officer in post. * Capital bids submitted to reduce the council's carbon emissions.	3	3	9	No change	* Member Working Group meets bi-monthly. * Cross-organisational Working Group also meets frequently to ensure a co-ordinated approach.
HC9	Financial	Risk of homelessness expenditure exceeding budget provision	* Unable to meet statutory duties. * Pressure to increase spending on accommodation in locations further outside of Borough. * Need to source funding from outside current budget and knock-on reductions to other budgets. * Potential damage to reputation.	Head of Housing & Community	3	4	12	* Additional posts to support PSL and Move On activities. * Commissioning Reigate and Banstead Fraud Team to investigate claims. * New strategic housing manager in post. * Approved Homelessness and Rough Sleeping Strategy and Action Plan.	3	3	9	No Change	* Council working group developing mitigation measures. * Business process review of housing. * Microhomes proposal. * New staff to focus on single homeless. * Housing First funding for two new units of accommodation. * Additional government funding for homelessness for 2023-2025

HR5	Operational	Failing to recruit to vacant positions promptly with quality candidates, and retain existing talent	* Increased workload for existing staff. * Delays to delivering corporate and service objectives.	Head of HR & OD	4	3	12	* All vacant positions advertised in multiple platforms. * ICT based recruitment system in place. * Succession planning. * CPD. * Exit interviews. *My performance conversations.	3	3	9	No change	* We continue to fill vacancies at a good rate.
F2	Financial	Failure to balance the budget annually (inc. mitigating the ongoing financial impacts of Covid-19, energy cost increases, and meeting EPC requirements) & MTFS	* Fail to perform statutory duty and issue of Section 114 notice allowing potential Government intervention and potential cuts to services * Reduced assurance over the Council's financial sustainability. * Significant damage to reputation. * Additional budget requirement for energy and EPC mitigation reduces budgets available for service delivery.	Head of Finance	4	4	16	*Budget setting framework agreed by S&R. * Budget reports scheduled on committee forward plan at regular intervals, which includes budget forecasting. * Reserves proactively managed * Savings targets are set to deliver balanced budget. * Quarterly budget monitoring. * Competitive procurement undertaken for utilities (options reviewed in Oct 2022). * Asset reviews underway. * Ongoing programme of improvement to energy efficency of council buildings (inc. reporting to councillors at committee).	4	2	8	No change	* New MTFS for 24-28 to be produced. * Council to review energy options as Government support is due to be downgraded.
PCR18	Operational	Failure to respond effectively to a major incident or civil emergency	* Loss of business continuity. * Health and wellbeing of residents. * Reputational damage.	Head of Policy & Corporate Resources	4	4	16	* Partnered with Applied Resilience to provide specific emergency planning and business continuity resource (inc. response) and advice. * Suite of emergency plans in place, with scheduled testing. * Suite of service business continuity plans in place. * Council responders trained in various response roles. * Emergency call out numbers shared with all relevant officers. * Internal audit of emergency planning recently completed.	2	3	6	New Risk	* Business Continuity audit [scheduled in Audit Plan 2023-2024]. * Business continuity tests.

PCR13	Operational	Failure to successfully prevent a significant health and safety incident	* Harm to staff, visitors, members of the public and / or contractors. * HSE Prosecution. * Reputational damage. * Unable to maintain service delivery.	Head of Policy and Corporate Resources	2	4	8	* Health & Safety Group, inc. accident reporting. * Health & Safety Officer. * Health and safety risk register. * Annual report to SMT. * Health and safety budget. * Health and safety E-Hub page (new website launched). * Suite of health and safety policies, guidance and forms. * Comms sent out in staff updates.	1	4	4	No change	* Complete Health and Safety Audit (2022) actions. [underway]. * Complete this round of assurance checks [underway, running to Jul 23]. * Publish new managers' H&S checklist [underway]. * Review reporting on near misses. *All managers trained in H&S and understand their responsibilities. *Risk assessments in place and reviewed regularly.

PCR16	Operational	Failure to comply with GDPR/Data protection 2018	* Harm to, and breach of rights of, owners of the personal (inc. sensitive) data that has been breached. * A range of sanctions from Information Commissioner's Office (ICO), including prosecution and unlimited fines. * Reputational damage.	Data Protection Officer	2	4	8	* Review and update relevant data policies and processes. * Continue to raise staff awareness and skills required, including annual refresher training. * Review long term resourcing requirements.	2	2	4	New Risk	* Establish assurance process for senior management team, including the creation of new Information Governance Management Group [underway].

5. Committee Risk Registers

Committee risks are progressing. Three out of four policy committees have risks assigned, which have been reviewed by the Chairs and relevant senior officers. The next step will be to confirm risks for Licensing and Planning Policy Committee, and confirm the risk registers with the newly confirmed committee Chairs (following the May election).

6. Annual Governance Statement Actions

Every year we publish our Annual Governance Statement, which outlines our assurance on our systems of internal control. As part of this review, we identify several key actions which we feel will improve our corporate governance. In this section we have provided a progress update on those actions.

Issues identified	Action taken	RAG Status
Uncertainty regarding local government funding which will impact on the current Medium Term Financial Strategy financial stability	The re-basing exercise was reported to, and agreed by, Strategy and Resources Committee in July 2022. Updated budgets for 2023/24, factoring in latest government funding announcements, were approved at Full Council in February 2023, in line with the Council's budget setting framework.	**Completed**
Existing strategies in relation to changes in risk relating to investment properties may need reviewed	This has been reviewed and no changes are required to the strategies. However, a revised investment strategy will be prepared by March 2024, as agreed with the internal auditors.	**Completed**
The arrangements for Information Governance and data protection need to be reviewed to ensure they are fully compliant with legislation and ICO guidance	A Data Protection Officer has been in post since 1 August 2022 and has reviewed and updated the Data Protection Policy. A Record Management and Retention Policy has been drafted and approved. The Information Asset Registers have been mostly updated. Initial steps have been taken to establish an Information Governance Management Team.	**Completed**
Strengthening and updating the Constitution	The updated constitution was approved by the full Council on 14 February 2023. It came into effect as of 4 May 2023.	**Completed**

EXTERNAL AUDITOR'S ANNUAL REPORT - 2021/22

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	**Appendix 1** - 2021/22 Auditor's Annual Report **Appendix 2** - Letter from Grant Thornton

Summary

This report presents Grant Thornton's 2021/22 Annual Report to members.

Recommendation (s)

The Committee is asked to:

(1) Receive the Auditor's Annual Report;

(2) Note the management responses to the auditor's recommendations at Appendix 1.

(3) Note the delay to the start of 2022/23's external audit, as explained at Appendix 2.

1 Reason for Recommendation

1.1 The external audit is a statutory part of the control environment for local authorities. It provides external assurance that the Council can use to demonstrate it can achieve the Four Year Plan priority of being an Effective Council.

1.2 The recommendations will enable the Council to meet its statutory obligations with regard to external audit.

2 Background

2.1 In March 2023, Grant Thornton completed the audit of the Council's 2021/22 Statement of Accounts.

2.2 Under the 2020 Code of Audit Practice, a new requirement this year is for external auditors to issue an Auditor's Annual Report, to include commentary on the Council's arrangements to secure value for money, within three months of auditing the Statement of Accounts.

2.3 The auditor has met this requirement by providing the report to management on 26 May, which through this report is now presented to members at the earliest scheduled opportunity.

3 Auditor's Annual Report

3.1 The Auditor's Annual Report is attached at Appendix 1. The report's findings can be considered to reflect positively on the Council, with key findings relating to financial sustainability, governance and value for money summarised as follows:

Financial Sustainability

3.1.1 "The Council continues to operate in a financially and operationally challenging environment. Financial planning both in the short and medium term is on a sound footing with a prudent assumptions being built into both. These challenges will continue so the need for the structured and disciplined approach to managing finances and reserves which the Council has demonstrated to date will need to continue.

3.1.2 Our work has not identified any significant weaknesses in arrangements to secure financial stability, however we have suggested an improvement recommendation regarding the Medium-Term Financial Strategy and saving plans.".

Governance

3.1.3 "The Council has appropriate leadership and management structures in place and its risk and control systems are appropriate. Our work has not identified any significant weaknesses in arrangements.".

Improving Economy, Efficiency and Effectiveness (Value for Money)

3.1.4 "The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Our work has not identified any significant weaknesses in arrangements.".

3.2 The auditors also presented three improvement recommendations, to further strengthen the Council's processes. These are summarised in the following table, along with the management response to each:

Auditor Recommendation	Management Response
1. The Council needs to set a timeline for how it will develop longer term saving plans that will ensure reserves are not further depleted. Current levels of reserves are well within the advised targets suggested by CIPFA but the reduction over the MTFS reduces the amount of headroom available to the Council.	*Management recognises the need to identify additional income and savings to mitigate the Council's projected budget gap from 2024/25. A report will be prepared for Strategy & Resources Committee in July 2023 to propose a framework and timeline for addressing the budget gap, for members to consider.*
2. The Council's current Risk Register template mostly covers the key areas seen within the sector and help support the Council's risk management process. The Council may benefit further from including the source of assurance for mitigation actions for example, is the assurance external or internal, based on recent information or data. The inclusion of the sources of assurance will allow the Council to produce more accurate risk scores to mitigate individual risks.	*The source of assurance (internal/external) will be disclosed for all corporate risk mitigating actions. To be implemented by 30 Sep 2023 (Q2 reporting period), which follows the annual review of the risk management strategy.*
3. Share quarterly budget monitoring reports with the Strategy & Resources Committee would support that committee in discharging its responsibilities around finances.	*Management agrees that members should be aware of budget monitoring reports, which are already taken to Audit & Scrutiny Committee. To avoid duplication and the potential scenario of two different committees reaching conflicting decisions on the same report, it is proposed that budget monitoring reports will continue to be taken to Audit and Scrutiny formally, but also shared via Members News, thereby ensuring all committee members including Strategy & Resources are kept informed.*

3.3 Audit & Scrutiny Committee is asked to note the management response to the three recommendations within the Auditor's Annual Report.

3.4 Grant Thornton has previously advised that it would be best practice for the Auditor's Annual Report to be presented to Full Council. This is because the national 'Redmond Review' recently found that in a number of high-profile corporate failures, those at the top of the organisation often cited in their defence that they were not made aware of issues raised by auditors, because audit reports had been discussed elsewhere in the governance structure.

3.5 As such, the report will also be presented to Full Council on 25 July 2023.

4 2022/23 Statement of Accounts Audit Update

4.1 The Council's unaudited 2022/23 Statement of Accounts were published on 5 July. Mainly due to a staff resource issue (i.e. long term sickness) in the finance team, this was after government's target date of 31 May..

4.2 The external audit of the accounts had been scheduled to take place in July, ahead of government's 30 September 2023 audit completion deadline. However, Grant Thornton has advised officers that due to wider issues in the audit sector, particularly the backlog of outstanding prior year audits at other councils (i.e. not EEBC), GT does not expect to have the resources to undertake the EEBC's audit until October 2023. The full letter is at Appendix 2.

4.3 EEBC officers will continue best endeavours to progress the audit, when it starts, as efficiently as possible. Should the Council miss the audit deadline, it will be required to publish an explanatory notice on the website and then continue work to complete the audit as soon as practicable thereafter. There is no financial penalty for missing the deadline, but there will be a significant resourcing pressure later in the year if staff are working on the audit at the same time as preparing 2024/25 budget reports. In preparation, as much work as possible will be completed in advance to try to mitigate this scenario.

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 None arising directly from the contents of this report.

5.2 Crime & Disorder

5.2.1 None arising directly from the contents of this report.

5.3 Safeguarding

5.3.1 None arising directly from the contents of this report.

5.4 Dependencies

5.4.1 None arising directly from the contents of this report.

5.5 Other

5.5.1 The auditor's recommendations and management actions should further enhance the Council's risk management framework.

6 Financial Implications

6.1 The Auditor's Annual Report has been produced within the agreed main audit fee for 2021/22, as previously reported to this Committee.

6.2 **Section 151 Officer's comments**: The Auditor's Annual Report forms part of the overall external audit process for local authorities. The Council received an unqualified (i.e. favourable) opinion on its Statement of Accounts from the external auditor for 2021/22.

7 Legal Implications

7.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.

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 following Key Priorities are engaged: Effective Council.

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

8.3 **Climate & Environmental Impact of recommendations**: None arising directly from the contents of this report.

8.4 **Sustainability Policy & Community Safety Implications**: None arising directly from the contents of this report.

8.5 **Partnerships**: None arising directly from the contents of this report.

9 Background papers

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

Previous reports:

- External Audit Update – Audit & Scrutiny Committee, 6 April 2023
- 2021/22 Statement of Accounts and Audit Findings Report – Audit & Scrutiny Committee, 17 November 2022.

Other papers:

- None.

Grant Thornton

Auditor's Annual Report on Epsom & Ewell District Council

2021-22

April 2023

Contents

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

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

Section	Page
Executive summary	3
Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources	4
Opinion on the financial statements and use of auditor's powers	5
Use of auditor's powers	6
Financial sustainability	7
Governance	10
Improving economy, efficiency and effectiveness	14
Follow-up of previous recommendations	16
Appendices	
Appendix A – Assessing Value for Money in the Services	18
Appendix B – Responsibilities of the Council	22
Appendix C – Risks of significant weaknesses, our procedures and findings	23
Appendix D – An explanatory note on recommendations	24

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Council. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Executive summary

Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021-22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	2020/21 Auditor Judgment	2021/22 Auditor Judgment
Financial sustainability	No significant weaknesses in arrangements identified, but two improvement recommendations made.	No significant weaknesses in arrangements identified but one improvement recommendation made.
Governance	No significant weaknesses in arrangements identified, but one improvement recommendation made.	No significant weaknesses in arrangements identified but two improvement recommendations made.
Improving economy, efficiency and effectiveness	No significant weaknesses in arrangements identified, but two improvement recommendations made.	No significant weaknesses in arrangements identified and no improvement recommendations made.

Financial sustainability

The Council continues to operate in a financially and operationally challenging environment. Financial planning both in the short and medium term is on a sound footing with a prudent assumptions being built into both. These challenges will continue so the need for the structured and disciplined approach to managing finances and reserves which the Council has demonstrated to date will need to continue.

Our work has not identified any significant weaknesses in arrangements to secure financial stability however we have suggested an improvement recommendation regarding the Medium-Term Financial Strategy and saving plans.

Governance

The Council has appropriate leadership and management structures in place and its risk and control systems are appropriate. Our work has not identified any significant weaknesses in arrangements.

Improving economy, efficiency and effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

Our work has not identified any significant weaknesses in arrangements.

© 2023 Grant Thornton UK LLP. Confidential and information only.

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

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement. Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

Financial sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

Our commentary on the Council's arrangements in each of these three areas, is set out overleaf.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Opinion on the financial statements

Audit opinion on the financial statements

We gave an unqualified opinion on the Council's financial statements on 3 March 2023. The delay in sign off related to delays in the receipt of information relating to the pension liability from the County auditors rather than any issues at the Council.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council's Audit and Scrutiny Committee in November 2022.

Whole of Government Accounts

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

Preparation of the accounts

The Council provided draft accounts in advance of the national deadline and provided a good set of working papers to support it.

Grant Thornton provides an independent opinion on whether the accounts are:

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

© 2023 Grant Thornton UK LLP. Confidential and information only.

Use of auditor's powers

Opinion on the financial statements Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Council's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local Council accounting in the United Kingdom 2021-22	We have completed our audit of your financial statements and issued an unqualified audit opinion on 3 March 2023. Our findings are set out in further detail on page 6.
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly	We did not issue any statutory recommendations
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We did not issue a public interest report
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not apply to the court
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the Council or an officer of the Council: • is about to make or has made a decision which involves or would involve the Council incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	We did not issue an advisory notice
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an Council, or of a failure by an Council to act, which it is reasonable to believe would have an effect on the accounts of that body.	We did not apply for judicial review

© 2023 Grant Thornton UK LLP. Confidential and information only.

Financial sustainability

We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- identifies all the significant financial pressures that ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial Planning and Managing Pressures

2021/22 and 2022/23 have presented significant challenges to Council finance teams in terms of financial planning. During 2021/22 the Council continued to experience the financial impact of Covid-19, with the loss of income and pressure on services. Whilst the impact of Covid-19 reduced in 2022/23 the Council faced new pressures arising from inflation that wouldn't have been factored into budgets or financial planning.

The Council delivered an overspend of £1.68m on service budgets in 2021/22. After transfers from the General Fund Working balance reserve of £530k and a contribution of £1.15m for Covid related pressures from the government the Council was able to balance its financial position. The main reasons for the deficit were a reduction in car parking income (£1.2m), loss of income from sports and leisure facilities due to Covid (£440k) and reduction in income from commercial property (£430k).

In regard to 2022/23, third quarter performance forecasts the General Fund will underspend £300k. This has been achieved by an increase in income from licensing and treasury management though partially offset by reduced income from car parks and Planning.

Assumptions underpinning revenue budgets for 2022/23 and over the medium term, which agreed in February 2022, had to be revised following the significant economic challenges and cost increases affecting the global economy. In particular employment costs for direct employees and those of providers, premises costs (energy inflation), transport costs (fuel inflation) and of the general impact of inflation on the purchase of goods and services, including suppliers passing on additional costs or renegotiating contract prices. Some of the most significant levels of inflation are being experienced in the construction and this impacts on Capital programmes.

The Council has positioned itself to manage the pressures moving forward by controlling in year expenditure in 2022/23 and identifying approaches to dealing with future funding challenges. Overall, inflation and other factors have also led to significant increases in the Council's projected MTFP funding gaps (cumulative £4.3m funding gap in the period 2024/25 to 2026/27, as reported to Full Council in February 2023).

The Council has recently submitted its 2023/24 budget proposal and revised its MTFS in the light of the Local government funding settlement in December 2022. We note the Council is proposing a balanced budget with £1.25m savings identified to for 2023/24. The Council has been able to balance its 2023/24 budget mainly through £1.25m savings/additional income and £2.4m drawdown from reserves'

Summary Forecast	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000
Cost of Service b/f (before interest and planned use of reserves)	10,517	11,394	11,342	11,746
Pay & Prices Increases	1,260	657	670	683
Contingency for Service Changes and Pressures	1,280	-184	267	77
Increases in Fees & Charges	-417	-442	-469	-238
Star Chamber Savings / Additional Income	-1,246	-83	-65	-27
Net Cost of Services (excluding interest and planned use of reserves)	**11,394**	**11,342**	**11,746**	**12,241**
Interest on Balances	-720	-830	-880	-830
Contributions to / (from) reserves	-2,383	-266	-150	-100
Forecast Net Cost of Services	**8,290**	**10,246**	**10,716**	**11,311**
Business Rates Forecast	1,653	1,692	1,243	1,268
Revenue Support/Other Grants	333	333	0	0
Council Tax Income Forecast	7,361	7,620	7,811	8,007
Council Tax Surplus / (Deficit)	27	0	0	0
Business Rates Surplus / (Deficit)	-1,085	0	0	0
Collection Fund Income	**8,290**	**9,645**	**9,054**	**9,275**
Funding Shortfall	*0*	*601*	*1,662*	*2,037*

© 2023 Grant Thornton UK LLP. Confidential and information only.

Financial sustainability

Savings plans and reserves

The Council has not historically needed had to resort to delivering significant savings programmes over the past few years although in the last three years efficiencies of £1.24m have been delivered. Any savings required have been managed via service Heads who have played their part in ensuring that any funding shortfalls can be mitigated by financial savings identified ahead of the budget year in question. The shortfall over the MTFS period is £4.6m which is a significant challenge for a Council with a net budget of £8.2m. The savings required for 2023/24 have largely been identified but those required subsequently need to be developed.

The likelihood is that with increased income generation available that the Council will have to draw down on reserves. CIPFA has regularly commented that councils should be particularly wary about using reserves to deal with shortfalls in current funding. The Council is fortunate that it is has strong reserve position. The reserve position as per the last audited set of accounts were as follows:

	Balance 31 March 2021 £000	Balance 31 March 2022 £000	
Capital Receipt Reserves	4,050	3,821	Receipts from the sale of assets earmarked for capital programme commitments and invested under the Treasury Management policy.
Community Infrastructure Levy	8,419	9,320	Receipts available for funding of infrastructure improvements
Earmarked Strategic Reserves	25,152	23,255	Provisions for future expenditure or against identified liabilities
Working Balance	3,383	2,853	General Fund Working Balance

The Council has consistently kept to its MTFS target of holding a GF working balance of £2.5m per year up to March 2024 and £1m in the corporate projects reserve.

Managing financial risks

The Council manages risk through its Corporate Risk Strategy and the Audit and Scrutiny Committee provides oversight of the process. The Corporate risk register was reviewed in the year of audit (November 2021) with a report taken to the November 2021 committee. This included the main financial risks to the Council at the time. Additionally the performance and risk report is presented quarterly to the committee.

Capital investment

In 2021/22 the Council, similar to other bodies, underspent on its original planned capital budget of £4.3m, eventually delivering a plan of £1.7m in year. Clearly the difficult economic conditions were not helpful.

The 2022/23 capital programme was agreed in February 2022 and given the underspend on 2021/22, in July 2022 budgets totalling £2.56m were carried forward into 2022/23. Quarter 3 capital expenditure monitoring in 2022/23 projected expenditure for the full year of £2.899m which is £1.13m less than the £4.03m budget.

Borrowing Position

The Council does have long term borrowing of £64m which relates to funding of its commercial properties and whilst its pays £1.6m of interest on this per annum the Council also has significant investments that generate approx £2m per annum. The current position is therefore sustainable and the investments have held up despite the uncertainty arising during Covid-19.

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. The Council remains financially resilient given its historical position but the challenges in the next few years are significant. Management are clearly aware of the risks to its financial position and reporting and monitoring is detailed and clear. The Council has strong levels of reserves but these will be reduced over the life of the current MTFS. Saving plans up to 2023/24 are largely identified but after that there is a clear funding gap. The Council therefore needs to shortly begin developing clear plans for how it intends to identify new saving plans to ensure reserves are not further depleted.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Improvement recommendations

Financial sustainability- Recommendation 1

Auditor judgement	The Council has a track record of delivering its financial position and has a strong reserve position to fall back on. The MTFS however identifies a shortfall and saving plans are only fully developed up to 2023/24. Existing plans will require the utilisation of reserves to deliver a balanced revenue budget.
Summary Recommendation	The Council needs to set a timeline for how it will develop longer term saving plans that will ensure reserves are not further depleted. Current levels of reserves are well within the advised targets suggested by CIPFA but the reduction over the MTFS reduces the amount of headroom available to the Council.
Management response	Management recognises the need to identify additional income and savings to mitigate the Council's projected budget gap from 2024/25. A report will be prepared for Strategy & Resources Committee in July 2023 to propose a framework and timeline for addressing the budget gap, for members to consider.

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

© 2023 Grant Thornton UK LLP. Confidential and information only.

Governance

We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Risk management

A long term vacancy and the disruption of routine review due to Covid-19 meant that Internal Audit provided limited assurance on their review of risk management in 2021/22. However we note there were no high priority recommendations made and that towards the end of the year actions were implemented to improve arrangement e.g. the risk management strategy was updated in March 2022 and regular review of the Risk Register has once again commenced. Risk are now routinely reviewed by the Leadership team, Heads of Services, Boards, the Strategy & Resource Committees, the Audit & Scrutiny Committee, the Policy Committee, chairs & members and Internal Audit.

The format of the risk register includes risk consequences, a risk score which uses a 4x4 likelihood by impact matrix, risk owner, controls/mitigations, risk score post controls/mitigations, direction of travel and further actions. A governance recommendation outlined in the 2020/21 Annual Audit Report was to include a target score and further actions that can be undertaken to further control the risk. The Council have now incorporated both these elements into their Risk Register, resulting in further transparency on the status of risks. To improve the Risk Register even further, the Council should consider including sources of assurance to better guide control over risks and mitigating actions. For example, an assurance measure for a financial risk could be a dedicated reserve that could be used to bridge any service budget gaps.

Budget Setting

As reported in prior years, the Council has effective budget setting arrangements in place. Budgets are discussed with budget managers, heads of services, the Leadership team and other relevant stakeholders before Committee approval. The Council also have demonstrated consistently strong financial planning. Due to the Covid-19 pandemic and central government schemes being reduced, the Council finished with an overspend of £530k in 2021-22. Nonetheless, the Council's identified mitigations, savings and financial reserves to combat further overspend are sufficient contingencies for the short-term.

Budgetary Control

The Council has appropriate processes in place to ensure there is robust scrutiny over the budget. Quarterly budget monitoring reports are shared with the Audit & Scrutiny Committee where reasons for budget variances are clearly presented, as well as mitigations for increased expenditure to prevent further overspend. For example, in the Q3 budget monitoring report there was a variance of £1.4m Environment and Safe Communities, largely due to difficulty recruiting staff post Covid-19. Suggested mitigations included review of increased expenditure and developing a financial recovery plan among others.

However budget monitoring reports are not shared with Policy Committees. As a minimum, the Strategy and Resources Committee who , as per their terms of reference, have responsibility to "make recommendations to the Council on budget and policy matters" should receive such reports. The Committee does review the budget and see the year end outturn but is not sighted on any in year performance.

Legislative and Regulatory Standards

The Council has clear mechanisms in place to meet necessary standards including cultural, legislative and regulatory. In reference to cultural standards, the Council's Code of Conduct sets out the behaviours expected of staff members, including openness, transparency, personal ownership and engagement, which are aligned to the public sector Nolan principles. In reference to legislative and regulatory, the Constitution outlines the framework for monitoring compliance with legislation, and the Council has a Monitoring Officer who is responsible for upholding and reporting on the compliance the Council's activities.

The Constitution also contains clear policy for staff around gifts and hospitality and guidance on what does and does not need to be disclosed or registered. Staff are responsible for their own declarations and are free to seek guidance from the Monitoring Officer. Council declarations are publicly available via the council website.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Governance

Furthermore, the Council have a clear strategy against fraud and corruption. It emphasises training around fraud, new systems for fraud detection and prevention measures, which involves making better use of information and technology, improving fraud controls and processes and prioritising fraud recovery.

In addition, the decision making process in place at the Council allows for stakeholders to be properly informed and allows for challenge and transparency. As per the Constitution, committees are given the space to be properly informed before making decisions through professional advice from qualified consultants and public engagement as needed. The Audit & Scrutiny Committee hold the power to scrutinise any decision made by committees and hold decision-makers into account. Finally, the report template for Committee decisions requires consideration of all stakeholders which allows for informed decision-making.

Internal Audit

The 2021-22 Internal Audit Report & Opinion highlighted six service areas with Limited Assurance. By March 2023, none of those areas still had Limited Assurance. Underlying themes which caused significant weakness in those service areas was a lack of leadership, oversight and reporting. Of those six service areas, only the HR Performance Management and Health & Safety service areas had outstanding actions.

For HR Performance Management, the outstanding action is to conduct a survey of new starters post April 2022 to understand how they are settling in and whether they have clear goals/objectives and a Personal Development Plan set out. For Health & Safety, the outstanding action is to complete an initial visit with each relevant location and / or team. We recommend that the Council prioritise the completion of these actions to ensure improvement of the overall services. Despite these outstanding actions, our view is that the Council have demonstrated their ability to promptly address limitations and weaknesses within their services.

As referenced earlier in this section, the Council has improved its risk management arrangements. In 2021/22, risk management function suffered due to a vacant Business Assurance Manager post for 18 months consequent to the pandemic, causing a lack of risk review and oversight. The Council improved processes quickly through an updated risk management strategy and more robust Risk Register template that now includes target scores and further mitigating actions. Subsequently, it is evident that the Council sharpened their Risk Management Strategy and incorporated audit recommendations.

Overall, the Head of Internal Audit Opinion (HIAO) gave the Council a 'Reasonable' score in their review of governance functions. However, since then, the Council have demonstrated improvements across areas that previously had been scored with Limited Assurance by the HIAO. Therefore, we believe that the Council have demonstrated substantial governance throughout 2021/22.

Conclusion

We found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have identified two opportunities for improvement, set out on pages 12-13.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Improvement recommendations

Governance – Recommendation 2

Auditor judgement	The Council's current Risk Register template mostly covers the key areas seen within the sector and help support the Council's risk management process. The Council may benefit further from including the source of assurance for mitigation actions for example, is the assurance external or internal, based on recent information or data.
Summary Recommendation	The inclusion of the sources of assurance will allow the Council to produce more accurate risk scores to mitigate individual risks.
Management response	The source of assurance (internal/external) will be disclosed for all corporate risk mitigating actions. To be implemented by 30 Sep 2023 (Q2 reporting period), which follows the annual review of the risk management strategy.

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

© 2023 Grant Thornton UK LLP. Confidential and information only.

Improvement recommendations

Governance - Recommendation 3

Auditor judgement	Budget monitoring reporting is not shared with all Policy Committees. This may be appropriate for most of these Committees but Strategy & Resources Committee as per its terms of reference, has responsibility to "make recommendations to the Council on budget and policy matters" should receive such reports. The Committee does review the budget and see the year end outturn but is not sighted on any in year performance.
Summary Recommendation	Share quarterly budget monitoring reports with the Strategy & Resources Committee would support that committee in discharging its responsibilities around finances.
Management response	Management agrees that members should be aware of budget monitoring reports, which are already taken to Audit & Scrutiny Committee. To avoid duplication and the potential scenario of two different committees reaching conflicting decisions on the same report, it is proposed that budget monitoring reports will continue to be taken to Audit and Scrutiny formally, but also shared via Members News to ensure all committee members including Strategy & Resources are kept informed.

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

© 2023 Grant Thornton UK LLP. Confidential and information only.

Improving economy, efficiency and effectiveness

We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

Financial & Performance Information

The Council agreed a Four Year Plan for the period 2020 to 2024 in February 2020. The six themes are:

1. Green & Vibrant - A better place to live where people enjoy their surroundings

2. Safe & Well - A place where people feel safe, secure, and lead healthy, fulfilling lives.

3. Opportunity & Prosperity - A successful place with a strong, dynamic local economy where people can thrive

4. Smart & Connected - Alive and connected socially, economically, geographically, and digitally.

5. Cultural & Creative - A centre for cultural and creative excellence and inspiration.

6. Effective Council–Engaging, responsive and resilient Council.

An amended Annual Plan for 2021-22 was agreed on 30 September 2021 replacing the previous KPT's and KPI's. A total of 26 objectives were agreed and supported by a number of KPI's. 'The Council provides regular updates of how the Council is performing against these Annual Plan targets. This takes the form of both an annual review of performance (see evidence column for annual review and appendices) and an interim update during the year. The financial plans of the Council are aligned to the annual Plan and the plan drives the budget each year. A new performance management framework has been developed in 2022-23 and was shared with the most recent Audit and Scrutiny committee in February 2023.

Service evaluation

The budget process involves a rigorous assessment of services and heads of service are involved in that process and asked to review their services annually and determine how they can support the council's financial savings objectives while at the same time maintaining service performance. This took place as part of the Strategic Financial Planning round in July 2022 and will be reprised in July 2023 post local elections.

Partnership Working

The council works with a number of key partners. The most significant ones are:

- Epsom & Ewell Property Investment Company Ltd (EEPIC), the Council's wholly owned subsidiary, holds two commercial properties outside the Borough. The properties were acquired in 2017 to generate additional income for the Council, before the introduction of new statutory guidance in 2018, which restricted the ability to acquire further properties outside the Borough using borrowing
- Greenwich Leisure Ltd (GLL) the council's leisure services provider

The Council also works closely with a number of partners: Epsom Walton Downs Conservators, Nonsuch Park Joint Management Committee, Community Safety Partnership, Joint Action Groups, Surrey County Council, Other district councils, NHS, Surrey Police, Voluntary Sector.

Procurement, Commissioning and Contract Management

The Council has a procurement strategy (updated in March 2022) and operates a very small procurement team (2 staff) and they work as champions of procurement, supporting Heads of service as appropriate. Given the capacity limitations the team have to prioritise the procurements they get involved with in detail and inevitably these tend to be the larger value, more risky procurements. The Contracts Register is currently managed by the Head of Procurement and is updated formally on the website every 6 months for external scrutiny purposes.

The Council also updated its procurement standing orders at the same time it developed its strategy. There is also a clear procurement pipeline so there is clarity about the procurements expected in the next 12-18 months. Current significant contracts to be reviewed/extended are Greenwich Leisure Ltd (GLL) leisure contracts and the HR & Payroll system.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Improving economy, efficiency and effectiveness

There is a process for tender waivers and a waivers template needs to be completed and signed off by Head of Service and sent to Procurement team to log. They need to be under a threshold. Head of Policy and Corporate Resources then signs off. there is a log of who has signed off, notice for awards over 25k. There have been 3 waivers so far in 2023 year, 15 waivers in 2022, 11 in 2021.

Conclusion on Improving Economy, Efficiency and Effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. We have assessed the arrangements concerning the 3e's and raised no indications of potential significant weaknesses.

© 2023 Grant Thornton UK LLP. Confidential and information only.

Follow-up of Prior year Improvement recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Implemented?	Further action?
1	Replace or refresh the 2020-24 MTFS	Improvement	July 2022	Now updated	Yes	N/a
2	Update Investment Strategy to reflect property investment risks in a hybrid working setting	Improvement	July 2022	The Council's February 2022 Capital Strategy Statement provides a framework for asset planning	Yes	N/a
3	Include target scores and SMART further actions in Risk Register	Improvement	July 2022	The Council have implemented this recommendation	Yes	N/a
4	Include performance trajectory and information on KPI accuracy in performance reporting	Improvement	July 2022	The Council have implemented RAG ratings on key objectives	Yes	N/a
5	Develop SMART objectives and develop a framework for delivery of Performance Management objectives	Improvement	July 2022	Key objectives are SMART. The Corporate Performance Reporting Guide includes a performance flowchart which outlines the process for developing, sharing and updating objectives.	Yes	N/a

© 2023 Grant Thornton UK LLP. Confidential and information only.

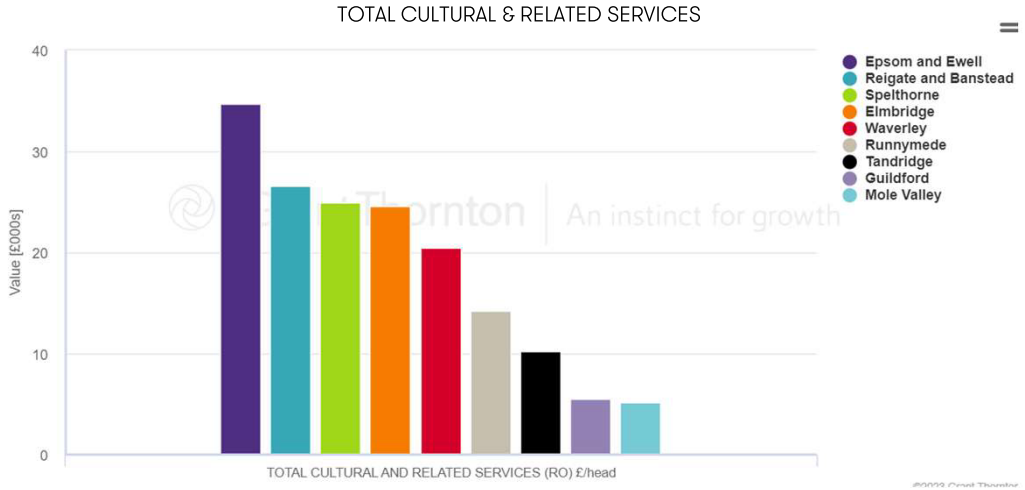
Appendices

Appendix A - Assessing Value for Money in the Services

As part of our review we used the Grant Thornton data analytics platform CFO Insights to benchmark Epsom & Ewell Council's net expenditure on services against other local authorities in Surrey. These boroughs include:

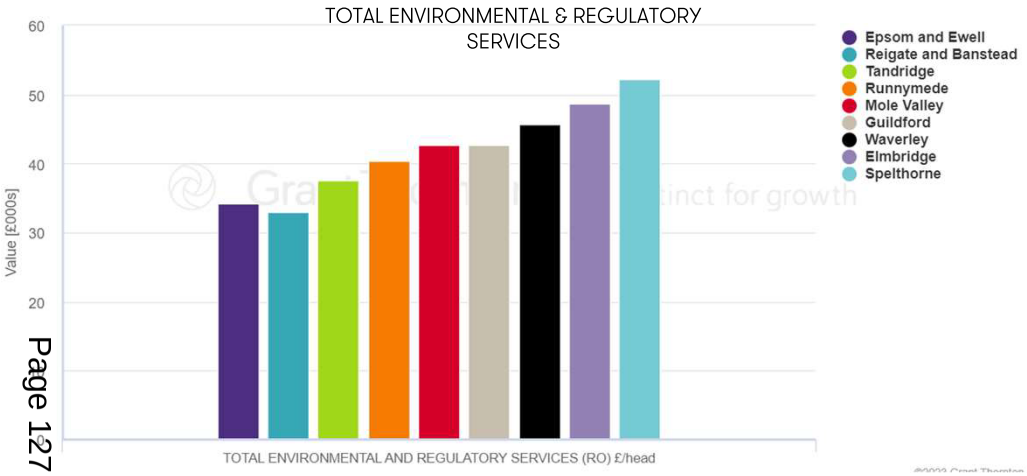
- Reigate and Banstead
- Spelthorne
- Elmbridge
- Waverley
- Runnymede
- Tandridge
- Guildford
- Mole Valley

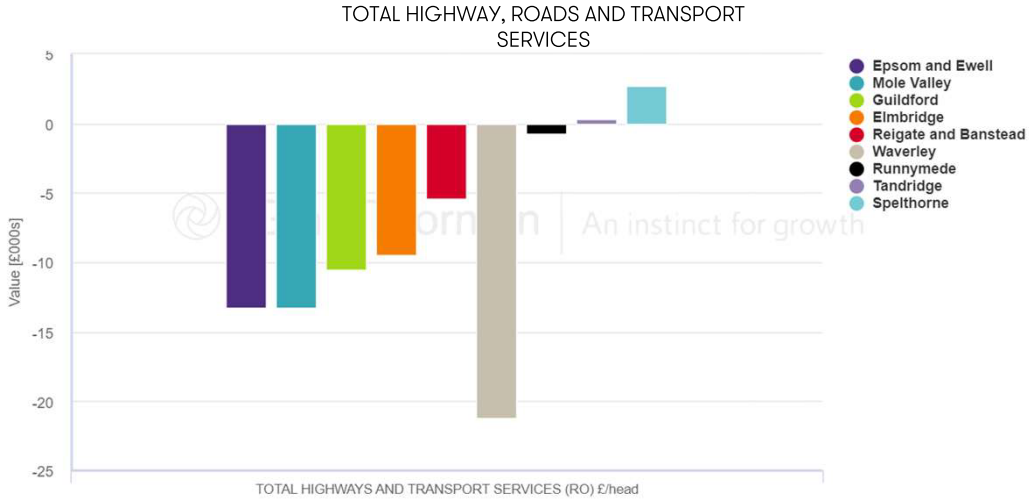
CFO Insights uses the most recently available public data (2022-23 RO Return). As displayed in the graphs on the right and overleaf, the results show that Epsom and Ewell have a relatively high total spend for Cultural & Related and Housing services compared to other Surrey boroughs, but have a relatively average spend and/or net income across all other services.

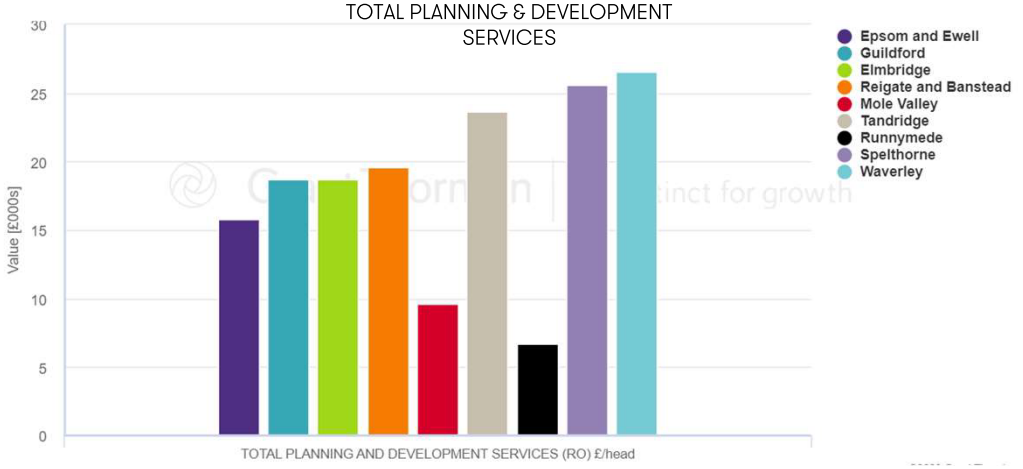


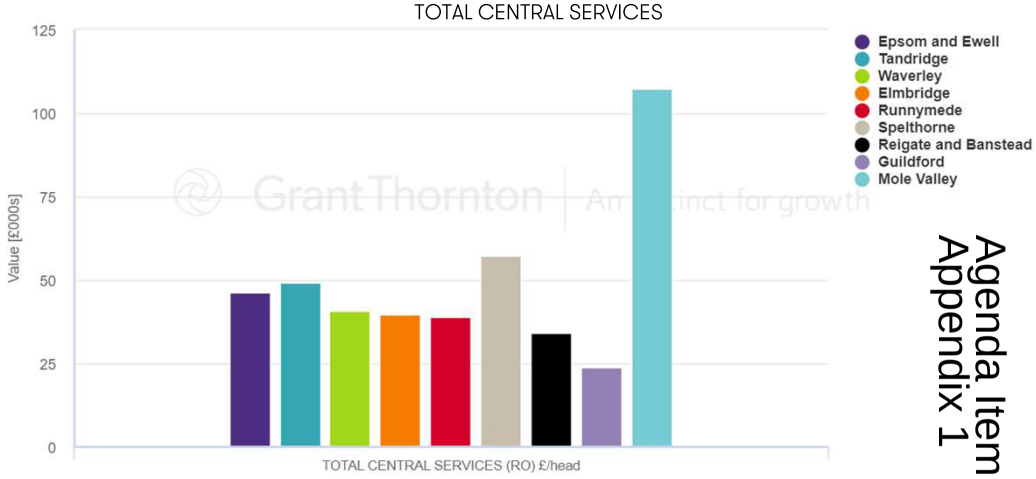
© 2023 Grant Thornton UK LLP. Confidential and information only.

Appendix A - Assessing Value for Money in the Services









*Minus figures represent income

© 2023 Grant Thornton UK LLP. Confidential and information only.

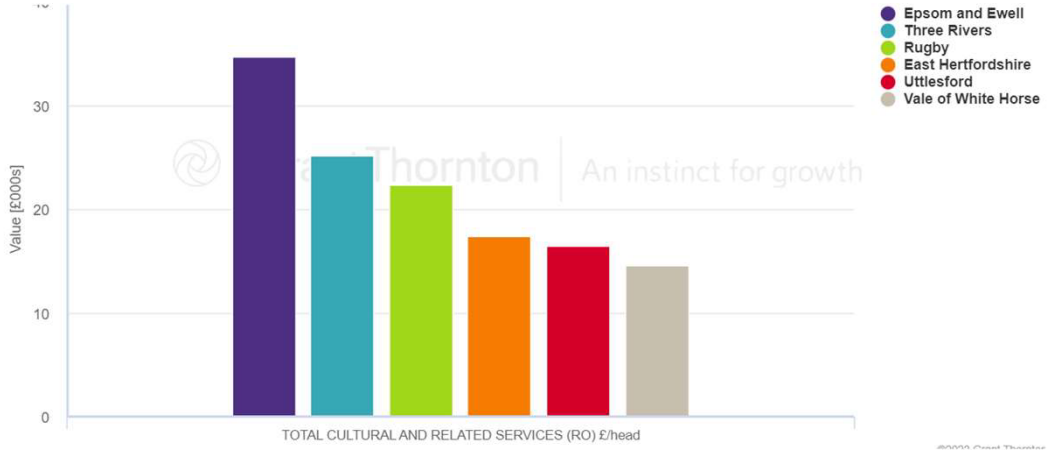
Appendix A - Assessing Value for Money in the Services

We also benchmarked Epsom & Ewell Council's net expenditure on services against 'near neighbour' boroughs, which are boroughs with similar characteristics in regard to their demographics. These boroughs include:

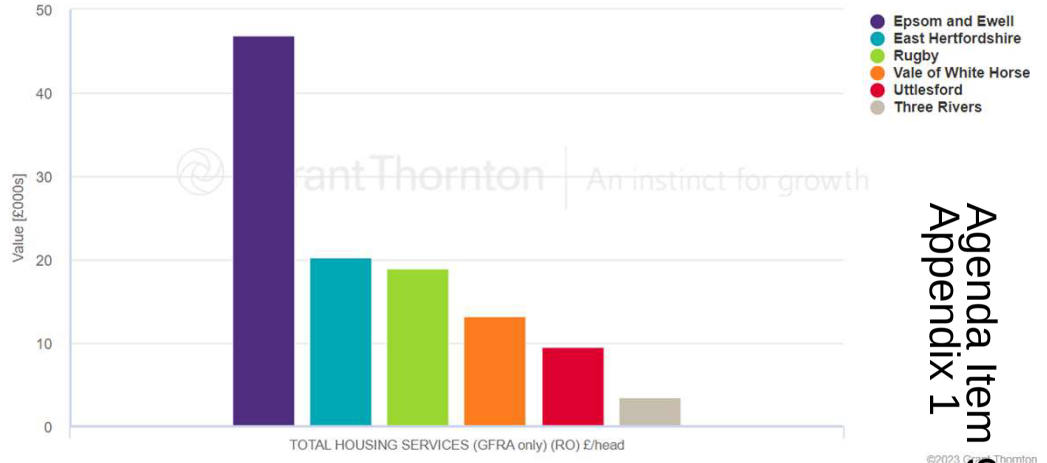
- Three Rivers
- Rugby
- East Hertfordshire
- Uttlesford
- Vale of White Horse

Mirroring comparison to the Surrey boroughs, as displayed in the graphs on the right and overleaf, the results show that Epsom and Ewell have a relatively high total spend across their Cultural & Related and Housing services compared to other near neighbours. Notably, Epsom & Ewell have an overall total net income for their Highways, Roads and Transport services that is significantly higher than near neighbours that have a lower net income or have expenditure.

TOTAL CULTURAL & RELATED SERVICES

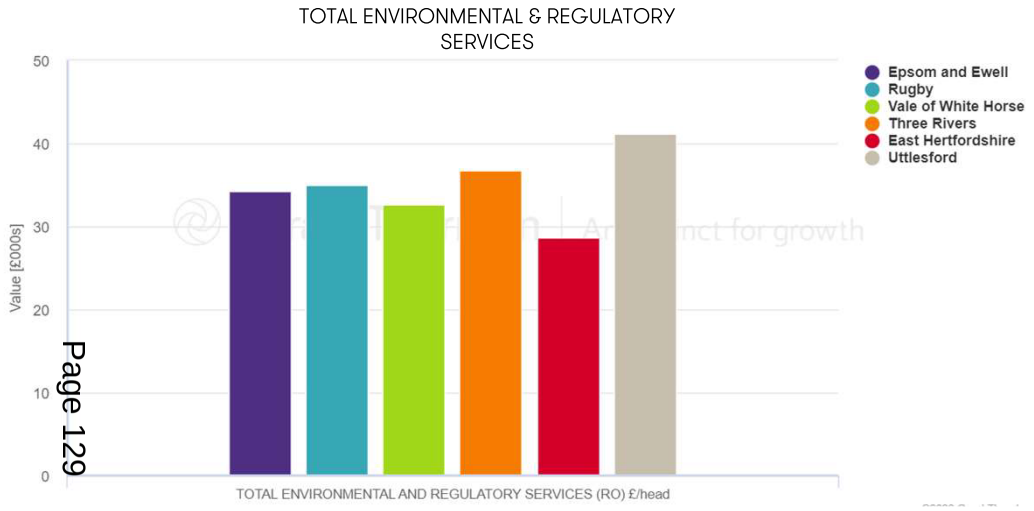


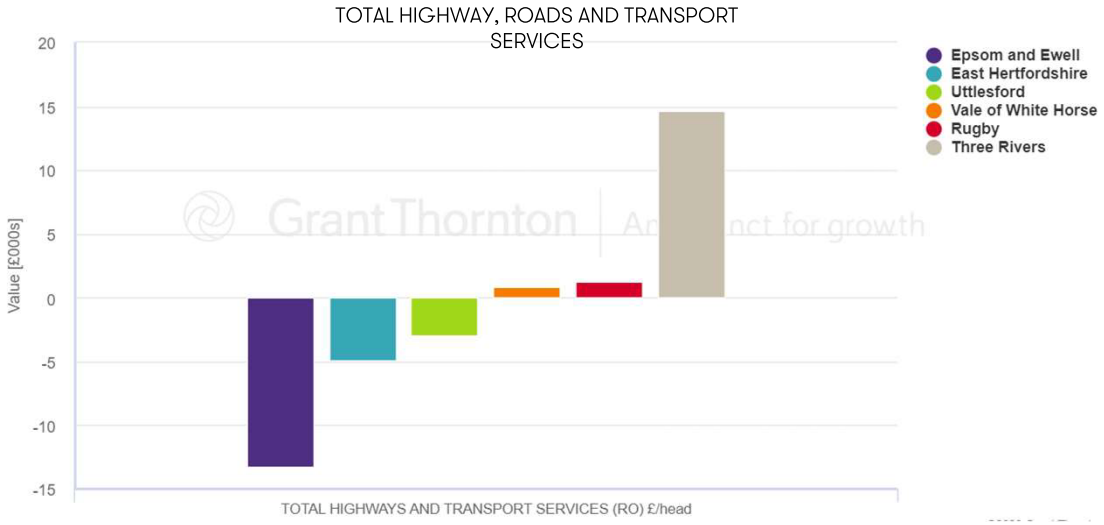
TOTAL HOUSING SERVICES

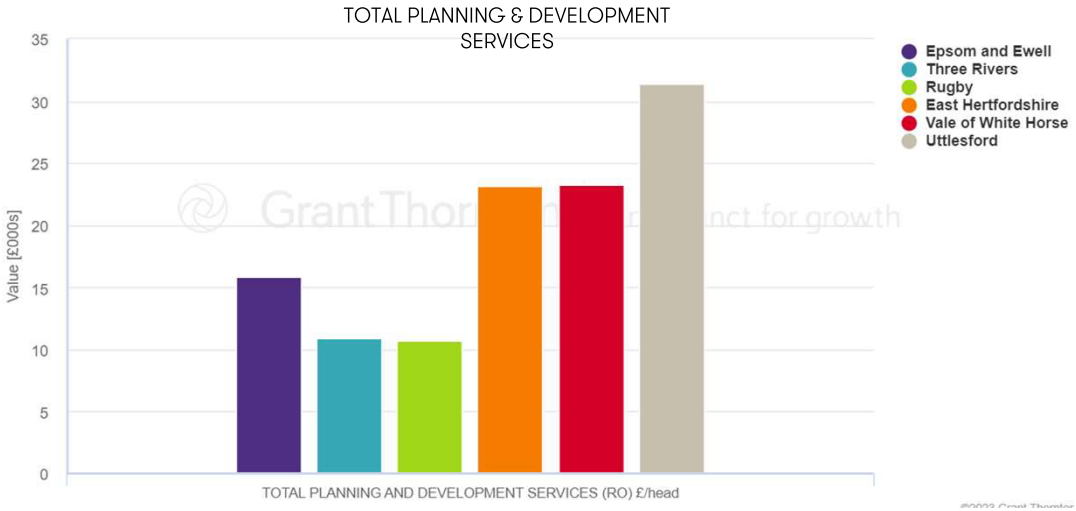


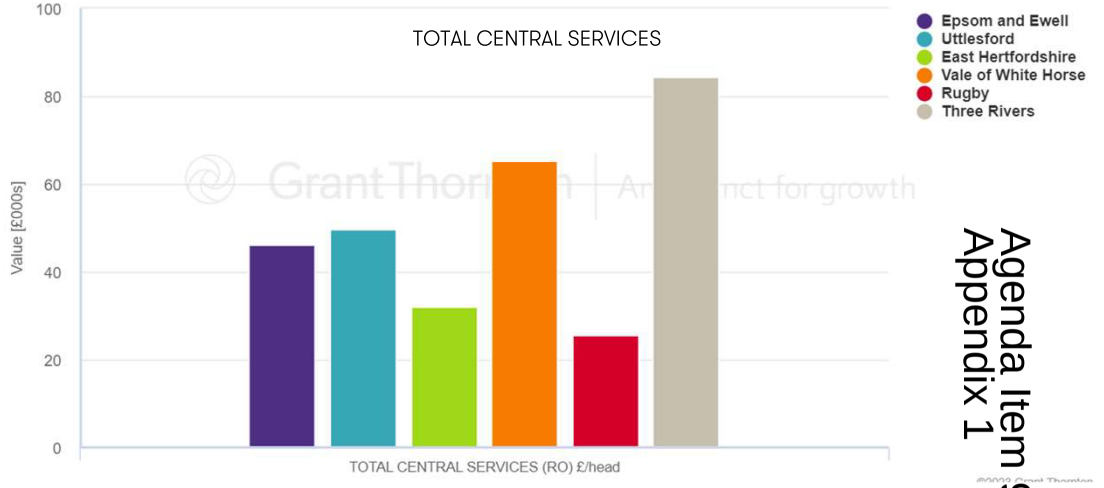
© 2023 Grant Thornton UK LLP. Confidential and information only.

Appendix A - Assessing Value for Money in the Services









© 2023 Grant Thornton UK LLP. Confidential and information only.

Appendix B – Responsibilities of the Council

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

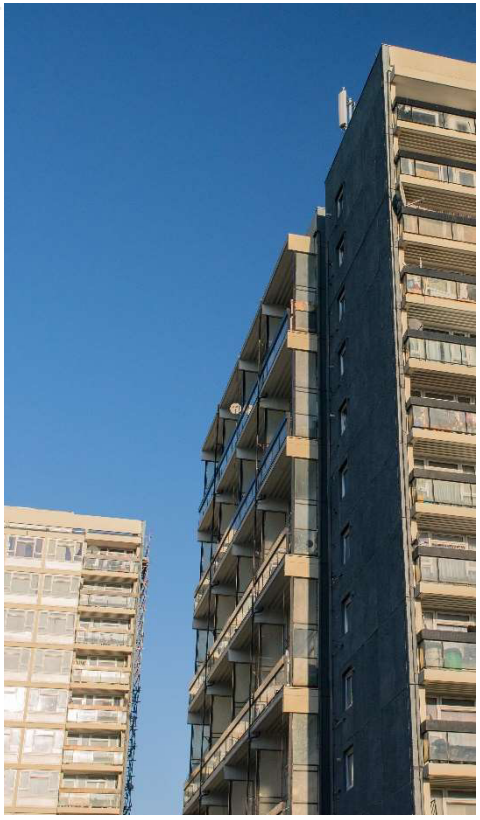
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

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

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

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

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



© 2023 Grant Thornton UK LLP. Confidential and information only.

Appendix C – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Financial sustainability - no significant weaknesses identified	N/A	N/A	N/A
Governance – no significant weaknesses identified	N/A	N/A	N/A
Improving economy, efficiency and effectiveness – no significant weaknesses identified	N/A	N/A	N/A

© 2023 Grant Thornton UK LLP. Confidential and information only.

Appendix D – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Pages 9, 12 and 13

© 2023 Grant Thornton UK LLP. Confidential and information only.

© 2022 Grant Thornton UK LLP. Confidential and information only.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. This proposal is made by Grant Thornton UK LLP and is in all respects subject to the negotiation, agreement and signing of a specific contract/letter of engagement. The client names quoted within this proposal are disclosed on a confidential basis. All information in this proposal is released strictly for the purpose of this process and must not be disclosed to any other parties without express consent from Grant Thornton UK LLP.

Grant Thornton

grantthornton.co.uk

This page is intentionally left blank

Grant Thornton

Councillor Bridger
Chair of Audit and Scrutiny Committee
Epsom and Ewell Borough Council
Town Hall, The Parade,
Epsom,
Surrey,
KT18 5BY

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

T +44 (0)20 7383 5100
F +44 (0)20 7184 4301

26 June 2023

Dear Councillor Bridger

I write to you to provide the Audit and Scrutiny Committee with an update on the timetable for the delivery of the 2022/23 financial statements audit.

The Local audit market has been struggling for a number of years. We have explored these items in detail in the attached publication which was issued earlier in the year About time? (grantthornton.co.uk). The reality is that shortfalls in UK trained public sector auditors, weaknesses in other local authorities accounting and capacity, increased complexity of accounts under IFRS and a substantial increase in regulatory scrutiny by the Financial Reporting Council and the Quality Assurance Directorate of the ICAEW have all combined to get the position where only 12% of audits were signed by the 30 November 2022 deadline. Since the issuing of the statutory override which dealt with the Infrastructure Assets, a swathe of audits have been signed and Grant Thornton has signed close to 50% of its 2021/22 audits. It should be noted Grant Thornton is substantially ahead of other firms in terms of audit sign off based on publically available data from the Public Sector Audit Appointments Limited (PSAA) published in March 2023. Additionally, I believe this figure would have been higher were it not for the issue that emerged nationally concerning the impact of the 31 March 2022 Local Government Pension Scheme (LGPS) triennial valuation on the reporting of defined benefit pension assets and liabilities within 2021/22 financial statements.

At the end 2022 there were over 600 audits outstanding in local government. Whilst audit resources (in the context were the audit requirements of us have probably doubled in five years) are an issue, the longstanding issues at councils such as Warrington, Nottingham, Sandwell , Croydon, Slough, Liverpool etc with the multiplicity of statutory action are a considerable drain on our audit resources. The input into one of these bodies is over 8 x the original budget and due to Government commissioners and other interventions we are required to prioritise this work. Our aim is however to clear the majority of the backlog by March 2024, whilst recognising that some audits remain difficult due to complex technical or legal issues and finance team capacity.

The backlog of audits has been significantly compounded by the triennial valuation issue referenced above and means we will not be in a position to start the Epsom and Ewell Borough Council until October 2023. The delayed start is a consequence of us needing to undertake further work relating to the triennial valuation issue.

The Department for Levelling Up, Housing and Communities has launched an inquiry into financial reporting and local audit to determine how the backlog of audits can be resolved but at present no announcement has been made. We will ensure the Audit and Scrutiny Committee are kept updated when further updates are provided.

This is a very challenging time for all concerned but Grant Thornton is determined to reduce the backlog and put the local audit system back on a sustainable footing. We have always had excellent engagement from the

Chartered Accountants. Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

Council's finance team in supporting the delivery of the financial statements audit and will ensure this positive relationship continues in 2022/23 and beyond.

Yours sincerely

Paul Cuttle

Paul Cuttle, Key Audit Partner

For Grant Thornton UK LLP, Local Auditor

SIAP INTERNAL AUDIT PROGRESS REPORT - JULY 2023

Head of Service:	Andrew Bircher, Acting Director of Corporate Services
Wards affected:	All Wards
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	**Appendix 1** – Internal Audit Progress Report 2022-2023 **Appendix 2** – Internal Audit Progress Report 2022-2023 (restricted by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local government Act of 1972)

Summary

This report summarises progress against the Internal Audit Plan 2022-2023.

Recommendation (s)

The Committee is asked to:

(1) Note the internal audit progress report 2022-2023 from Southern Internal Audit Partnership (SIAP) 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 annual 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.

2.2 The Internal Audit Plan and Charter was endorsed by the Committee on 7 April 2022.

3 Internal Audit Plan 2022- 2023

3.1 The report attached as Appendix 1 outlines the progress made against the Internal Audit Plan 2022-2023 and analysis of live audit reports and outstanding management actions.

3.2 Please note, the commentary for one audit has been assigned an exempt status. It will be made available to Members under Part 2 (Appendix 2).

4 Outstanding Management Actions

4.1 Page 6 of Appendix 1 contains details of outstanding management actions from previous audits. In total there are 27 overdue actions:

Outstanding actions	This report	Previous report
High	**5**	**4**
Medium	**19**	**18**
Low	**3**	**3**
Total	**27**	**25**

Further verbal updates can be provided by officers during the meeting.

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 None for the purposes of this report.

5.2 Crime & Disorder

5.2.1 None for the purposes of this report.

5.3 Safeguarding

5.3.1 None for the purposes of this report.

5.4 Dependencies

5.4.1 The Annual Internal Audit Report and Opinion for 2022-23 had been produced by the Head of Internal Audit (SIAP) and it is on the agenda for this committee meeting. This report is a critical document to inform the Annual Governance Statement for 2022-2023, which is included in the Statement of Accounts.

5.5 Other

5.5.1 None for the purposes of this report.

6 Financial Implications

6.1 There are no financial implications in this report.

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

7 Legal Implications

7.1 There are no legal implications arising from this report.

7.2 **Legal Officer's comments**:

The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to 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.

In addition, the council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement (Regulation 6 (1) of the Accounts and Audit Regulations 2015). SIAP are the appointed council's internal auditors. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

8 Policies, Plans & Partnerships

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

8.1.1 Effective Council: Engaging, responsive and resilient Council.

8.2 **Service Plans**:

8.2.1 The matter is not included within the current Service Delivery Plan.

8.3 **Climate & Environmental Impact of recommendations**:

8.3.1 No relevance for the purpose of this report.

8.4 **Sustainability Policy & Community Safety Implications**:

8.4.1 No relevance for the purpose of this report.

8.5 **Partnerships**:

8.5.1 The council's arrangements with partners, such as shared services, are considered within the remit of Internal Audit.

9 Background papers

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

Previous reports:

- *Internal Audit Progress Report 2022-2023*, Audit and Scrutiny Committee, 6 April 2023. Online available: https://democracy.epsom-ewell.gov.uk/documents/s26994/SIAP%20Internal%20Audit%20Progress%20Report%20-%20April%202023.pdf [Last accessed: 18/05/2023]

- *Internal Audit Plan 2022-2023 and Internal Audit Charter 2022-2023*, Audit and Scrutiny Committee, 7 April 2022. Online available: https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1109 [Last accessed 18/05/2023]

Southern Internal Audit Partnership

Assurance through excellence and innovation

EPSOM & EWELL BOROUGH COUNCIL
INTERNAL AUDIT PROGRESS REPORT 2022-23

Prepared by: **Natalie Jerams, Deputy Head of Partnership**

May 2023

Agenda Item 10
Appendix 1

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7-8
6.	Planning and resourcing	8
7.	Rolling work programme	9-10
8.	Adjustments to the Plan	11
	Annex 1 – Overdue 'high priority' management actions	12-15
	Annex 2 – Overdue 'low and medium priority' management actions	16

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

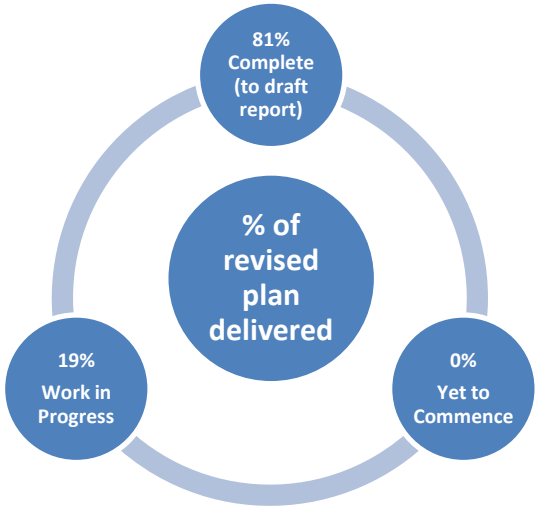
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

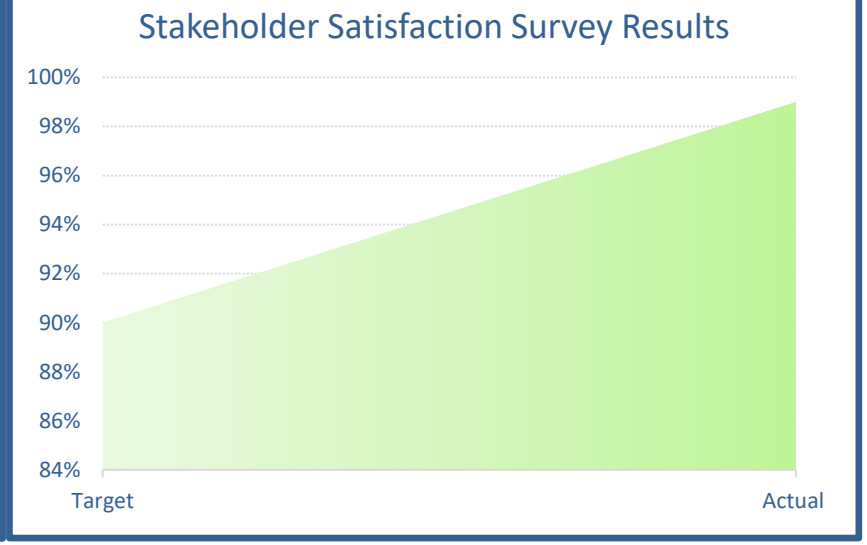
- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

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.

3. Performance dashboard





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.*'

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
Accounts Payable	18/05/2021	CFO	Reasonable	6(0)	0(0)	5(0)	1		
HR & OD Performance Management	20/05/2022	HofHR&OD	Limited	11(7)	0(0)	8(6)		2	1
Data Management	30/05/2022	HofIT	Limited	7(5)	0(0)	6(5)		1	
Health and Safety	30/05/2022	HofP&CR	Limited	11(2)	0(0)	7(1)		3	1
Information Security	30/05/2022	HofIT	Reasonable	5(1)	0(0)	3(1)	1	1	
Information Governance	30/05/2022	HofP&CR	Limited	10(3)	1(0)	7(3)		2	
Environmental Health	06/06/2022	HofH&C	Reasonable	4(1)	0(0)	1(0)	1	1	1
Community, Health and Wellbeing	22/06/2022	HofH&C	Limited	4(0)	0(0)	0(0)		4	
Local Plan	29/06/2022	HofPD	Reasonable	4(2)	0(0)	3(2)		1	
Operational Services	01/11/2022	HofOS	Reasonable	4(3)	0(0)	2(1)			2
Contract Management	16/11/2022	HofP&CR	Reasonable	3(0)	0(0)	2(0)		1	
Affordable Housing Delivery	03/01/2023	HofH&C	Limited	14(7)	2(1)	12(6)			
Investments	28/02/2023	HofP&R	Reasonable	2(0)	2(0)	0(0)			
Council Tax	02/02/2023	HofF	Reasonable	1(0)	1(0)	0(0)			
NNDR	10/03/2023	HofF	Substantial	1(0)	1(0)	0(0)			
Development Management - CIL	22/03/2023	HofPD	Limited	11(3)	5(0)	3(3)		3	
Ethical Governance	11/05/2023	HofP&CR	Reasonable	11(2)	10(2)	1(0)			
Emergency Planning	02/06/2023	HofP&CR	Reasonable	3(0)	3(0)	0(0)			
Network Management	05/06/2023	HofIT	Limited	10(3)	10(3)	0(0)			
Procurement	15/06/2023	ADofCS	Reasonable	4(0)	4(0)	0(0)			
Savings Realisation Governance	22/06/2023	HofF	Reasonable	2(0)	2(0)	0(0)			
Total				**128(39)**	**41(6)**	**60(28)**	**3**	**19**	**5**

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

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

There have been two new reports published concluding a "limited" assurance opinion since the last progress report.

Development Management - CIL

Audit Sponsor	Assurance opinion	Management Actions
Head of Place Development	Limited	Low 0 / Medium 8 / High 3

Summary of key observations:

This review sought assurance that CIL contributions were identified, collected and accounted for in line with CIL Regulations, and were allocated to appropriate projects in line with identified Council infrastructure needs. Positively, CIL guidance and process were well communicated and in accordance with the Regulations, however, sample testing of planning applications liable for CIL highlighted some inconsistencies with retention of documentation and recording of acknowledgement of receipt as required by the Regulations.

The way in which the neighbourhood portion of CIL is allocated does not fulfil the requirements of the CIL Regulations. Additionally, the Council has placed arbitrary restrictions on the amount of CIL that can be allocated in each year and on the value of projects that can be considered for CIL funding, which is also outside of CIL Regulations.

The current arrangements for the approval of expenditure funded by the 80% strategic portion were not in line with the governance structure that was originally approved by the Strategy and Resources Committee in 2015.

Our review of the Infrastructure Funding Statement for 2021/22 confirmed that the report had been published in accordance with the timescales and specifications of the CIL Regulations, however, some anomalies were identified in the figures in the tables published.

For two developments out of our sample tested, we found a discrepancy with the indexation figure added. Additionally demand notices were not being treated consistently or in a timely manner.

The Planning Policy Manager does not receive aged debt reports from Finance to enable them to follow up outstanding CIL debts, nor do they have access to the Finance system. As at January 2023, CIL aged debt (over 30 days old) stood at £303,306.97.

Network Management		
Audit Sponsor	**Assurance opinion**	**Management Actions**
Head of IT	Limited	Low 0 / Medium 7 / High 3

Summary of key observations:

Please see separate report.

6. Planning & Resourcing

The internal audit plan for 2022-23 was presented to the Senior Management Team and the Audit & Scrutiny Committee in April 2022.

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	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2021/22 reviews								
Corporate Cross Cutting								
Operational Services (Refuse/Recycling/Street Cleansing)	HofOS	✓	✓	✓	✓	✓	**Reasonable**	
Housing (Affordable Housing Delivery)	HofH&C	✓	✓	✓	✓	✓	**Limited**	
Local Plan	HofPD	✓	✓	✓	✓	✓	**Reasonable**	
Community Health & Wellbeing	HofH&C	✓	✓	✓	✓	✓	**Limited**	
Follow Up	Various	✓	✓	✓	✓	✓	**n/a**	
2022/23 reviews								
Corporate								
Savings Realisation - Governance	CFO	✓	✓	✓	✓	✓	**Reasonable**	
Governance								
Contract Management	ADofCS	✓	✓	✓	✓	✓	**Reasonable**	
Risk Management	ADofCS	✓	✓	✓	✓	✓	**n/a**	Position statement.
Procurement	ADofCS	✓	✓	✓	✓	✓	**Reasonable**	
Emergency Planning	ADofCS	✓	✓	✓	✓	✓	**Reasonable**	
Human Resources & OD - Recruitment	HofHR&OD	✓	✓	✓				Close of audit meeting held. Report pending.
Ethical Governance	ADofCS	✓	✓	✓	✓	✓	**Reasonable**	
Information Technology								
Network Management	HofIT	✓	✓	✓	✓	✓	**Limited**	
IT Business Continuity & Disaster Recovery – Follow Up	HofIT	✓	✓	✓	✓	✓	**n/a**	

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Core Financial Reviews								
NNDR	HofF	✓	✓	✓	✓	✓	**Substantial**	
Council Tax	HofF	✓	✓	✓	✓	✓	**Reasonable**	
Accounts Receivable/Debt Management	CFO	✓	✓	✓				Close of audit meeting held. Report pending.
Main Accounting	CFO	✓	✓	✓				Fieldwork commenced in May 2023 at the request of the client. Review to be incorporated within the 2023/24 Annual Report.
Corporate Priorities								
Development Management – CIL	HofPD	✓	✓	✓	✓	✓	**Limited**	
Investments	HofP&R	✓	✓	✓	✓	✓	**Reasonable**	
EWDC Conservators Account	CFO	✓	✓	✓	✓	✓	**n/a**	

Audit Sponsor

ADofCS	Acting Director of Corporate Services	ADofEHR	Acting Director of Environment, Housing &
HofPD	Head of Place Development	HofOS	Head of Operational Services
HofHR&OD	Head of HR and OD	HofP&R	Head of Property & Regeneration
CFO	Chief Finance Officer	HofF	Head of Finance
HofLS	Head of Legal Services & Monitoring Officer	HofIT	Head of IT
HofH&C	Head of Housing & Community	HofP&CR	Head of Policy & Corporate Resources (vacant)

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the 2022/23 internal audit plan:

Plan Variations	
Added to the plan	**Reason**
Risk Management	Following an internal audit review of risk management during 2021/22 in which a limited assurance opinion was concluded, the Chairman and Vice Chairman of the Audit & Scrutiny Committee were keen for early internal audit oversight of the revised Risk Management Strategy prior to its presentation to the Audit & Scrutiny Committee later in the year. This piece of work has been undertaken as a consultancy engagement rather than a risk-based assurance review.
Removed from the plan	**Reason**
Building Control	Defer to allow the new service arrangements with Elmbridge Borough Council to embed.
Systems Development	Due to capacity issues within the IT team to accommodate the review.
Homelessness	A recent DLUCH review was carried out in this area with an action plan in place. To be included within the 2023/24 plan to provide assurance over the implementation and monitoring of the action plan.

Annex 1

Overdue 'High Priority' Management Actions

HR & OD Performance Management – Limited Assurance

Observation:
The Performance Management Policy confirms that Managers have the autonomy to decide how often My Performance Conversations meetings should be conducted but as a guide they should be at least every 4-8 weeks.
Audit testing of a sample of eight managers identified that none were achieving the expected frequency for holding the My Performance Conversation meetings, with the nearest being every 3 months.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Conduct a survey of new starters post April 2022 to understand how they are settling in and whether they have clear goals/objectives set and a PDP set out.	30.06.2022	30.09.2023	Survey questions have been prepared with a view to meeting with new starters. As at 31/05/2023 it has not been possible to move forward with this action due to recruitment difficulties and long-term sickness absence in the HR team. This action will be progressed as a priority once staffing levels in the HR team have been stabilised.

Environmental Health – Reasonable Assurance

Observation:
We confirmed that the terms of references for meetings of the Environment and Safe Communities Committee includes a monitoring role for environmental health services.
From our review of minutes between January 2020 and January 2022 we found that no reports were made to the Committee to highlight the performance, issues or risks facing the service.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
The service will explore Member expectations in respect of this area with a view to producing content for review if desired.	31.10.2022	31.08.2023	The KPIs have been identified and will be presented to the two Chairs (Environment and Safe Communities Committee and Community and Wellbeing Committee) in July as well as SMT and CMT in August 2023.

Health and Safety – Limited Assurance

Observation:

There are clear accountabilities within the Health, Safety and Welfare Policy for managers to assume responsibility for instruction, training, completing risk assessments etc. However, within the policy there remains an emphasis on the Corporate Health and Safety Group to:

- monitor the extent of compliance with the Council's Health and Safety policies and procedures.
- consider and make recommendations for Health and Safety training for all staff and monitor effectiveness.
- agree corporate health and safety standards which satisfy statutory requirements and/or industry best practice and monitor their implementation, for example frequency of fire risk assessments, fire drills, health and safety training etc.

The relative membership of the Health & Safety Group does enable positive provision of a degree of first line reassurance in key areas Health & Safety compliance, however, there is less evidence of second line assurance to substantiate compliant behaviours across the organisation.

It is acknowledged that the Corporate Assurance team have a schedule of planned periodic assurance checks of services and venues across the Council and that since the new Corporate Health and Safety Officer joined the authority in November 2021 some meetings have been rolled out, however, at the time of our review this process was still in its infancy and had yet to be fully embedded.

The Health and Safety Officer attends the Corporate Health and Safety Group and therefore has the opportunity to bring results of assurance checks for discussion moving forwards.

The Health and Safety Policy and the terms of reference for the Corporate Health and Safety Group incorporate responsibility to:

- review and monitor key performance indicators for health and safety, including trends in accidents / incidents.

Whilst there has only been one meeting of the reinstated Health and Safety Group, there was no performance monitoring minuted.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Complete an initial visit with each relevant location and / or team.	31.10.2022	31.08.2023	The revised due date has been pushed back by two months, as some meeting dates required rearranging due to unforeseen circumstances. A progress update on this action was provided to the (officer) Health & Safety Group in June 2023.

Operational Services – Reasonable Assurance

Observation:
Health declarations for the LGV drivers are only completed at the start of their employment. More regular checks could prompt drivers to consider any health changes that may require further consideration.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Follow up health declaration conversation already started with Corporate H&S officer and HR.	31.03.2023	31.07.2023	1) The Continuum system is now rolled out to the drivers. (Completed as at 22 June 2023) 2) The service has purchased an eye test chart, which will be used in all annual refresher training. All refuse and recycling operatives, including drivers, undergo a full day's refresher training each year. This will now include this eyesight test. The service will refer any staff members presenting issues for a full optician's test. (Expected to be completed by 31 July 2023.)

Observation:

The service does not currently have a consistent method of ensuring that garden waste is only collected for households that hold a current subscription. 240-litre brown garden waste bins cost £62.70 each per year and there are in the region of 12,000 subscribers.

Due to the increasing numbers of subscribers, the original methods of tracking this have become unsustainable and have since ceased, with action being taken instead on a case by case basis as cases with no subscription come to the teams attention.

We have been advised that the service has already recognised this risk prior to the audit and have obtained a new electronic in-cab system, which will inform operatives who has a subscription in each road, allowing them to more easily filter out the bins that should not be collected. There has been a delay to the implementation for the garden waste service due to Covid-19 and other service implementation priorities, but it is planned for this to be put in place in 2023.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Launch My Council Services module for garden waste.	31.05.2023	30.06.2024	Re-scheduled for development after launch of main waste collections module as agreed with Head of Operational Services. There are some technical issues with the main module which the supplier is working on to correct. Once these issues are fixed, testing will commence. This has caused a delay, so work expected to start on the garden waste module towards the end of 2023, subject to the timeline to fix the technical issues, signing off the fixes and fixes being applied to the live system.

Annex 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Accounts Payable	18.05.2021	Reasonable	Low	31.12.2021	30.09.2023
HR & OD Performance Management	20.05.2022	Limited	Medium	30.09.2022	30.09.2023
			Medium	30.09.2022	30.09.2023
Data Management	30.05.2022	Limited	Medium	31.03.2023	31.12.2023
Health and Safety	30.05.2022	Limited	Medium	31.10.2022	31.07.2023
			Medium	31.10.2022	30.06.2023
			Medium	30.11.2022	28.12.2023
Information Security	30.05.2022	Reasonable	Medium	30.09.2022	07.08.2023
			Low	31.12.2022	07.08.2023
Information Governance	30.05.2022	Limited	Medium	30.09.2022	31.07.2023
			Medium	23.12.2022	31.07.2023
Environmental Health	06.06.2022	Reasonable	Medium	31.10.2022	31.08.2023
			Low	31.10.2022	30.09.2023
Community, Health and Wellbeing	22.06.2022	Limited	Medium	30.06.2022	30.09.2023
			Medium	31.08.2022	30.09.2023
			Medium	31.08.2022	31.03.2024
			Medium	30.09.2022	31.03.2024
Local Plan	29.06.2022	Reasonable	Medium	30.04.2023	31.07.2023
Contract Management	16.11.2022	Reasonable	Medium	31.03.2023	31.07.2023
Development Management (Community Infrastructure Levy)	22.03.2023	Limited	Medium	31.05.2023	30.07.2023
			Medium	31.05.2023	30.07.2023
			Medium	31.05.2023	30.09.2023

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
to the Local Government Act 1972.

Agenda Item 10
Appendix 2

Document is Restricted

This page is intentionally left blank

INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022-2023

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards)
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	**Appendix 1** – Annual Internal Audit Report and Opinion 2022-2023 **Appendix 2** – Annual Internal Audit Report and Opinion 2022-2023 (restricted by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local government Act of 1972)

Summary

This report presents the Committee with the Annual Internal Audit Report and Opinion 2022-2023.

Recommendation (s)

The Committee is asked to:

(1) Receive the Annual Internal Audit Report and Opinion 2022-2023 attached at Appendix 1.

1 Reason for Recommendation

1.1 The Accounts and Audit Regulations 2015 require an internal audit function in local government to ‘undertake an effective audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance. The Head of Southern Internal Audit Partnership is responsible for the delivery of an annual internal audit report and opinion, which is used to inform the council’s Annual Governance Statement.

1.2 The Committee's Terms of Reference specify that the Committee has overall responsibility for audit and governance frameworks (including functions of an audit committee). In accordance with this responsibility, the Committee receives regular internal audit reports each year. These reports include updates on progress made against the relevant audit plan and the annual end of year report encompassing the Head of Internal Audit's opinion.

2 Background

2.1 On 7 April 2022 the Committee endorsed the Internal Audit Plan 2022-2023. Work against this plan has continued throughout the year, with periodic progress updates being brought to this Committee.

2.2 The Annual Internal Audit Report and Opinion 2022-2023 attached at Appendix 1 sets out the Head of Internal Audit's Opinion of the council's framework of risk management, governance and internal control. It is based on the findings of the internal audit reviews undertaken over the course of the year.

2.3 Please note, the commentary for one audit has been assigned an exempt status. It will be made available to Members under Part 2 (Appendix 2).

3 Head of Internal Audit's Opinion

3.1 The Chief Internal Auditor's Report and Opinion 2022-2023 is attached at Appendix 1. In sum, she has concluded a "reasonable" assurance opinion, noting:

"I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment. In my opinion frameworks of governance, risk management and management control are reasonable and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

3.2 See Appendix 1 for further information.

4 Risk Assessment

Legal or other duties

4.1 Equality 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 Before final publication of the Annual Governance Statement (AGS) and audited accounts for the year ended 31 March 2023, the AGS must be certified by the Chief Executive and Chair of the Strategy and Resources Committee. However, the content of the AGS is, in part, dependent upon the findings of the Head of Internal Audit's Annual Opinion 2022-2023.

4.5 Other

4.5.1 None for the purposes of this report.

5 Financial Implications

5.1 There are no financial implications associated with 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 associated with this report.

6.2 **Legal Officer's comments**:

There are various obligations upon the council regarding ensuring that its business is conducted in accordance with the law and proper standards. This includes the duty (under the Local Government Act 1999) to make arrangements to secure continuous improvement, to have an Annual Government Statement (Account and Audit Regulations 2015) and to undertake a review of the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance. It is noted that the terms of reference of this Committee enables Members to consider the annual report of SIAP and make recommendations as appropriate to this Committee and/or Full Council.

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 Council.

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

7.3 **Climate & Environmental Impact of recommendations**:

7.3.1 No implications for the purposes of this report.

7.4 **Sustainability Policy & Community Safety Implications**:

7.4.1 No implications for the purposes of this report.

7.5 **Partnerships**:

7.5.1 No implications for the purposes of this report.

8 Background papers

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

Previous reports:

- Internal Audit Plan 2022-23, Audit and Scrutiny Committee, 7 April 2022. Online available:
  https://democracy.epsom-ewell.gov.uk/documents/s23253/Appendix%201%20Internal%20Audit%20Plan%202022-2023.pdf [Last accessed 18/052023]

- Annual Internal Audit Report and Opinion 2021-22, Audit and Scrutiny Committee, 14 June 2022. Online available:
  https://democracy.epsom-ewell.gov.uk/documents/s23875/Annual%20Internal%20Audit%20Report%20Opinion%202021-2022.pdf [Last accessed 18/05/2023]

Other papers:

- The latest Internal Audit progress report and the council's Annual Governance Statement are on the agenda for this committee meeting.

Southern Internal Audit Partnership

Assurance through excellence and innovation

EPSOM AND EWELL BOROUGH COUNCIL

Annual Internal Audit Report & Opinion 2022-2023

Prepared by: **Natalie Jerams, Deputy Head of Partnership**

June 2023

Contents

Section		Page
1.	Role of Internal Audit	2
2.	Internal Audit Approach	3
3.	Internal Audit Coverage	4
4.	Internal Audit Opinion	5
5.	Governance, Risk Management & Control – Overview & Key Observations	6-12
6.	Quality Assurance and Improvement	12
7.	Disclosure of Non-Conformance	13
8.	Quality control	13
9.	Internal Audit Performance	14
10.	Acknowledgement	14
	Annex 1 – Summary of Audit Reviews Completed 2022-23	15-17

1. Role of Internal Audit

The Council is required by the Accounts and Audit (England) Regulations 2015, to

'undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

In fulfilling this requirement, the Council should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

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 organisation's 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. Internal Audit Approach

To enable effective outcomes, internal audit provides a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary. A full range of internal audit services is provided in forming the annual opinion.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.

The Southern Internal Audit Partnership (SIAP) maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our clients, with the necessity to provide comprehensive, compliant and value adding assurance.

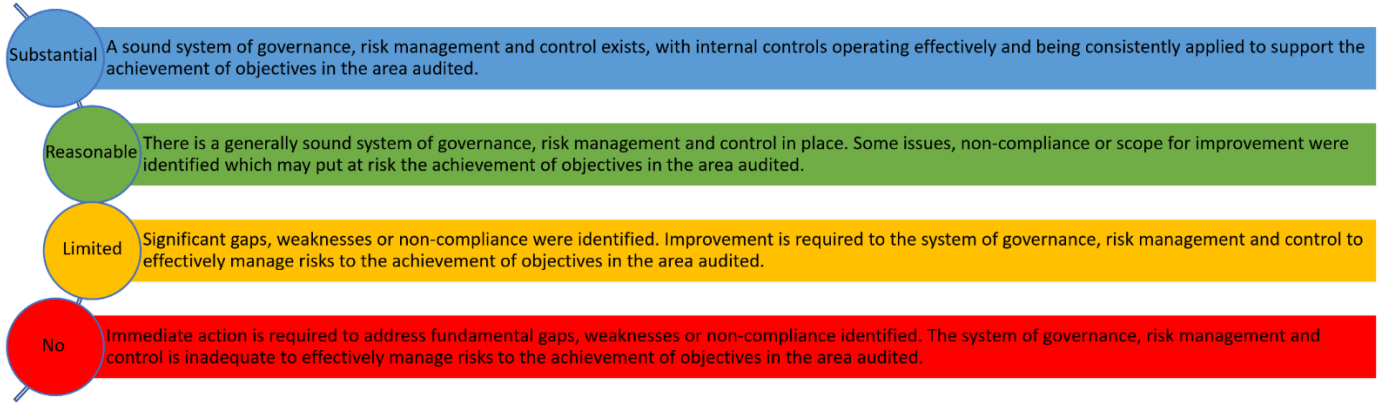
Working practices have been reviewed, modified and agreed with all partners following the impact and lessons learned from the COVID-19 pandemic and as a result we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

3. Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council activities and to support the preparation of the Annual Governance Statement. Work has been planned and performed to obtain sufficient evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2022-23 internal audit plan was considered by the Audit and Scrutiny Committee in April 2022. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation. The plan has remained fluid throughout the year to maintain an effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate. Changes made to the plan were agreed with the Strategic Management Team and reported in detail to the Audit and Scrutiny Committee in the internal audit progress reports which were reviewed at each meeting.

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:



4. Internal Audit Opinion

As Chief Internal Auditor, I am responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform their annual governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisations' framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of the Council's audit need that has been covered within the period.

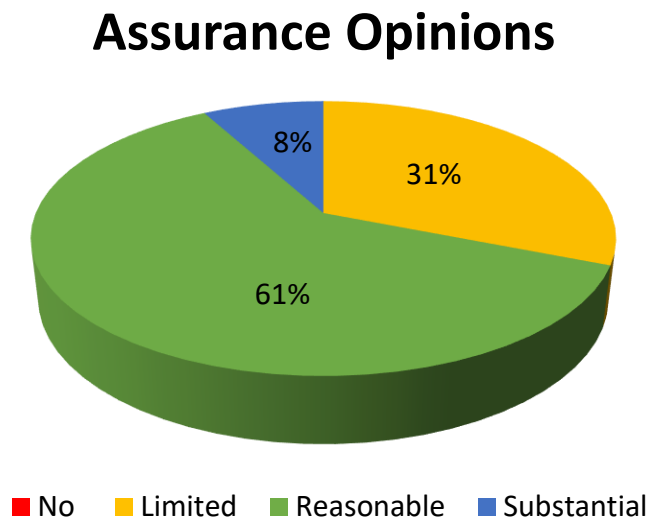
We enjoy an open and honest working relationship with the Council. Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk and control over the 2022-23 financial year.

Annual Internal Audit Opinion 2022-23
I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment. In my opinion frameworks of governance, risk management and management control are **reasonable** and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

5. Governance, Risk Management & Control – Overview & Key Observations

Assurance opinions for 2022-23 reviews

The findings from our reviews have been reported to the Audit and Scrutiny Committee in full throughout the year and a summary of the assurance opinions is outlined below.



As at the time of reporting, three audit review remains in progress (Accounts Receivable, Human Resources - Recruitment and Main Accounting). The outcome of these reviews will be reported in our next progress report to the Audit & Scrutiny Committee and incorporated in the annual opinion for 2023-24. Similarly, three audit reviews from 2021-22 were carried forward and have been included within this report.

Governance

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes an overview of:

- the governance structure in place, including respective roles, responsibilities and reporting arrangements
- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved and appropriately publicised and accessible to officers and staff.

In addition, during 2022-23 we undertook reviews of Savings Realisation Governance and Ethical Governance both of which concluded with reasonable assurance opinions.

Based on the work completed during the year and observations through our attendance at a variety of management and governance meetings, in our opinion the governance frameworks in place across the Council are robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Audit & Scrutiny Committee to provide the opportunity for independent consideration and challenge including the Annual Governance Statement.

Risk management

In accordance with the constitution, the Audit & Scrutiny Committee play a key role 'to scrutinise the application of the Risk Management Strategy and oversee the corporate risk register'. This has been supported throughout the year through the Committees overview of the Corporate Performance Report that incorporates both corporate and committee risk registers as a regular agenda item throughout the year.

Following an internal audit review of risk management during 2021-22 in which a limited assurance opinion was concluded, the Chairman and Vice Chairman of the Audit & Scrutiny Committee were keen for early internal audit oversight of the revised Risk Management Strategy. This piece of work was undertaken as a consultancy engagement rather than a risk-based assurance review.

The revision of the Risk Management Strategy (July 2022) provides a strong foundation and framework for risk management within Epsom & Ewell Borough Council moving forward. It was acknowledged by the Council that the new processes and protocols introduced are still being developed and embedded, and further refinements are expected as the Strategy matures. It is anticipated that observations highlighted in our commissioned consultancy review will aid in that journey.

The outcomes from that review were reported to Audit & Scrutiny Committee at their meeting of 17 November 2022. Key observations included:

- Ensuring alignment of responsibilities and accountabilities between the Risk Management Strategy and the Council's constitution.
- Clarity over terminology and the application of the Council's risk appetite.
- Clear and concise articulation of risk mitigations as a contribution to calculation of residual risk.
- Requirement for a defined role of the Senior Leadership/ Management Team in the reporting and monitoring of risk.

Whilst implicated but not specifically detailed, the regular review of the strategy will ensure a retained focus and effective alignment to good practice and organisational change.

The risk register is a key document that is taken into account during the development of our risk based internal audit plan. The information in the risk register is taken into account when scoping each review in detail to ensure that our work is appropriately focussed.

Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2022-23 plan that were working effectively to support the delivery of corporate objectives.

We generally found officers and staff to be well aware of the importance of effective control frameworks and compliance, and also open to our suggestion for improvements or enhancements where needed. Management actions agreed as a result of each review are monitored to completion to ensure that the identified risks and issues are addressed.

The key areas of challenge identified or confirmed through our work are outlined below:

Housing -Affordable Housing Delivery (2021-22)

Various strategies, policies and plans were reviewed during the audit to check that they provide clarity on the direction the Council is taking with affordable housing delivery, that quantified targets are set linked to affordable housing needs, that clear actions to achieve targets in place which are allocated to nominated responsible officers and that mechanisms are in place to measure and report on the delivery of targets. On reviewing each of these strategies, policies and plans it was evident that whilst there is a commitment to delivering affordable housing, as documented as a key priority within the Future40 Plan and Four Year Plan 2020-24, the overall framework is fragmented and there doesn't appear to be a clear direction or clarity on the affordable housing targets and how these will be achieved.

The Strategic Housing Market Assessment Update (September 2019) concluded that the overall net annual need for affordable housing was estimated as 349 units per annum. The Core Strategy 2007 (Local Plan) and the Revised Developers Contributions – Supplementary Planning Documents (Revised 2014) have not been updated to reflect the latest assessment. A further Housing and Economic Needs Assessment is being undertaken as part of the Local Plan. Whilst it's recognised that this task has only recently been completed, the results of this assessment should inform all key strategies, policies, plans relating to affordable housing needs and delivery, ensuring there is consistency / clarity on targets and how these will be achieved.

Risks associated with the delivery of affordable housing have not been identified, evaluated or recorded. Affordable housing delivery is an inherently complex area given the interdependencies and collaboration required both internally across the Council and externally with stakeholders and partners. Incorporating risks covering all aspects of affordable housing delivery in the service risk register would provide the Council with a clearer understanding of both internal and external risks that could impact on delivery and allow for a comprehensive set of mitigating actions to be developed and managed.

Communications with key stakeholders have more recently been formalised to improve the collaborative working arrangements to support the delivery of affordable housing. However, no comprehensive stakeholder analysis had been undertaken to establish all those (both internal and external) who contribute to the delivery of affordable housing. Completing a stakeholder analysis would provide further clarity on their roles, responsibilities and engagement protocols.

Community Health & Wellbeing (2021-22)

This audit focussed on the development and delivery of the Health & Wellbeing Strategy and how it contributes to the four-year plan; the impact that COVID has had on service delivery and the health and wellbeing priorities for the Borough were also taken into consideration.

Strategic health and wellbeing priorities were agreed and documented in the Epsom and Ewell Borough Council Health and Wellbeing Strategy 2019-2023; the strategy was approved by the Community and Wellbeing Committee on 10th October 2019.

The Health and Wellbeing Strategy states that a detailed action plan would be both set and reviewed annually; a Health and Wellbeing Action Plan was developed and agreed by members in January 2020, but no subsequent plan has been set. We were advised by the Head of Housing and Communities and the Health and Wellbeing Officer that the Annual Plan and internally focussed Service Delivery Plan had superseded the Health and Wellbeing Action Plan, however there is no link to the Strategy, which could impair understanding of objectives and lead to operational confusion. We also found that a key officer, who was the lead for two actions under the original Health and Wellbeing Action Plan, was not aware that it had been superseded. Further to this, reference to the Health and Wellbeing Action Plan in the Council's Four-Year Plan provides a link to the Health and Wellbeing Strategy, however, the reference is out of date as the action plan has been superseded.

The Draft Community Development Plan was produced in November 2021 but an approval process for the plan had not yet been agreed. Community Development Plan actions were not assigned to a lead officer and not all actions had specific measures of success. It was not clear how progress against the Community Development Plan would be measured and reported; the plan did not include monitoring arrangements. Through discussion with the Health & Wellbeing Officer reporting is an area for development, particularly in relation to impact and they would like to be in a position to produce an annual report in the future. In the meantime, reporting is likely to be through RAG rating of the report and number of projects delivered.

Although there used to be regular meetings between the Community Services Manager and the Health and Wellbeing Officer where any health and wellbeing needs identified through users of community services could be discussed and fed into the review of strategic priorities, we were advised that these have not taken place since the start of the pandemic.

Network Management

Please see separate report.

Development Management - CIL

This review sought assurance that CIL contributions were identified, collected and accounted for in line with CIL Regulations, and were allocated to appropriate projects in line with identified Council infrastructure needs. Positively, CIL guidance and process were well communicated and in accordance with the Regulations, however, sample testing of planning applications liable for CIL highlighted some inconsistencies with retention of documentation and recording of acknowledgement of receipt as required by the Regulations.

The way in which the neighbourhood portion of CIL is allocated does not fulfil the requirements of the CIL Regulations. Additionally, the Council has placed arbitrary restrictions on the amount of CIL that can be allocated in each year and on the value of projects that can be considered for CIL funding, which is also outside of CIL Regulations.

The current arrangements for the approval of expenditure funded by the 80% strategic portion were not in line with the governance structure that was originally approved by the Strategy and Resources Committee in 2015.

Our review of the Infrastructure Funding Statement for 2021/22 confirmed that the report had been published in accordance with the timescales and specifications of the CIL Regulations, however, some anomalies were identified in the figures in the tables published.

For two developments out of our sample tested, we found a discrepancy with the indexation figure added. Additionally demand notices were not being treated consistently or in a timely manner.

The Planning Policy Manager does not receive aged debt reports from Finance to enable them to follow up outstanding CIL debts, nor do they have access to the Finance system. As at January 2023, CIL aged debt (over 30 days old) stood at £303,306.97.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers. Progress is reported to the Audit and Scrutiny Committee throughout the year through the quarterly internal audit progress reports.

6. Quality Assurance and Improvement

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include provision for both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

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

In considering all sources of evidence the external assessment team 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.'

7. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through endorsement from the Institute of Internal Auditors that:

'the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards'.

There are no disclosures of Non-Conformance to report.

8. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2022-23 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success.
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An internal quality assessment against the IPPF, PSIAS & LGAN.

9. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Indicator	Target	Actual
Percentage of internal audit plan delivered (to draft report)	95%	84%
Positive customer survey response		
- Epsom & Ewell Borough Council	90%	100%
- SIAP – all Partners	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant

Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2023).

10. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.

Natalie Jerams
Deputy Head of Southern Internal Audit Partnership

June 2023

Annex 1

Summary of Audit Reviews Completed 2022-23

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.

Review area	Summary
NNDR	The scope of this review focussed on the processes in place for the administration and collection of NNDR to ensure it is robust and included testing a sample of transactions to ensure that they were made in line with statutory requirements and policy. A robust control framework was found to be operating and no significant issues were identified.

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.

Review area	Summary
Operational Services (2021/22)	This audit reviewed the controls in place relating to the household waste collection service. In general, a sound framework of governance and control was found to be in place although observations were raised around the monitoring of garden waste subscriptions, driver assessments and bin stock.
Contract Management	The purpose of this audit was to ensure that the contract management function is being run in accordance with the Council's policies and procedures. A sound framework of control was found to be in place. Areas for improvement were identified relating to the handover from procurement to the Contract Manager when contracts commence and risk management relating to contracts could be improved.

Emergency Planning	This audit reviewed the plans / controls and governance arrangements in place which the Council will rely upon when responding to an emergency. A sound framework of governance and control was found with no significant issues identified. Areas for improvement were identified relating to the record keeping of contract meetings and the accessibility of emergency plans should access to the 'O' drive and/or ResilienceDirect be compromised during an emergency.
Procurement	This review sought assurance over the governance and control process for organisational procurement. Good controls were identified although areas for improvement were reported relating to defining the role of the Corporate Project Board, formalising training and guidance for officers and reporting of performance to SMT.
Ethical Governance	The purpose of this audit was to ensure that the values, behaviours, processes, procedures and culture of the Council are being upheld by its staff and Members. In general, a sound framework of governance and control was found to be in place with observations raised in relation to updating of the codes of conduct, review of policies and monitoring of training.
Council Tax	The purpose of this audit was to ensure that Council Tax is administered in accordance with approved national and local policies and procedures. A sound framework of governance and control was found with no significant issues identified. Areas for improvement were identified relating to the refunds process and National Fraud Initiative (NFI) checks.
Investments	The purpose of this audit was to ensure that property investments are purchased in line with agreed procedures, with rental income being maximised and capital risks minimised. In general, a sound framework of governance and control was found to be in place with observations raised in relation to the review and update of the investment strategy and improving the record keeping relating to the approval of property purchases.
Savings Realisation – Governance	The scope of this review was to ensure that the proposed savings are based on reasonable assumptions, actions to generate savings have been implemented and are being monitored, and that savings targets are being monitored to enable them to be met. In general, a sound framework of governance and control was found to be in place with observations raised in relation to the level of detail provided to members regarding the delivery of savings to date and also risk identification against the intended savings.

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.

Review area	Summary
Housing (Affordable Housing Delivery) (2021/22)	The purpose of this audit was to focus on reviewing the overall framework in place for ensuring affordable housing for the borough is delivered in line with housing needs. It was a high level governance review aimed at ensuring that there are clear and consistent objectives and targets, clearly defined roles and responsibilities and robust mechanisms in place for monitoring and reporting against affordable housing objectives and delivery targets. On reviewing each of these strategies, policies and plans it was evident that whilst there is a commitment to delivering affordable housing, as documented as a key priority within the Future40 Plan and Four Year Plan 2020-24, the overall framework is fragmented and there doesn't appear to be a clear direction or clarity on the affordable housing targets and how these will be achieved. Risks associated with the delivery of affordable housing have not been identified, evaluated or recorded. No comprehensive stakeholder analysis had been undertaken to establish all those (both internal and external) who contribute to the delivery of affordable housing.
Community Health & Wellbeing (2021/22)	This audit focussed on the development and delivery of the Health & Wellbeing Strategy and how it contributes to the four-year plan; the impact that COVID has had on service delivery and the health and wellbeing priorities for the Borough were also taken into consideration. A Health and Wellbeing Action Plan was developed and agreed by members in January 2020, but no subsequent plan has been set. Further to this, reference to the Health and Wellbeing Action Plan in the Council's Four-Year Plan provides a link to the Health and Wellbeing Strategy, however, the reference is out of date as the action plan has been superseded. The Draft Community Development Plan was produced in November 2021 but an approval process for the plan has not yet been agreed and we also found that no monitoring arrangements are in place to review progress against the plan.
Network Management	Please see separate report.
Development Management - CIL	This review sought assurance that CIL contributions were identified, collected and accounted for in line with CIL Regulations, and were allocated to appropriate projects in line with identified Council infrastructure needs. Testing of a sample of planning applications liable for CIL highlighted some inconsistencies with retention of documentation and recording of acknowledgement of receipt as required by the Regulations along with some discrepancies with figures reported within the Infrastructure Funding Statement and indexation figures. We also found that the way in which the neighbourhood portion of CIL is allocated does not fulfil the requirements of the CIL Regulations and that the debt recovery process could be improved.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
to the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank