

AUDIT AND SCRUTINY COMMITTEE

Thursday 28 September 2023 at 7.30 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 Robert Leach (Vice-Chair)
Councillor Chris Ames
Councillor Rachel King

Councillor James Lawrence
Councillor Jan Mason
Councillor Phil Neale
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.

Exclusion of the Press and the Public

There are matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government (Access to Information) Act 1985. The Committee is likely to resolve to exclude the press and public during discussion of these matters by virtue of the private nature of the business to be transacted.

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, 25 September**.

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, 27 September**.

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

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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 the 18 July 2023 (attached) and to authorise the Chair to sign them.

4. EXTERNAL AUDIT UPDATE (Pages 11 - 38)

This report presents an indicative External Audit Plan for 2022/23. In accordance with audit regulations, this item must be presented to Committee.

5. REVENUE BUDGET MONITORING - QUARTER 1 (Pages 39 - 50)

This report presents the forecast revenue outturn position for the current financial year 2023/24, as at Quarter 1 (30 June).

6. CAPITAL BUDGET MONITORING - QUARTER 1 (Pages 51 - 62)

This report presents the capital monitoring position at Quarter 1 for the current financial year 2023/24. The Committee is asked to review the progress of capital projects as set out in Appendix 1.

7. OMBUDSMAN ANNUAL REPORT 2022-23 (Pages 63 - 70)

This report provides the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman during 2022-2023.

8. PERFORMANCE AND RISK REPORT - SEPTEMBER 2023 (Pages 71 - 114)

The appendix to this report provides an overview of the council's performance with respect to its 2023-24 annual plan objectives, key performance indicators, corporate risks and committee risks.

9. COMMITTEE WORK PROGRAMME (Pages 115 - 120)

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

10. INTERNAL AUDIT PROGRESS REPORT - SEPTEMBER 2023 (Pages 121 - 140)

This report summarises progress against the Internal Audit Plan 2023-2024.

Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 18 July 2023

PRESENT -

Councillor Steve Bridger (Chair); Councillor Robert Leach (Vice-Chair); Councillors Chris Ames, Rachel King, James Lawrence, Phil Neale and Chris Watson

In Attendance: Councillor Hannah Dalton, Paul Cuttle (Key Audit Partner) (Grant Thornton (External Auditor)) (Items 4 only) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor)) (Items 5-6 only)

Absent: Councillor Jan Mason

Officers present: Andrew Bircher (Interim Director of Corporate Services), Brendan Bradley (Head of Finance), Chris Anderson (Head of IT), Piero Ionta (Head of Legal Services and Monitoring Officer), Sue Emmons (Chief Accountant), Will Mace (Business Assurance Manager) and Phoebe Batchelor (Democratic Services Officer).

42 AGENDA ORDER CHANGE

The Chair proposed that the order of the agenda was amended to allow the representatives of the Internal Audit and External Auditors to complete their items first.

The following order was therefore observed:

- 1 - Questions and Statements from the Public
- 2 - Declarations of Interest
- 3 - Minutes of the Previous Meeting
- 4 - External Auditor's Annual Report – 2021/22
- 5 - Internal Audit Progress Report – July 2023
- 6 - Internal Audit Annual Report and Opinion 2022-2023
- 7 - IT Strategy
- 8 - Annual Governance Statement 2022-2023
- 9 - Use of Delegated Powers Annual Report

10 - Performance and Risk Report – July 2023

11 - Committee Work Programme

43 QUESTION AND STATEMENTS FROM THE PUBLIC

The Committee received one written question from a member of the public and noted that the Chair of the Audit & Scrutiny Committee had provided a written response to the questioner prior to the meeting. This response had also been published on the Council's website.

One supplementary verbal question was asked during the meeting and the Chair confirmed that a written response would be provided to the questioner in due course.

44 DECLARATIONS OF INTEREST

No declarations of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting were made by Members.

45 MINUTES OF THE PREVIOUS MEETING

The Committee confirmed as a true record the Minutes of the Meeting of the Committee held on **6 April 2023** and authorised the Chair to sign them.

A Member of the Committee asked for reassurance that the additional information to be provided by Officers to Members, as stated in the minutes of the 2 February and 6 April Meetings, had been received by the former Members of the Committee. The Chair reminded the Committee that the discussion is to agree the accuracy of the minutes, not to ask questions relating to the content of the minutes. The Chair invited the Member to put their question in writing and a response would be provided in due course.

46 EXTERNAL AUDITOR'S ANNUAL REPORT - 2021/22

The report presented Grant Thornton's 2021/22 Annual Report to members.

The following matters were considered:

- a) **Interest Rates.** A Member of the Committee asked for clarity on the borrowing position of the Council, with long-term borrowing of £64 million and interest of £1.6 million, how much has that been affected by the recent hike of interest rates and is that sustainable, bearing in mind high interest rates, or is that on a long-term fixed interest rate. The Head of Finance informed the Committee that the Council has £64 million long term borrowing, that was incurred to finance the acquisition of investment properties a number of years ago, so that borrowing is supported by equivalent assets. The Head of Finance noted at the time of undertaking the borrowing, interest rates were around historic lows, and the borrowing was fixed for the long-term, with one £5 million loan fixed for 10 years and the rest for 50 years, ending in the mid-2060s. The Head of Finance

informed Committee that the £5 million maturing in 2027 is not currently expected to need to be refinanced, as the Council sets aside a sum each year to repay loans when they fall due. The remaining £59 million is fixed at interest rates broadly around the 2.5% mark until the mid-2060s.

Following consideration, the Committee;

Resolved (5 for, 1 abstained, and the Chair not voting) 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.**

47 EXCLUSION OF THE PRESS AND PUBLIC

The Committee resolved to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

48 INTERNAL AUDIT PROGRESS REPORT - JULY 2023

The report summarised the progress against the Internal Audit Plan 2022-2023.

Following consideration, the Committee unanimously resolved to:

- (1) Note the Internal Audit progress report 2022-2023 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

49 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022-2023

The report presented the Committee with the Annual Internal Audit Report and Opinion 2022-2023.

Following consideration, the Committee unanimously resolved to:

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

50 PUBLIC MEETING RESUMED

The Committee resolved to resume the Public Meeting.

51 IT STRATEGY

The report, received by the Committee, provided the interim IT Strategy agreed by Strategy & Resources Committee on 28 March 2023.

The following matters were considered:

- a) **Resident Services.** A Member of the Committee asked for examples of transformational projects, that will improve and increase online services to residents, as referenced in the report. The Head of ICT responded to inform the Committee, that our current online forms and bookings are being updated using the new MyCouncil Services (MCS) software. The Head of ICT also noted that the current Website platform is due for upgrade and replacement. This will tie in with MyCouncil Services and ensure the whole EEBC Website is easier for residents to access services.
- b) **Access to IT.** A Member of the Committee asked about residents who do not have access to any IT equipment, and enquired about any initiatives, run by the Council, which will make access to and confidence with IT more widely available and supported. The Head of ICT confirmed that free Wi-Fi is available at various Council Venues, including the Town Hall and Bourne Hall. The Head of IT informed the Committee that a number of devices (10 at present but more to follow) were being made available (through Cllr Jones) for residents. The Chair informed the Committee that Surrey County Council is carrying out training in Epsom Library, where individuals can bring devices or questions and they will be assisted with their IT needs.

Following consideration, the Committee unanimously resolved to:

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

52 ANNUAL GOVERNANCE STATEMENT 2022-2023

The report, received by the Committee, sought the Committee's approval of the draft Annual Governance Statement 2022-2023.

Following consideration, the Committee unanimously resolved 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.**

53 USE OF DELEGATED POWERS ANNUAL REPORT

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

Following consideration, the Committee unanimously resolved 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.**

54 PERFORMANCE AND RISK REPORT - JULY 2023

The Committee received a report which provided 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.

Following consideration, the Committee unanimously resolved to:

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

55 COMMITTEE WORK PROGRAMME

The Committee were presented with a report presenting the Work Programme for 2023-2024.

Following consideration, the Committee unanimously resolved to:

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

The meeting began at 7.45 pm and ended at 8.38 pm

COUNCILLOR STEVE BRIDGER (CHAIR)

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EXTERNAL AUDIT UPDATE

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Appendices (attached):	1 – External Audit Plan 2022/23

Summary

This report presents an indicative External Audit Plan for 2022/23. In accordance with audit regulations, this item must be presented to Committee.

Recommendation (s)

The Committee is asked to:

- (1) Receive the indicative External Audit Plan for 2022/23.

1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its key priority of being an Effective Council.
- 1.2 The recommendation will also enable to Council to meet its statutory obligations with regard to external audit.

2 Background

- 2.1 Grant Thornton provides the Council's external audit work. The 2021/22 external audit provided the Council with an unqualified (favourable) opinion on the accounts. Audit and Scrutiny Committee received Grant Thornton's 2021/22 Annual Auditors' Report on 18 July 2023.
- 2.2 At the same meeting, the committee also received a letter from Grant Thornton informing members that, due to capacity issues in the audit sector, the 2022/23 external audit would be delayed from its original summer date until October 2023.

3 Proposals

- 3.1 Grant Thornton has prepared an indicative audit plan for the 2022/23 Statement of Accounts as shown in Appendix 1.

- 3.2 The plan outlines the key risks and requirements for 2022/23 and is expected to be presented by a senior Grant Thornton officer, who will be available at the meeting to answer any questions from members.
- 3.3 Officers are satisfied that the audit plan addresses the key financial and governance issues.
- 3.4 The Committee is asked to receive the External Audit Plan for 2022/23 (Appendix 1).

4 Risk Assessment

Legal or other duties

- 4.1 Equality Impact Assessment
 - 4.1.1 None arising from the contents of this report.
- 4.2 Crime & Disorder
 - 4.2.1 None arising from the contents of this report.
- 4.3 Safeguarding
 - 4.3.1 None arising from the contents of this report.
- 4.4 Dependencies
 - 4.4.1 None arising from the contents of this report.
- 4.5 Other
 - 4.5.1 The audit of the Council's financial statements comprise a key element of the Council's governance arrangements.

5 Financial Implications

- 5.1 The main Statement of Accounts audit fee for 2021/22 was £61,737.
- 5.2 The equivalent fee for 2022/23 is expected to increase to £67,548, reflecting additional audit requirements which are detailed in the audit fees section of the Audit Plan at Appendix 1. The proposed fee can be met by the Council's existing budget, as the increase had been anticipated.
- 5.3 Any fee increases remain subject to independent review and approval by Public Sector Audit Appointments Ltd (PSAA).
- 5.4 When the new five-year contract commences next year, audit fees are expected to increase further, following the national procurement exercise undertaken by Public Sector Audit Appointments Ltd.

- 5.5 **Section 151 Officer's comments:** The External Audit Plan for 2022/23 forms part of the external audit process for the Council. The Council received an unqualified (favourable) opinion on its Statement of Accounts from the external auditor for 2021/22.

6 Legal Implications

- 6.1 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.

- 6.2 **Legal Officer's comments:** None arising from the content of 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 included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** No specific implications.
- 7.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 7.5 **Partnerships:** No specific implications.

8 Background papers

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

Previous reports:

- 2022/23 External Auditor's Annual Report – Audit and Scrutiny Committee, 18 July 2023

Other papers:

- 2022/23 Unaudited Statement of Accounts (<https://epsom-ewell.gov.uk/financialreports>)

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Epsom and Ewell Borough Council indicative Audit Plan

Year ended 31 March 2023

Epsom and Ewell Borough Council

August 2023

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*Indicative Plan until our formal Planning Visit is
completed later in the year*

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

Key matters



National context

For the general population, rising inflation rates, in particular for critical commodities such as energy, food and fuel, is pushing many households into poverty and financial hardship, including those in employment. At a national government level, recent political changes have seen an emphasis on controls on spending, which in turn is placing pressure on public services to manage within limited budgets.

Local Government funding continues to be stretched with increasing cost pressures due to the cost of living crisis, including higher energy costs, increasing pay demands, higher agency costs and increases in supplies and services. Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience. At a local level, councils are also essential in driving strong and inclusive local economies, through their economic development functions and measures like increasing the supply of affordable housing, integrating skills and employment provision, and prioritising vulnerable households to benefit from energy saving initiatives. Access to these services remains a key priority across the country, but there are also pressures on the quality of services. These could include further unplanned reductions to services and the cancellation or delays to major construction projects such as new roads, amenities and infrastructure upgrades to schools, as well as pothole filling.

Our recent value for money work has highlighted a number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

Audit Reporting Delays

In a report published in January 2023 the NAO have highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outline a number of reasons for this and proposed actions. In March 2023, we issued [About time?](#), which explored the reasons for delayed publication of audited local authority accounts. In our view, it is critical to early sign off that draft local authority accounts are prepared to a high standard and supported by strong working papers.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. These delays are exacerbated by capacity constraints in both local auditors and local government. A new workforce strategy is being developed by the director of local audit at the Financial Reporting Council, but improving the attractiveness of a career in local audit and local authority accounting will require a lot of focus. You can find more insight and guidance on the key challenges for local audit in our report. <https://www.grantthornton.co.uk/insights/report-key-challenges-in-local-audit-accounting/>

Key matters



Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Indicative Audit Plan, has been agreed with the interim section 151 officer.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you and your Audit and Scrutiny Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit and Scrutiny Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have therefore included a significant risk in regards to management override of control, revenue and expenditure recognition – refer to page 6.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Epsom and Ewell Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Epsom and Ewell Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Scrutiny committee); and we consider whether there are sufficient arrangements in place at the Council and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Scrutiny Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.



Introduction and headlines

Significant risks

At this stage, those risks at group and single entity requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Risk of fraud in revenue recognition
- Risk of fraud in expenditure recognition
- Management override of controls
- Valuation of land and buildings
- Valuation of net pension liability (Council only)

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Epsom and Ewell Property Investment Company (EEPIC).

Materiality

We have determined planning materiality to be £939k (PY £1,060k) for the group and £938k (PY £900k) for the Council, which equates to 2% of your gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors. As a result, we have reduced our Performance materiality for 2022/23 to 70% of Materiality, £657k. Clearly trivial has been set at £46k (PY £45k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not yet identified any risks of significant weakness. We will continue to update our risk assessment until we issue our Auditor's Annual Report.

We will follow up on improvement recommendations raised in 2021/22 covering:

- Long term savings plan;
- Risk register template; and
- Budget monitoring reporting.

New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

Audit logistics

We have undertaken some of our initial planning in April 2023, and will resume in October 2023. Our fieldwork visit will take place in October 2023. Our key deliverables are this Indicative Audit Plan, our Audit Findings Report and Auditor's Annual Report. Should any changes to our Audit Plan be required as a result of completing our planning, we will provide an update to Management and the Audit and Scrutiny Committee in October 2023, ahead of the final accounts work commencing.

Our proposed fee for the audit will be £67,548 (PY: £61,737) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud in revenue recognition	Group and Council	<p>Under ISA (240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Our judgement is that the significant risk at the Council relates to the improper recognition of grants with terms and conditions attached. We will therefore target our audit work in this area of the revenue. We will specifically consider this funding stream as part of our consideration of grants with terms and conditions.</p>	<p>We plan to perform the following procedures to address the risk:</p> <ul style="list-style-type: none">• Test a sample of grant income to underlying evidence of award to check that revenue has been recognised in line with any terms and conditions attached to the funding• Review and discuss with management any accounting estimates relating to revenue recognition.

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‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

Significant risks identified, cont'd

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud in expenditure recognition	Group and Council	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period.</p> <p>Management could defer recognition of non-pay expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.</p>	<p>We will:</p> <ul style="list-style-type: none"> • inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period; • inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and • investigate manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.
Management over-ride of controls	Group and Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals ; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified, cont'd

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Group and Council	<p>You revalue your land and buildings on a rolling five yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in your financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none">• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;• evaluate the competence, capabilities and objectivity of the valuation expert;• write to the valuer to confirm the basis on which the valuation was carried out;• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;• test revaluations made during the year to see if they had been input correctly into your asset register; and• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current values at year end.

Significant risks identified, cont'd

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£5.4 million in your balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Surrey County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Epsom and Ewell Borough Council	Yes		See pages 7-10	Full scope audit performed by Grant Thornton UK LLP
Epsom and Ewell Property Investment Company (EEPIC)	Yes		<p>EEPIC constitutes a significant component of your group, and is wholly owned by you.</p> <p>Elements of the financial statements of EEPIC including investment properties are material to your financial statements.</p>	<p>The audit of EEPIC will be delivered by a different auditing firm.</p> <p>We will perform sufficient work on this material balance to enable us to gain assurance that your group financial statements are not materially misstated.</p>

Audit scope

- Audit of the financial information of the component using component materiality
- Analytical procedures at group level

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2022/23 financial statements, consider and decide upon any objections received in relation to the 2022/23 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	Determination We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. Materiality at the planning stage of our audit is £939k for the group and £938k for the Council, which equates to 2% of your draft gross expenditure for the year.	We determine planning materiality in order to: <ul style="list-style-type: none">– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements– assist in establishing the scope of our audit engagement and audit tests– determine sample sizes and– assist in evaluating the effect of known and likely misstatements in the financial statements
2	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be nil for senior officer remuneration and related party disclosure.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

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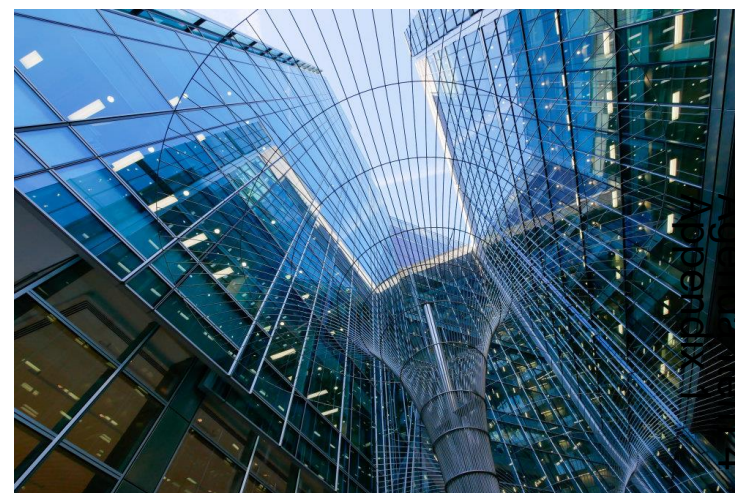
Matter	Description	Planned audit procedures
3	Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process.	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.
4	Other communications relating to materiality we will report to the Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Scrutiny Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	We report to the Audit and Scrutiny Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £46k (PY £45k). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Scrutiny Committee to assist it in fulfilling its governance responsibilities.

Agenda Item 4
Appendix 1

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	939,000	938,000	This benchmark is determined as a percentage of the Council's Gross Cost of Services Expenditure in year, which has remained at approximately 2%.
Performance materiality	657,000	656,000	Performance Materiality is based on a percentage of the overall materiality. This has been set at 70% (PY 75%) of materiality, a reduction from prior year due to the issues identified with the accounts.
Trivial matters	46,000	45,000	This balance is set at 5% of overall materiality



IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 19.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Civica Financials	General Ledger	Assessment of design effectiveness only.
Real Asset Management (RAM)	Capital Accounting	Assessment of design effectiveness only.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office –issued its latest Value for Money guidance –to auditors in January 2023 . The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body’s arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

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Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

We have not identified any risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements including reviewing your Annual Governance Statement, before we issue our auditor’s annual report. We will follow up on improvement recommendations raised in 2021/22 covering:

- Long term savings plan;
- Risk register template; and
- Budget monitoring reporting.

Audit logistics and team



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Matt Dean, Key Audit Partner

Responsible for overall client relationship, quality control, provision of accounts opinions, meeting with key internal stakeholders and final authorization of reports. Attendance of Audit and Scrutiny Committee meetings supported by Manager as required.



Raymund Daganio, Audit Manager

Responsible for overall audit management over the course of the year, support and review of work performed by audit In-charge and junior team members. Attendance of Audit and Scrutiny Committee meetings alongside key audit partner as required.



Muneeb Khan, Audit In-charge

Responsible for day to day management of the audit planning and final accounts audit fieldwork, ensuring that your audit is delivered effectively, efficiently and supportively.

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Annual Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards including ISA 315 Revised

In 2017, PSAA awarded a contract of audit for Epsom and Ewell Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £34,425. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022/23 audit. For details of the changes which impacted on years up to 2021/22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Council's IT Infrastructure, IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £5,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022/23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022/23, as set out below, is detailed overleaf and has been agreed with the Interim Section 151 officer.

Audit fees

	Actual Fee 2021/22	Proposed fee 2022/23
Epsom and Ewell Borough Council Group Audit Fee (excluding VAT)	£61,737	£67,548

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

	Proposed fee 2022/23
New scale fee	£44,739
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised ISAs 315	£3,000
Enhanced audit procedures on journals testing (not included in the Scale Fee)	£3,000
Audit of Group Accounts (not included in the Scale Fee)	£2,959
Increased audit requirements of revised ISAs 540	£2,100
Quality review – response to FRC (Quality Partner)	£1,500
Enhanced audit procedures collection Fund - reliefs testing	£750
Additional Requirements – Payroll Change of Circumstances (Information Provided by the Entity) IPE Testing	£500
Total audit fees 2022/23 (excluding VAT)	£67,548

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group and Council.

Other services

The following other services provided by Grant Thornton were identified.

[The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group and Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Capital receipts grant	£43,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £43,000 in comparison to the total fee for the audit of £67,548 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		n/a
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically council tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



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REVENUE BUDGET MONITORING - QUARTER 1

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

Summary

This report presents the forecast revenue outturn position for the current financial year 2023/24, as at Quarter 1 (30 June).

Recommendation (s)

The Committee is asked to:

- (1) receive the revenue budget monitoring report, which sets-out a projected deficit of £98,000 for 2023/24;
- (2) agree that a report should be prepared for Community & Wellbeing Committee to consider long-term mitigation options for the increased costs of nightly paid accommodation within the Homelessness service;
- (3) agree that a report should be prepared for Licensing & Planning Policy Committee to consider long-term mitigation options for the projected shortfall on planning income and the impact of government's review of planning fees;
- (4) agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.

1 Reason for Recommendation

- 1.1 To present the 2023/24 forecast revenue outturn position to members, as at Quarter 1.

2 Background/Executive Summary

- 2.1 In February 2023, Full Council agreed a net expenditure budget of £8.289m for 2023/24. The budget included a contribution of £2.4m from earmarked reserves to balance.
- 2.2 At Quarter 1, the Council is expected to be within 1.2% of the overall budget at year-end, with a £98,000 deficit forecast. The projected deficit is mainly due to the combined impact of higher demand for housing/homelessness services and reduced planning income. These adverse variances are partially offset by increased licensing income and higher treasury management income on the Council's investments.
- 2.3 It is important to acknowledge that uncertainty remains heightened around future projections, mainly due to the cost-of-living crisis and its potential impact on residents.
- 2.4 The budget position will continue to be monitored closely, with forecasts updated and reported to members accordingly through the year.

3 Forecast Position

- 3.1 A summary of the forecast outturn position by service area for 2023/24 is shown in the following table:

Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy & Resources Committee</u>			
Democratic & Civic	862	862	0
Corporate Functions	693	693	0
Corp Financial Management	1,878	1,648	(230)
Tax Collection & Benefits	212	212	0
Land Charges	19	19	0
Land & Property	(3,350)	(3,398)	(47)
Economic Dev. & Prosperity	74	74	0
Employee and Support Services	(147)	(140)	8
Building Control Contract	90	90	0
Subtotal Strategy & Resources	331	61	(270)
<u>Environment & Safe Communities Committee</u>			
Car Parking	(1,544)	(1,466)	78
Environmental Services	3,635	3,635	0
Community Safety	93	93	0
Contract Management	197	197	0
Environmental Health	333	333	0
Countryside, Parks & Open Spaces	2,206	2,206	0
Subtotal Environment & Safe Communities	4,920	4,998	78
<u>Community and Wellbeing Committee</u>			
Housing	1,874	2,074	200
Community Services (Route Call, Meals from Home, Community Alarm)	482	482	0
Support for Voluntary Orgs.	246	246	0
Community Centre	470	470	0
Health & Wellbeing	233	233	0
Sports, Leisure & Cultural	1,256	1,256	0
Precepting & Levying Bodies (NJMC & EWDC)	388	388	0
Subtotal Community & Wellbeing	4,948	5,149	200
<u>Licensing & Planning Policy Committee</u>			
Place Development	887	1,087	200
Licensing	(127)	(237)	(110)
Subtotal Licensing & Planning Policy	760	850	90
Capital Charges	(2,669)	(2,669)	0
Total General Fund	8,289	8,388	98

- 3.2 The £98,000 projected budget deficit across services for 2023/24 would result in a contribution from the General Fund reserve at year-end, decreasing the balance from £3.12m to £3.02m.
- 3.3 The following section of the report details the individual budget variances that make up the projected deficit of £98,000 within services.

4 Budget Variances

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

Strategy & Resources Committee	Adverse / (Favourable) Variance £'000	Detail
Corporate Financial Management	(230)	With the Bank of England's base rate path now higher than anticipated when setting 2023/24's budget, finance officers project that with continued diligent cash management, at least £950,000 of interest income will be achieved for the year, £230,000 higher than the budgeted target.
Land & Property	(47)	The favourable variance in Land & Property relates to additional income following a rent review that was not agreed until after the 2023/24 budget setting period. The increased income will be factored into the 2024/25 budget setting process.
Other miscellaneous variances	7	
Total Strategy & Resources Variance	(270)	

Environment Committee	Adverse / (Favourable) Variance £'000	Detail
Car Parking	78	Car parking income is currently tracking slightly behind budget at Q1, resulting in a forecast adverse variance of £78,000 at year-end. However, the first quarter is typically quieter compared to the busiest Christmas quarter. Income will continue to be monitored as busier periods approach and a more detailed update will be provided at Q2 monitoring.
Total Environment Variance	78	

Community & Wellbeing Committee	Adverse / (Favourable) Variance £'000	Detail
Housing/Homelessness	200	<p>The Council budgeted to accommodate an average of 58 households in nightly paid accommodation. Due to ongoing elevated demand, the Council is currently supporting an average of 72 households to date in nightly paid accommodation.</p> <p>Although government has awarded EEBC an additional £165,000 of Homelessness Prevention Grant to assist the with demand pressures, based on the current run-rate of households requiring support, an adverse variance of £200,000 is still forecast for the year.</p> <p>The Council holds a Homelessness Grant Reserve which may be applied to mitigate the budget pressure in the short term, however it is recommended that a report be prepared for Community & Wellbeing Committee to consider progress against the Homelessness Action Plan and options for how elevated demand can be managed.</p>

Total Community & Wellbeing Variance	200
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Licensing & Planning Policy Committee	Adverse / (Favourable) Variance £'000	Detail
Place Development	200	The adverse variance is due to a forecast under-recovery of income. £24,000 of this relates to planning applications, the balance relates to advisory services. Development Management is currently undergoing a process re-engineering exercise to improve processes to provide a more efficient service and free up resource for advisory services.
Licensing	(110)	The £110k favourable variance is due to the acquisition of several new taxi operators that have chosen to licence their drivers and vehicles with EEBC.
Total Licensing & Planning Policy Variance	90	

5 Employee Costs

- 5.1 At the end of Quarter 1, the Council is tracking broadly in line with its year-to-date employee budget of £3.50m.
- 5.2 Employee costs are monitored monthly to ensure any adverse variances are flagged promptly to Heads of Service, thereby enabling prompt mitigating action to be taken.

6 Epsom & Ewell Property Investment Company (EEPIC)

- 6.1 The Council's original budget included £1.29m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties. However, as approved at S&R Committee in March, a lease amendment at one of the properties is expected to reduce this dividend income by £700k in both 2023/24 and 2024/25. The reduction in dividend income will be mitigated by an appropriation from the Property Income Equalisation Reserve.

7 Update on 2023/24 Savings/Additional Income Delivery

- 7.1 The 2023/24 budget requires new savings/additional income totalling £1.25m to be delivered during the year. The delivery status of these savings is summarised in the following table.

Summary of Budgeted Additional Income/Savings - 2023/24	Committee	Achieved	In progress	Unlikely to be Achieved in Current Year
		£000	£000	£000
Review of Commercial Estate	S&R	-	321	-
Income from Commercial Property	S&R	-	96	-
Reduction in cost of managing homelessness	C&W	-	-	243
Additional Car Parking Income	Env	-	223	-
Additional EEPIC Dividend Income	S&R	-	-	100
Reduce Subsidy of Community & Wellbeing Centre	C&W	-	53	-
Operational efficiencies	All	-	46	-
Additional Licensing Income	LPPC	-	40	-
Other Service Efficiencies	All	-	36	-
Review of Playhouse Opportunities	C&W	-	30	-
Reduce Benefits Administration Costs	S&R	-	33	-
Additional Planning Income	LPPC	-	-	25
Total Savings		0	878	368

- 7.2 The RAG rating indicates whether the additional income/saving is considered at either low risk of non-delivery (green), medium risk (amber), or high risk of not being delivered in year (red). Commentary on the highest value and highest risk savings is provided in the following paragraphs:

- 7.2.1 The Review of Commercial Estate (£321,000) and Income from Commercial Property (£96,000) targets are on track to be achieved, through higher rental income at industrial estate plots following rent reviews agreed in 2022/23. In addition, the commercial property Emerald House (on East Street), acquired in March 2020, generates £326,000 income per year and contributes towards the income target. The first quarter's rent has been collected, with no issues currently anticipated for the remainder of the year.

- 7.2.2 The £243,000 targeted reduction in the cost of managing homelessness is unlikely to be achieved in the year, mainly due to the cost-of-living crisis placing elevated demands on this service, as explained in the budget variance table in section 4. It is recommended that a report be prepared for Community & Wellbeing Committee to consider progress against the Homelessness Action Plan and options for how elevated demand and costs can be managed and mitigated.
- 7.2.3 Car parking income is currently forecast to be net £78,000 under target at year end, meaning the additional income target is currently only partially forecast to be achieved during the year. However, the first quarter is typically quieter compared to the busiest Christmas quarter. Income will continue to be monitored as busier periods approach and a more detailed update will be provided at Q2 monitoring.
- 7.2.4 The target for £100,000 additional income from EEPIC was set in February 2023, prior to S&R Committee having to agree a lease amendment with a commercial property tenant in March 2023. The lease amendment was considered necessary to retain the tenant, but will temporarily reduce income received by the Council from EEPIC until 2025/26. As such, the originally targeted additional income will not be delivered in the current year. It is expected that the additional income will now become achievable from 2025/26 onwards, on expiry of the reduced rent period in the amended lease. In the meantime, the reduced income will be mitigated by an appropriation from the Property Income Equalisation reserve.
- 7.2.5 The additional targeted income of £25,000 from the planning service is no longer expected to be achieved in the year, while demand for planning advisory services remains depressed, as set-out in the committee variance table. A report to Licensing & Planning Policy Committee has been recommended to identify mitigating options for reduced planning income.
- 7.2.6 Other savings remain in progress at this early stage of the financial year. A more detailed update will be provided in the Q2 monitoring report.

8 Revenue Reserves

- 8.1 At Q1, the general fund balance is forecast to reduce to £3.02m (from £3.12m) by the end of this year.

8.2 Other uncommitted revenue reserves are projected to stand at £14.1m at 31 March 2024, however, £8.8m of this balance is to manage specific risks and contingencies, including the loss of commercial property income and business rates income in future years. These reserves have enabled the council to temporarily endure the loss of two key tenants in recent years, without having to make urgent, short-term cuts to services to reflect the loss of income. A full review of revenue reserves and commitments was reported to Financial Policy Panel in January 2023.

8.3 The following table shows a breakdown of the council's revenue reserves, with only the General Fund working balance and corporate projects reserve available for general use:

8.4 Summary of Revenue Reserves

General Fund Revenue Reserves	01 April 2023 Opening Balance £'000	31 March 2024 Forecast Uncommitted Balance £'000
General Fund	3,117	3,019
Corporate Projects Reserve	4,148	2,883
Contingencies unavailable for general use	17,145	8,808
Ringfenced funds/grants for specific use	3,406	2,438
Total	27,816	17,148

8.5 Council has committed to hold a minimum balance of £1 million in the corporate projects reserve and £2.5 million in the general fund working balance to manage unforeseen risks.

8.6 This leaves just £2.4million of available reserves, which the Council allocates on a business case basis, to ensure limited resources are utilised in line with corporate priorities.

8.7 A full table of revenue reserves was reported to Strategy & Resources Committee in July 2023.

9 Actions and Next Steps

9.1 To address the projected budget deficit for 2023/24, the Council's senior management is progressing the following key initiatives:

9.1.1 The Head of Service will prepare a report to Licensing & Planning Policy Committee to consider the reduced forecast planning income and identify mitigation options, including the impact of government's review of planning fees;

- 9.1.2 The Head of Service will prepare a report for Community & Wellbeing Committee to consider mitigation options for the increased costs of nightly paid accommodation within the Homelessness service;
- 9.1.3 Strategy & Resources Committee agreed in July 2023 a budget setting framework for 2024/25 which is being progressed by officers accordingly;
- 9.1.4 Finance officers will continue to monitor the funding landscape to ensure the Council is kept aware of any new government (or other external) funding opportunities.
- 9.2 The Council's budget position is continuously monitored by the finance team and budget managers. It is expected that the next budget monitoring report to members will be the updated quarter two forecasts to Audit & Scrutiny Committee in November 2023.

10 Risk Assessment

Legal or other duties

10.1 Equality Impact Assessment

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

10.2 Crime & Disorder

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

10.3 Safeguarding

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

10.4 Dependencies

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

10.5 Other

- 10.5.1 Ultimately, all services will be impacted in some way by the Council's overall budget position over the long term.
- 10.5.2 A full budget risk assessment is presented to Full Council within February's budget report each year.

11 Financial Implications

- 11.1 Financial implications are set out in the body of the report.
- 11.2 **Section 151 Officer's comments:** For 2023/24, the Council currently expects to remain relatively close to its overall budget.

- 11.3 However, there are clear pressures in some services that can be linked to the cost-of-living crisis, particularly within the housing/homelessness team. It is important that the Council continues to pursue initiatives to enable the service to be managed within budget.
- 11.4 Looking ahead to 2024/25, a budget setting framework was agreed by S&R in July, which officers are progressing accordingly.
- 11.5 Quarter 2 forecasts for 2023/24 will be brought back to Audit & Scrutiny Committee in November.

12 Legal Implications

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

13 Policies, Plans & Partnerships

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

14 Background papers

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

Previous reports:

- Budget Report to Full Council – February 2023

Other papers:

- 2024-25 Strategic Financial Planning – July 2023

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CAPITAL BUDGET MONITORING QUARTER 1

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

Summary

This report presents the capital monitoring position at Quarter 1 for the current financial year 2023/24. The Committee is asked to review the progress of capital projects as set out in Appendix 1.

Recommendation (s)

The Committee is asked to:

- (1) Receive the capital monitoring position at Quarter 1, as set out in the report.

1 Reason for Recommendation

- 1.1 To present the capital budget monitoring position to members for Quarter 1 and to provide an update on the progress of individual capital projects.

2 Background

- 2.1 This report summarises the capital monitoring information at the end of the first quarter of 2023/24. It details actual capital expenditure and receipts against capital budgets and financing. The report also provides the forecast outturn position and variances at year-end.
- 2.2 The core capital programme does not include investments made through the property acquisition funds; this activity is summarised within section 5.

3 Core Capital Programme

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

Committee	2023/24 Original Budget £'000	Carry forwards from 2022/23 £'000	Additions during 2023/24 £'000	2023/24 Current Approved Schemes £'000
Strategy & Resources	0	318	1,000	1,318
Environment	281	768	0	1,049
Community & Wellbeing	1,183	1,106	33	2,322
Licensing & Planning Policy	0	0	0	0
Total Core Capital Programme	1,464	2,192	1,033	4,690

- 3.2 The 2023/24 budget was agreed by Full Council in February 2023. The budgets carried forward from 2022/23 were approved at S&R Committee on 13 July 2023.
- 3.3 The additions also include £500k CIL funding for the Step Free Access project at Stoneleigh Station, agreed by S&R on 24 October 2018; £440k for the ICT Programme of Works which was agreed by S&R Committee on 28 March 2023; £60k for the Tea Rooms Electrical Supply at Ewell Court House, as agreed by S&R Committee on 26 July 2022; and £33k for Playhouse refurbishment works, agreed by the Chair of S&R Committee in March 2023.
- 3.4 Actual expenditure on the core capital programme to the end of June 2023 and a full year forecast is summarised below:

Committee	2023/24 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	1,318	39	1,131	(187)
Environment	1,049	0	714	(335)
Community & Wellbeing	2,322	245	2,257	(65)
Licensing & Planning Policy	0	0	0	0
Total Core Capital Programme	4,690	284	4,102	(587)

- 3.5 On the core capital programme, projected expenditure for the full year is £4.102m, £587k less than the £4.69m budget. Of the £587k forecast variance, £335k relates to the Plan E project which is not expected to incur any further expenditure; and £187k relates to the Replacement of CRM and Data Warehouse project which is expected to continue into 2024/25. The remaining £65k relates to the project to install solar PV panels to the Playhouse roof which has come in under budget due to less storage batteries being required than had been assumed in the original proposal.
- 3.6 In general terms, global events and rising inflation is causing firms to significantly increase their quotes for works, which is having an impact on the ability to source contractors within budget. It is expected this will continue to impact council projects for the foreseeable future.
- 3.7 An update on the progress of individual schemes is set out in Appendix 1.

4 Financing of Capital Expenditure 2023/24

- 4.1 The financing of the 2023/24 core capital programme is summarised below:

Financing of Core Capital Programme	2023/24 Current Approved Budget £'000
Capital Receipts Reserve	1,068
Capital Grants – DFG	1,743
Budgeted Revenue Contributions	500
Revenue Reserves	67
S106	81
Community Infrastructure Levy	1,231
Total	4,690

5 Property Acquisition Funds

Commercial Property

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

Residential Property

- 5.2 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the council to manage homelessness and reduce associated costs. To date, no new purchases have been identified during 2023/24.
- 5.3 The remaining balances on the Property Acquisition Funds are shown in the following table.

Committee	Commercial Property (in-Borough) £'000	Residential Property £'000	Total £'000
Opening fund balance	80,000	3,000	83,000
Purchases during 2016/17	(19,206)	(811)	(20,017)
Purchases during 2017/18	(5,148)	(562)	(5,710)
Purchases during 2018/19	0	(257)	(257)
Purchases during 2019/20	(6,077)	(20)	(6,097)
Purchases during 2020/21	0	(95)	(95)
Purchases during 2021/22	0	(238)	(238)
Purchases during 2022/23	0	(39)	(39)
Purchases during 2023/24	0	0	0
Current commitments	0	0	0
Fund balances at 30/06/2023	49,569	978	50,547

- 5.4 The properties owned by the Council are detailed within the Strategic Asset Management Plan, which can be found here: [Four Year Plan | Epsom and Ewell Borough Council \(epsom-ewell.gov.uk\)](https://www.epsom-ewell.gov.uk/strategic-asset-management-plan).

6 S106 Developer Funds

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

Section 106 Balances	Earmarked	Total
	£'000	£'000
Section 106 funds held as at 1 April 2023		2,311
Section 106 net receipts to 30 June 2023		0
Balance of S106 Funds held as 30 June 2023		2,311
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(420)	
Funds held for Horton Chapel	(187)	
		(737)
Unallocated S106 funds as at 30 June 2023		1,574

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

Breakdown of unallocated S106 balances	£'000
Affordable Housing	1,574
Total	1,574

- 6.3 The remaining uncommitted S106 balances are within Affordable Housing; this funding is used to facilitate provision within the borough where the development is not financially viable without additional funding. Planning officers work with providers to identify schemes where the affordable housing would not be deliverable without the additional support.
- 6.4 The £420k funds allocated for specific schemes include £145k of Affordable Housing S106 funds earmarked for a Rough Sleeper accommodation project agreed at S&R Committee in September 2021 and £81k for the capital project to provide a new fence enclosure to the Court Rec Astro turf facility. The balance of £194k is earmarked to fund a number of smaller ad hoc projects including playground works.

7 Community Infrastructure Levy

- 7.1 The council generated £619k of Community Infrastructure Levy (CIL) for the period 1 April 2023 to 30 June 2023.
- 7.2 5% is used for administering the scheme and 15% is ring fenced for a local spending fund comprising two schemes, a CIL Neighbourhood Scheme and a Borough Investment Fund. CIL balances are set out in the following table:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2023	7,456	1,398	466	9,320
CIL invoices raised to 30 Jun 2023	495	93	31	619
Invoices outstanding at 30 Jun 2023	(430)	(81)	(27)	(538)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 30 Jun 2023	0	0	0	0
CIL Funds held at 30 Jun 2023	7,520	1,410	470	9,400
<i>Less commitments:</i>				
Plan E contribution	(335)	0	0	(335)
Stoneleigh Station	(500)	0	0	(500)
Replacement of EEBC Lamp Columns	(396)	0	0	(396)
CIL Neighbourhood Fund 2021/22	0	(65)	0	(65)
CIL Neighbourhood Fund 2022/23	0	(61)	0	(61)
CIL Neighbourhood Fund 2023/24	0	(250)	0	(250)
Monitoring CIL scheme in 2023/24	0	0	(118)	(118)
Unallocated CIL funds at 30 Jun 2023	6,289	1,034	352	7,675

- 7.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £538k of invoices raised but not yet collected, only £15k relates to financial years prior to 2020/21 and is being pursued by the Legal department.

8 CIL Neighbourhood Scheme

- 8.1 Updates on CIL 15% Neighbourhood Fund projects will be reported separately through the new Member News channel.

9 Capital Receipts

- 9.1 The expected balance of capital receipt reserves is shown below:

Capital Reserves	Capital Receipts Reserve £'000
Balance brought forward at 1 April 2023	3,940
Estimated use to fund the 2023/24 capital programme	(1,068)
Capital receipts received to 30 Jun 2023	0
Estimated Balance at 31 March 2024	2,872

10 Risk Assessment

Legal or other duties

10.1 Equality Impact Assessment

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

10.2 Crime & Disorder

10.2.1 None arising directly from the contents of this report.

10.3 Safeguarding

10.3.1 None arising directly from the contents of this report.

10.4 Dependencies

10.4.1 None arising directly from the contents of this report.

10.5 Other

10.5.1 As detailed in section 3, global events and rising inflation have caused firms to significantly increase their quotes for works, having an impact on the Council's ability to source contractors within budget. This is likely to impact on both current and future capital projects.

11 Financial Implications

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

11.2 **Section 151 Officer's comments:** If members have a detailed question(s) on particular capital projects, it is requested that these be submitted in advance where possible, to enable officers to investigate with the relevant scheme manager.

11.3 Updated capital projections at Quarter 2 will be brought to Audit and Scrutiny Committee in November 2023.

12 Legal Implications

12.1 There are no direct legal implications arising from this report.

12.2 **Legal Officer's comments:** None arising from the content of this report.

13 Policies, Plans & Partnerships

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

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

13.3 **Climate & Environmental Impact of recommendations:** The impact of each scheme is assessed during the capital bidding process.

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

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

14 Background papers

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

Previous reports:

- Budget Report to Full Council – 14 February 2023.

Other papers:

- None.

Capital Project Progress – 2023/24 Quarter 1

Project	Current Approved Budget £	Actuals to Q1 2023/24 £	Year End Forecast 2023/24 £	Estimated Variance £	Comments from Manager	Original Target Completion
Disabled Facilities Grants and Small Repairs Grants	1,742,643	162,923	1,742,643	0	The DFG programme continues to support residents requiring adaptations to enable them to continue living in their own homes.	Ongoing
Ashley Centre Car Park Expansion Joints Phase 2	37,000	0	37,000	0	Mechanical expansion joints currently being investigated with a view to installing prior to the Christmas period.	March 2023 <i>Revised date: March 2024</i>
Wellbeing Centre - Replacement of Boilers and Controls	Original: 105,000 Balance for 23/24: 20,705	7,540	20,705	0	All works finished and project now complete.	March 2023 <i>Revised date: Spring 2023</i>
ICT Programme of Works	445,968	38,851	445,968	0	Councillor device refresh completed. Network refresh delayed but still anticipated to complete this FY. Work on Revs & Bens DMS replacement has commenced. Reapportionment of £60k of approved funds is detailed in the IT Strategy.	March 2024
Playhouse Refurbishment - Seating	110,000	0	110,000	0	Works are now complete.	March 2021– <i>Revised date: Sept 2023</i>
Playhouse Refurbishment - Carpets	51,000	0	51,000	0	All carpets have been fitted in time for the end of the summer closure period.	March 2021– <i>Revised date: Sept 2023</i>

Capital Project Progress – 2023/24 Quarter 1

Project	Current Approved Budget £	Actuals to Q1 2023/24 £	Year End Forecast 2023/24 £	Estimated Variance £	Comments from Manager	Original Target Completion
Plan E	335,083	0	0	(335,083)	All works finished and the final invoice has been accrued. No further payments are anticipated, but the budget has been retained until the final invoice is settled.	May 2020 – <i>Revised date: Mar 2022</i>
Bourne Hall - Patio for outside seating area for café	98,000	74,427	98,000	0	All works complete and in use.	September 2023
Replacement of CRM and Data Warehouse	312,384	0	40,000	(272,384)	The new allotments module is expected to be live in October. Work is progressing to migrate all forms into My Council Service by November, thus avoiding having to renew the old software. Work on Waste modules is well advanced and we expect to be live by December. Subsequent phase will focus on bookings and subsequently decommissioning the old CRM system.	Phase 1 - March 2020 <i>Revised: March 2025</i>
Replacement of EEBC Lamp Columns	395,990	0	395,990	0	An order has been placed, prestart meetings held, some investigations undertaken which have revealed faults in the wiring in the ground. Further investigations are underway to establish the layout of the cable runs.	March 2022 – <i>Revised date: March 2024</i>
New fence enclosure to the Court Rec Astro turf facility	81,000	0	81,000	0	The scheme is underway and should be completed by mid-September.	December 2023

Capital Project Progress – 2023/24 Quarter 1

Project	Current Approved Budget £	Actuals to Q1 2023/24 £	Year End Forecast 2023/24 £	Estimated Variance £	Comments from Manager	Original Target Completion
Playhouse Installation of Solar PV to roofs	130,000	0	65,000	(65,000)	The works were completed in early September. The project is expected to be well under budget due to less storage batteries being required.	December 2023
Poole Road Pavilion - Roof replacement	150,000	0	150,000	0	The works were tendered but all those returned were considerably over budget. A report is being taken to Strategy & Resources Committee in September to request additional funding to proceed with the works.	March 2024
Alex Rec Dojo	170,000	0	170,000	0	The old building has been demolished, a planning application has been submitted for the new proposal, due at Committee in November. Assuming no delays in permission being granted and the tendering process, the current anticipated date of completion is end of March.	March 2024
Ashley Centre Car Park - Waterproofing joints to level 4D	50,000	0	50,000	0	This scheme is impacted by the works being undertaken as part of the refit of the new Primark store. Once the store has opened in 2024, this scheme will be reassessed.	March 2022 <i>Revised: March 2025</i>
ECH Tea Rooms Electrical Supply	60,000	0	60,000	0	An order has been raised with UK Power Networks to provide the new power supply – awaiting programme dates from the supplier. Anticipated completion by the end of the calendar year, but the various project dependencies could cause delay.	March 2024
Stoneleigh Station Step free access	500,000	0	500,000	0	The Council's agreed contribution of CIL funding towards the Network Rail project to create step free access at Stoneleigh Station is expected to be paid in January 2024.	March 2024

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OMBUDSMAN ANNUAL REPORT 2022-23

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Local Government and Social Care Ombudsman Annual Review Letter 2022-23

Summary

This report provides the annual review of complaints received and decisions made by the Local Government and Social Care Ombudsman during 2022-2023.

Recommendation (s)

The Committee is asked to:

- (1) Receive and note the Local Government and Social Care Ombudsman Annual Review Letter 2022-2023.**

1 Reason for Recommendation

- 1.1 To bring to the attention of the Committee the Annual Review of Complaints by the Local Government and Social Care Ombudsman (LGSCO), regarding complaints it has considered against the Council.

2 Background

- 2.1 The Local Government and Social Care Ombudsman produces an Annual Review Letter for local authorities detailing the number and type of complaints received and decisions made relating to each authority. The annual review letter for the period from 1 April 2022 to 31 March 2023 relating to Epsom and Ewell Borough Council is attached to this report as Appendix 1.

3 Annual Review Letter 2022-23

- 3.1 The Annual Review Letter sets out that for the year ending 31 March 2023 the LGSO undertook a total of 4 detailed investigations into complaints against the Council. The Ombudsman upheld 2 complaints, in total 17 complaints were made to the Ombudsman.

- 3.2 The details of the two complaints upheld by the Ombudsman are summarised below:

3.2.1. The complainant said that the Council failed to properly deal with the property disrepair issues she raised about her temporary accommodation. She also says the Council wrongly assessed her bedroom need, it failed to correctly assess her medical evidence and it failed to properly deal with her complaint. The Ombudsman found that the Council was at fault for its complaint handling and that it delayed dealing with the property disrepair issues. The Council agreed to the Ombudsman recommendations to address the injustice caused by this fault.

3.2.2. The complainant said that the Council failed to take planning enforcement proceedings regarding a housing development near her home or communicate properly with her. The Ombudsman did not find fault with how the Council considered its discretionary enforcement powers. However, the Ombudsman did find fault with the Council for its failure to tell the complainant the outcome of its enforcement investigation. The Ombudsman considered that this did not cause the complainant a significant injustice. The Ombudsman also found fault with the Council for the delays when responding to the complainant's complaints. This caused the complainant frustration; however, the Council remedied the injustice caused.

- 3.3 The 2021-22 Annual Review letter noted difficulties that the Ombudsman had when communicating with the Council. The Ombudsman noted poor communication and late responses to their enquiries. Shortly after the publication of the 2021-22 Annual Review letter the management of Ombudsman complaints was transferred to another team to ensure an improved focus in dealing with Ombudsman enquiries.
- 3.4 A project was undertaken by the new team managing Ombudsman complaints with a view to reviewing and improving the service. An internal review of the service was conducted and recommendations from this review were taken forward.
- 3.5 In the 2022-23 Annual Review letter the Ombudsman has noted that they are pleased to report that their experience has improved this year and they hope that this continues into the future.
- 3.6 The Annual Review letter does not detail the total number of complaints made to the LGO against the Council. For the year ended 31 March 2023, this was 17. A comparison with previous years is provided below:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Number of complaints received by the Ombudsman	15	15	23	27	17	11	17
Number of complaints upheld	2	1	2	0	3	2	2

3.7 The Council's figures for 2022-23 are comparable to other Surrey authorities, as outlined in the below comparison table:

Authority	Investigations	Upheld
Elmbridge	4	2
Epsom & Ewell	4	2
Guildford	2	2
Reigate & Banstead	4	3
Runnymede	3	3
Spelthorne	0	0
Surrey Heath	3	2
Tandridge	3	3
Waverley	7	6
Woking	0	0

4 Risk Assessment

4.1 Impact Assessment

4.1.1. There are no equalities issues arising from the contents of this report.

4.2 Crime & Disorder

4.2.1. None.

4.3 Safeguarding

4.3.1. None.

4.4 Dependencies

4.4.1. None.

4.5 Other

4.5.1. None.

5 Financial Implications

5.1 None arising from this report.

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

6 Legal Implications

6.1 The Council is obliged to respond to complaints of maladministration through the Ombudsman. The Local Government Act 1974 prescribes the way in which the Ombudsman conducts investigations.

6.2 **Legal Officer's comments:** None.

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:**

7.3.1. None.

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

7.4.2. None.

7.5 **Partnerships:**

7.4.2. None

8 Background papers

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

Previous reports:

- Ombudsman Annual Report 2021-22

Other papers:

- Local Government and Social Care Ombudsman Website, your Council's performance: <https://www.lgo.org.uk/your-councils-performance>
- Annual Review Letter 2021-22

19 July 2023

By email

Ms King
Chief Executive
Epsom & Ewell Borough Council

Dear Ms King

Annual Review letter 2022-23

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2023. The information offers valuable insight about your organisation's approach to complaints. As always, I would encourage you to consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

The end of the reporting year, saw the retirement of Michael King, drawing his tenure as Local Government Ombudsman to a close. I was delighted to be appointed to the role of Interim Ombudsman in April and look forward to working with you and colleagues across the local government sector in the coming months. I will be building on the strong foundations already in place and will continue to focus on promoting improvement through our work.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Over the past two years, we have reviewed our processes to ensure we do the most we can with the resources we have. One outcome is that we are more selective about the complaints we look at in detail, prioritising where it is in the public interest to investigate. While providing a more sustainable way for us to work, it has meant that changes in uphold rates this year are not solely down to the nature of the cases coming to us. We are less likely to carry out investigations on 'borderline' issues, so we are naturally finding a higher proportion of fault overall.

Our average uphold rate for all investigations has increased this year and you may find that your organisation's uphold rate is higher than previous years. This means that comparing uphold rates

with previous years carries a note of caution. Therefore, I recommend comparing this statistic with that of similar organisations, rather than previous years, to better understand your organisation's performance.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations.

Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we were satisfied with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 26 July 2023. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Your organisation's performance

In last year's letter we noted the difficulties we had in dealing with your Council, particularly as a result of poor communication and late responses to our enquiries. I am pleased to report our experience has improved this year and I hope this good relationship continues into the future.


Supporting complaint and service improvement

I know that complaints offer organisations a rich source of intelligence and insight that has the potential to be transformational. These insights can indicate a problem with a specific area of service delivery or, more broadly, provide a perspective on an organisation's culture and ability to learn. To realise the potential complaints have to support service improvements, organisations need to have the fundamentals of complaint handling in place. To support you to do so, we have continued our work with the Housing Ombudsman Service to develop a joint complaint handling code that will provide a standard for organisations to work to. We will consult on the code and its implications prior to launch and will be in touch with further details.

In addition, our successful training programme includes practical interactive workshops that help participants develop their complaint handling skills. We can also offer tailored support and bespoke training to target specific issues your organisation might have identified. We delivered

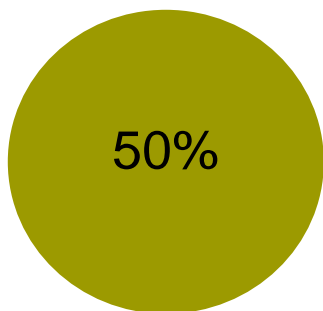
105 online workshops during the year, reaching more than 1350 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

Yours sincerely,



Paul Najsarek
Interim Local Government and Social Care Ombudsman
Interim Chair, Commission for Local Administration in England

Complaints upheld



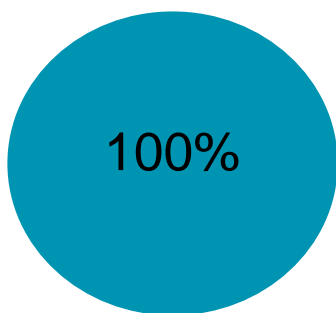
50% of complaints we investigated were upheld.

This compares to an average of **59%** in similar organisations.

2
upheld decisions

Statistics are based on a total of **4** investigations for the period between 1 April 2022 to 31 March 2023

Compliance with Ombudsman recommendations



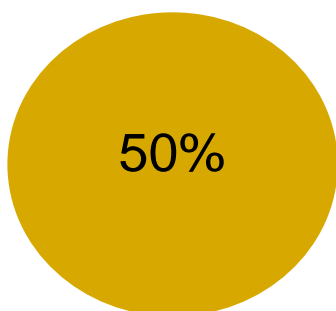
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **2** compliance outcomes for the period between 1 April 2022 to 31 March 2023

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **50%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **15%** in similar organisations.

1
satisfactory remedy decision

Statistics are based on a total of **2** upheld decisions for the period between 1 April 2022 to 31 March 2023

PERFORMANCE AND RISK REPORT - SEPTEMBER 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-September 2023

Summary

The appendix to this report provides an overview of the council's performance with respect to its 2023-24 annual plan objectives, key performance indicators, corporate risks and committee risks.

Recommendation (s)

The Committee is asked to:

- (1) **Note and comment on the performance and risk information located at Appendix 1.**

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 Performance Report – September 2023

- 3.1 Appendix 1 comprises a corporate performance report for the council. Alongside progress updates for the Annual Plan 2023-2024, the report includes key performance indicators, the corporate risk register, and committee risk registers.
- 3.2 A key aim of the report is to provide a concise overview of how the council is performing, in a single document, regarding its strategic objectives, service delivery, and risks that may hinder its ability to deliver these.
- 3.3 Section 6 of Appendix 1 sets out the annual governance statement actions which have recently been approved by this committee in July. An update will be available for the next edition of the report.
- 3.4 The table on the next page presents the summary dashboard from Appendix 1. Please note that key performance indicator information is provided on a quarterly basis, unless stated otherwise in Appendix 1. The other performance and risk information is the latest update at the time of this report's writing. Further details can be found in Appendix 1.

Actions	Measures	Risks																				
Annual Plan Actions <i>Objectives with more than one action have been aggregated using the least favourable RAG status</i> <table><tr><td>2</td><td>Completed</td></tr><tr><td>11</td><td>On track</td></tr><tr><td>5</td><td>Slippage</td></tr><tr><td>4</td><td>Off track</td></tr></table>	2	Completed	11	On track	5	Slippage	4	Off track	KPIs <table><tr><td>11</td><td>On target</td></tr><tr><td>2</td><td>Slippage</td></tr><tr><td>2</td><td>Off target</td></tr></table> <p>x2 information only x1 awaiting data</p>	11	On target	2	Slippage	2	Off target	Corporate Risks <table><tr><td>4</td><td>High</td></tr><tr><td>6</td><td>Medium</td></tr><tr><td>0</td><td>Low</td></tr></table>	4	High	6	Medium	0	Low
2	Completed																					
11	On track																					
5	Slippage																					
4	Off track																					
11	On target																					
2	Slippage																					
2	Off target																					
4	High																					
6	Medium																					
0	Low																					
AGS Actions <i>To be reported at the next quarterly update</i> <table><tr><td>N/A</td><td>Completed</td></tr><tr><td>N/A</td><td>On track</td></tr><tr><td>N/A</td><td>Slippage</td></tr><tr><td>N/A</td><td>Off track</td></tr></table>	N/A	Completed	N/A	On track	N/A	Slippage	N/A	Off track		Committee Risks <table><tr><td>4</td><td>High</td></tr><tr><td>13</td><td>Medium</td></tr><tr><td>0</td><td>Low</td></tr></table>	4	High	13	Medium	0	Low						
N/A	Completed																					
N/A	On track																					
N/A	Slippage																					
N/A	Off track																					
4	High																					
13	Medium																					
0	Low																					
Guidance Actions/KPIs: Red: Off track/target (>5%) Amber: Behind target (< 5%) / delayed Green: On track/target Blue: Completed Risks: High: Risk score of 12-16 Medium: Risk Score of 4-9 Low: Risk score of 1-3																						

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No direct implications.

4.2 Crime & Disorder

4.2.1 No direct implications.

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 and committee 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 2023-2024 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 (2022) Four Year Plan: Year End Performance Report 2022-2023, Audit & Scrutiny Committee, 18 July 2023 Online available: <https://democracy.epsom-ewell.gov.uk/documents/s27861/Performance%20and%20Risk%20Report%20-%20July%202023.pdf> [Accessed: 11/08/2023]

Others:

- Epsom and Ewell Borough Council - Audit and Scrutiny Committee: Terms of reference. Online available: <https://democracy.epsom-ewell.gov.uk/mgCommitteeDetails.aspx?ID=157> [Accessed: 11/08/2023]



Corporate Performance Report

Date: September 2023

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1. Summary

Actions		Measures		Risks	
Annual Plan Actions		KPIs		Corporate Risks	
<i>Objectives with more than one action have been aggregated using the least favourable RAG status</i>					
2	Completed	11	On target	4	High
11	On track	2	Slippage	6	Medium
5	Slippage	2	Off target	0	Low
4	Off track	x2 information only x1 awaiting data			
AGS Actions				Committee Risks	
<i>To be reported at the next quarterly update</i>					
N/A	Completed			4	High
N/A	On track			13	Medium
N/A	Slippage			0	Low
N/A	Off track				

Guidance

Actions/KPIs: **Red:** Off track/target (>5%) **Amber:** Behind target (< 5%) / delayed **Green:** On track/target **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 2023 – March 2024)

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	Key Deliverables	Target	Responsible Officer	Dates / Key Milestones	RAG Status	Narrative
1	S&R	Post election (May 23) review financial framework (including all panels and working groups) with Members to ensure underlying assumptions and governance processes are still valid and that the structure enables clear decision making.	Approved by Strategy and Resources Committee	S151 Officer	30 September 2023	Blue	Completed: At its meeting on 25 July 2023, the Full Council approved the recommendations by the Standards and Constitution Committee.
Page 78	S&R	A costed and funded ICT Strategy, with associated delivery timeline	Approved by Strategy and Resources Committee	Head of Information Technology	30 September 2023	Green	The IT strategy is being reviewed and it is on track to be submitted to the Strategy and Resources Committee on 19 September 2023.
3	S&R	Development of a costed plan around a potential Town Hall move to 70 East Street for further consideration by Members, as agreed at Strategy and Resources committee.	Programme plan completed and agreed at S&R then put to Council for approval.	Acting Director of Environment, Housing and Regeneration	30 November 2023	Green	Moveworks has been appointed to undertake high level feasibility study regarding the business case to relocate.
4	S&R	Development of full options proposals around the development/disposal of current Town Hall site if Item 3 is approved for progression.	Programme plan completed and agreed at S&R then put to Council for approval.	Acting Director of Environment, Housing and Regeneration / Head of Property and Regeneration	30 November 2023	Green	A procurement brief has been developed and it is now live on the 'Home England' professional framework to tender external project team site feasibility study as well as an external development consultant for delivery options.

5	S&R	a) Identification of business startup premises through TC masterplan, Local Plan and Economic Development work. Refresh previous Econ Dev Strategy. ** To be further defined following agreement of where Economic Development activity sits b) Hold Pop-Up shops / displays in Bourne Hall	a) Proposals for locations considered in the LP/MP work New Economic Development Strategy produced and agreed b) 4 Pop-Ups, 1 per quarter.	Head of Place Development Head of Operational Services	31 March 2024	Amber	a) Local Plan consultation has resulted in detailed responses from site promoters. Finalisation of the TC Masterplan will assist in identifying suitable locations. Delays to Local Plan could impact delivery of start-up premises, specifically those that could come forward as part of site allocations.
						Green	b) Various events are in place for Bourne Hall. Three 'Cash in the wardrobe' events and an Art and Design Market were held between April and June 2023. Museum staff are working with the Arts, Culture and Heritage Programme Officer on more events and displays.
Page 79	S&R	Clarify committee ownership of the Economic Development activity and identify resource requirements and funding to progress further. If agreed, develop a costed and resourced Economic Development Strategy.	Group established and approved by committee.	Head of Place Development	30 September 2023	Amber	Confirmed that Economic Development sits under Strategy & Resources. Resourcing of Economic Development Activity to be reviewed through the budget setting process.
7	LPP	a) Regulation 18 and Regulation 19 on the Local Plan consultation.	Consultation commenced. Evidence of ongoing engagement	Head of Place Development	31 March 2024	Red	a) Consultation on the Regulation 18 Draft Local Plan has been undertaken. There are resource implications for conducting the Regulation 19. Council motion to 'Pause' has implications for timetable. Future Licensing and Planning Policy Committee (LPPC) to consider unpausing the Plan in September / October 2023. A new Local Plan timetable will be prepared following a decision to un-pause.
		b) Continued close working with Business Improvement				Red	b) Resource implications – there is currently no economic development resource

		District Partners and other key stakeholders and partners. c) Introduction of a Community Infrastructure Levy (CIL) Protocol.				Green	c) A draft spending protocol is due to be considered by the LPPC in October 2023.
8	LPP	Draft Infrastructure Delivery Plan (linked to the Local Plan), which includes telecommunications infrastructure. Develop clear definition of what 'digital connectivity' means in the context of Council Strategy and deliverables and agree delivery plan.	Draft Infrastructure Delivery Plan published alongside the Local Plan consultation.	Head of Place Development	31 March 2024	Red	Council motion to 'Pause' has implications for timetable. Future LPPC to consider unpausing the Plan in September / October 2023. A new Local Plan timetable will be prepared following a decision to un-pause.
Page 80	LPP	Produce a business case for additional resource to enable a Tree Preservation Order Review.	Business case taken to committee by completion date.	Head of Place Development	30 September 2023	Red	Focussing work on Ash Dieback and the backlog of tree-related applications have delayed the business case. The business case will be prepared towards the end of 2023.
10	LPP	Produce a business case for additional resource to enable a TRN Review and formulation of new process.	Business case taken to committee by completion date.	Head of Place Development	01 October 2023	Red	Focussing work on Ash Dieback and the backlog of tree-related applications have delayed the business case. The business case will be prepared towards the end of 2023.
11	LPP	A local Heritage List (to link to/inform Item 13).	Approved by committee.	Head of Place Development	30 September 2023	Amber	There has been a delay in receiving all the necessary information from Surrey County Council before reporting to the LPPC on 15 June 2023. LPPC made a decision to pause with progressing the Local Heritage List in parallel to the Local Plan in order to prioritise workload as well as assessing implications.
12	C&W	Increased surplus from Bourne Hall	<ul style="list-style-type: none"> Flying Saucer Cafe launched. 	Head of Operational Services	31 December 2023	Green	In May 2023, the rear patio of Bourne Hall has been upgraded with seating area and the Flying Saucer Café has been launched to support

			<ul style="list-style-type: none"> Increased retail activity. Completion of charges review. 				income generation of Bourne Hall. There has been an increased retail activity since then. Whilst the business plan has been agreed by SMT, the role profiles are being reviewed by HR which needs to be completed before the next stages of the plan.
13	C&W	A costed and resourced Arts, Cultural and Heritage (ACH) Strategy.	Approved by Community and Wellbeing Committee and stakeholder group.	Head of Place Development	31 October 2023	Green	The draft themes/pillars of the ACH Strategy were approved by the SMT in April 2023. The final Strategy, along with a costed and resourced action plan, will be submitted to the Community and Wellbeing Committee on 10 October 2023 following a stakeholder consultation event held in June 2023.
Page 81	C&W	Delivery of an increased programme of heritage tours and events along with digital information which promote the Borough's heritage assets, allowing residents to see local heritage assets and partake in heritage open days.	Approved by C&W Committee	Head of Place Development	Ongoing throughout 2023-2024	Green	A programme of events is being developed following the confirmation of the UKSPF funding in June/July 2023. A new digital heritage tour app will launch during the National Heritage Open Days festival on 8 September 2023. A programme of art lessons and exhibitions are being confirmed at council venues and will commence in September alongside the painting of a community wall mural with a group of local school children and an internationally renowned street artist.
15	C&W	<p>a) Implementation of the Year 1 actions in the Homelessness and Rough Sleeper Strategy including updating empty homes policy</p> <p>b) Housing stakeholder event(s) to be agreed and arranged with clear outcomes</p>	<p>a) 85% of Year 1 actions complete, with quarterly reports to the committee Chairs.</p> <p>b) Housing event held and network operational</p> <p>c) Consultation completed and any recommendations</p>	Head of Housing and Communities	30 November 2023	<p>Green</p> <p>Green</p>	<p>a) The first quarterly report of 2023/24 has been submitted to the Chair of Community and Wellbeing Committee in August 2023. A six-monthly report and an end of year report will be provided to the Committee.</p> <p>b) A stakeholder analysis has been completed which informs development of potential future events.</p>

		c) Establish a plan for private rented sector inspections and stock condition surveys	from DLUHC considered - member briefing paper produced if appropriate			Amber	c) There are currently limited resources to conduct private rented housing inspection whilst focussing on reactive work.
16	C&W	Prepare a briefing paper on the structure and purpose of options for receiving feedback from the wider community through increased consultations, targeted citizens panels (youth, students, mixed demographics etc) and other mechanisms both digital and non digital - particularly around the seldom heard.	Approach approved by the Strategic Management Team / Policy Chairs	Head of Policy and Corporate Resources / Communications and Engagement Manager	30 September 2023	Blue	Completed: A proposal of community engagement was agreed by the Community and Wellbeing Committee in June 2023. It set out the objectives and engagement options with residents to receive feedback on services and better understand residents' needs.
Page 82	E	Implementation of Priority 1 2023-2024 Climate Change Action Plan actions.	85% of actions complete	Head of Place Development	31 March 2024	Green	Amongst the nine priority actions which have been identified, six of them are on track and three have further actions to meet target.
18	E	a) Implementation of Priority 1 2023-2024 Tree Strategy actions (provided the Strategy is approved in March 2023). b) Progress plans for the implementation of a National Nature Reserve (NNR) - feasibility study	<ul style="list-style-type: none"> 85% of actions complete 100 trees planted 	Head of Place Development	31 March 2024	Green	a) Tree Management Plan was formally approved in June 2023, and the delivery of the Plan is now being progressed.
						Green	b) A report will be submitted to the LPPC in October seeking its approval of the NNR status for Horton Country Park Local Natural Reserve (LNR), Manor Open Space and Hogsmill LNR. The NNR status of Epsom Common has been approved via the management plan and the LPPC Climate Change Action Plan.

19	E	A feasibility report and business case for providing a pet crematorium and memorial garden in the Borough.	Report submitted to committee for consideration.	Head of Operational Services	31 October 2023	Green	Establishing and delivering the new business would have staffing and resourcing implications (maintenance etc), the consultant's feedback is that the business case is not feasible. Therefore further investigatory work is underway, e.g. partnering with privates operator to widen the catchment area.
20	E	To continue to monitor developments in Government Waste Strategy	Briefings provided to ES&C on any forthcoming developments or opportunities	Head of Operational Services	Ongoing throughout 2023-2024	Green	There has been delay in the announcement of the national waste strategy by the government. Its development is being constantly monitored by both Transport & Waste Services Manager and Surrey Environment Partnership. The SMT and the Environment Committee Chair/Vice-chair are being kept up to date. A decision is likely to be made by the government within 2023/24. Until further announcements are made and analysed it is not possible to properly forecast the cost and service impacts of the strategy.
Page 8 of 8	C&D	Complete the mobilisation phase of the new CCTV arrangements.	Completed by completion date, including being complaint with ICO regulations	Head of Housing and Communities	31 May 2023	Amber	Whilst the CCTV cameras are now in operation, the deadline of this action is extended to December 2023 to allow negotiations with Business Improvement District (BID) and Ashley Centre so as to conclude this action.
22	C&D	Work with the Community Safety Partnership to create an evidenced-based action plan.	Updated action plan submitted to Audit and Scrutiny Committee by the completion date	Head of Housing and Communities	29 February 2024	Green	Work in progress.



















Committee key:


S&R - Strategy and Resources; LPP - Licensing and Planning Policy Committee; C&W - Community and Wellbeing Committee; E – Environment Committee; C&D – Crime and Disorder Committee.


3. Key Performance Indicators


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


Page 84


Strategy & Resources	Council tax collected		Environment	Car park visitors	
	NNDR collected			PCN appeals responded to	
	Investment income			Waste collection	
	Forecast outturn			Recycling	
	Staff sickness		Licensing & Planning Policy	Major applications determined	
	Staff turnover			Minor applications determined	
	Vacant property rate			Other applications processed	
	Priority reactive maintenance			Appeals dismissed	
Community & Wellbeing	Household living in nightly paid accommodation				
	Homelessness preventions				

 Target met

 Slippage (< 5% behind target)

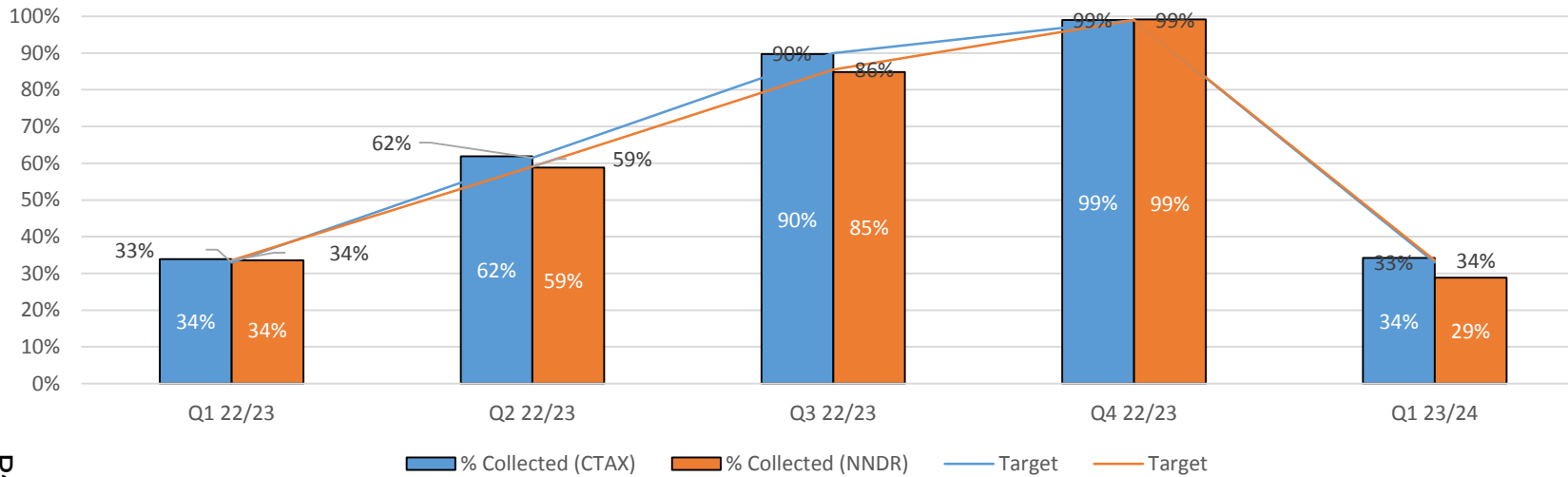
 Off track (> 5% behind target)

 Information only

 Awaiting data

Strategy and Resources Committee

Council Tax and Non Domestic Rates Collected Year to Date (%)



Commentary

Council Tax Collected and NNDR Collected
The 23/24 NDR Q1 figure is slightly down this year as we have one significant ratepayer who is financially struggling. We have been working closely with them however and this shortfall is expected to be resolved by the end of Q2.

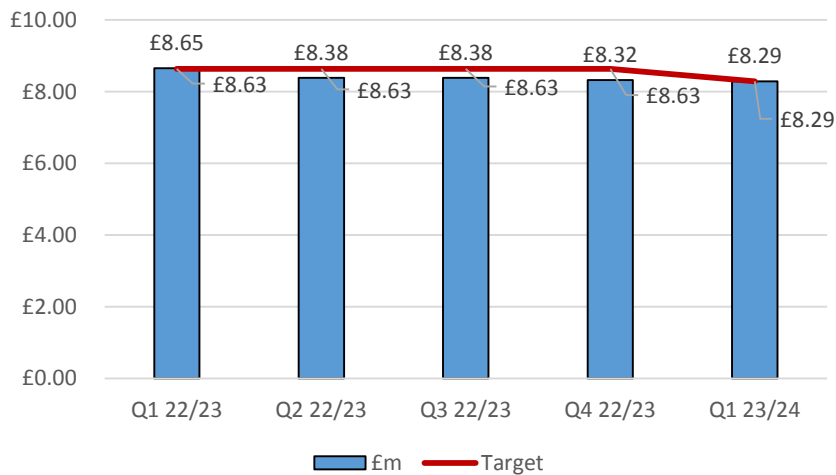
Treasury management investment income

Forecast income is on track to exceed the target, assisted by elevated interest rates.

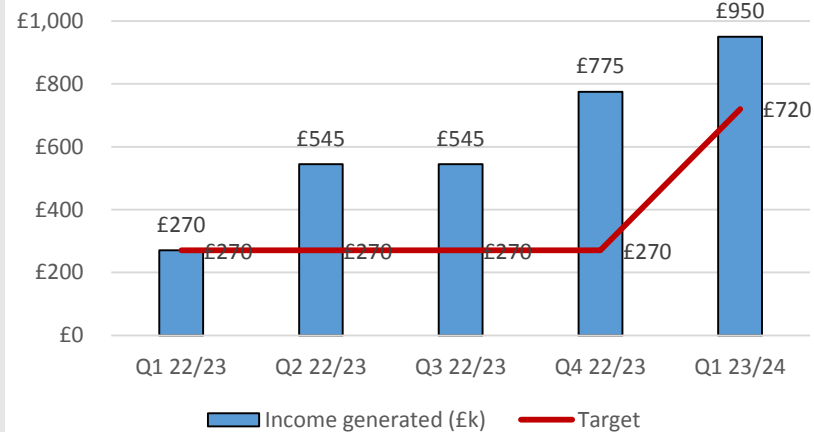
Forecast outturn vs budget.

Currently forecast on budget, pending quarterly budget monitoring report to Audit & Scrutiny Committee in September.

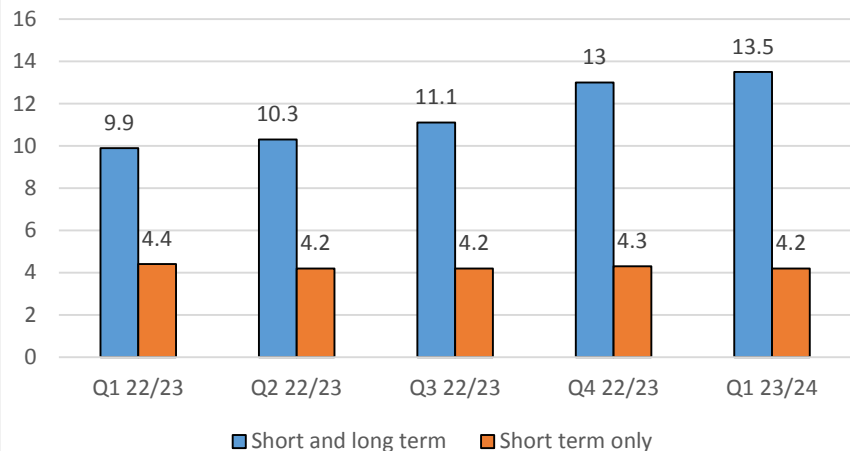
Forecast Outturn vs Budget (£m)



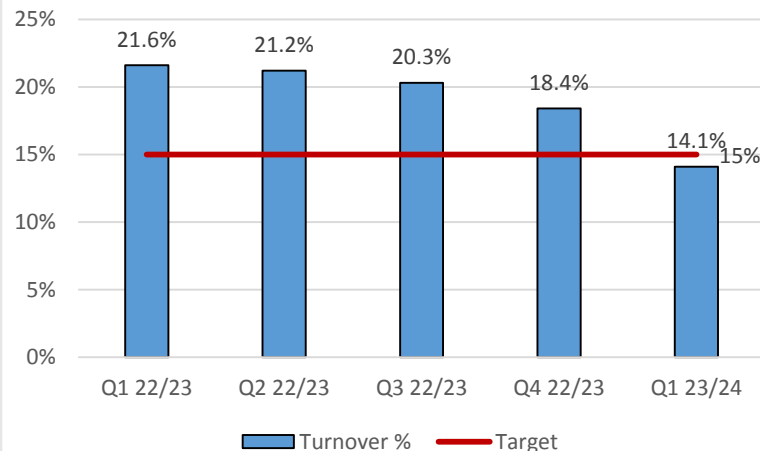
Income from Treasury Management Investment (£k)



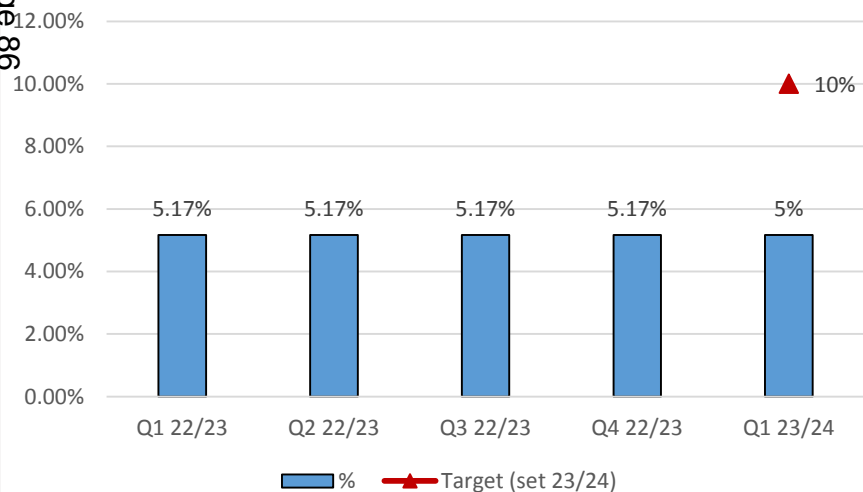
Average Number of Days of Sickness Absence



Voluntary Staff Turnover (rolling year to date %)



Council-owned vacant property rate (%)



Completion rates for property maintenance works (%)



Commentary

Days lost to staff sickness.

The increase in the figure for All Sickness is largely due to significant individual cases.

Staff Turnover

Q1 turnover is slightly ahead of our target.

Vacant property rate

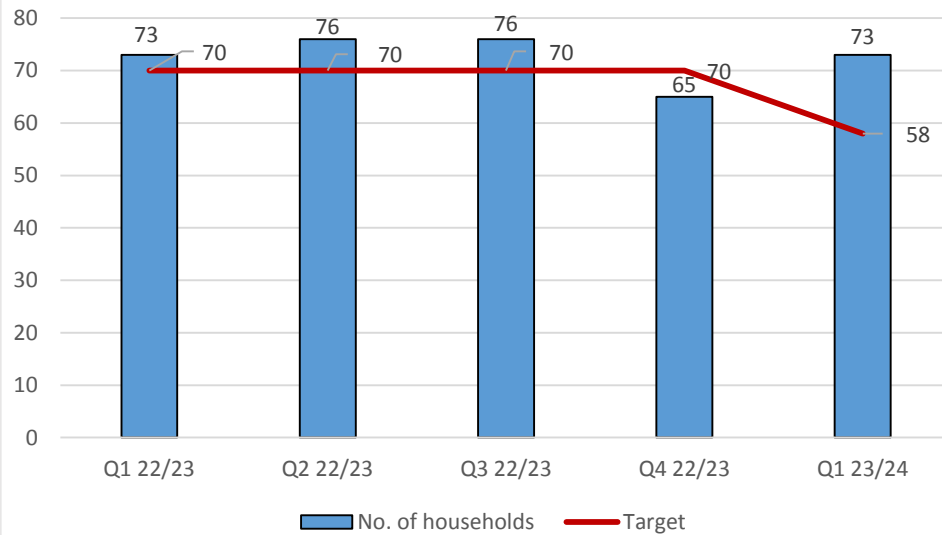
Rates remain well ahead of target. The rate is the valuation of the vacant properties divided by the total valuation of council's owned properties and then multiplied by 100 to arrive at this percentage. Valuations reflected last year's value, relating to one vacant property.

Priority 1 maintenance completion rate

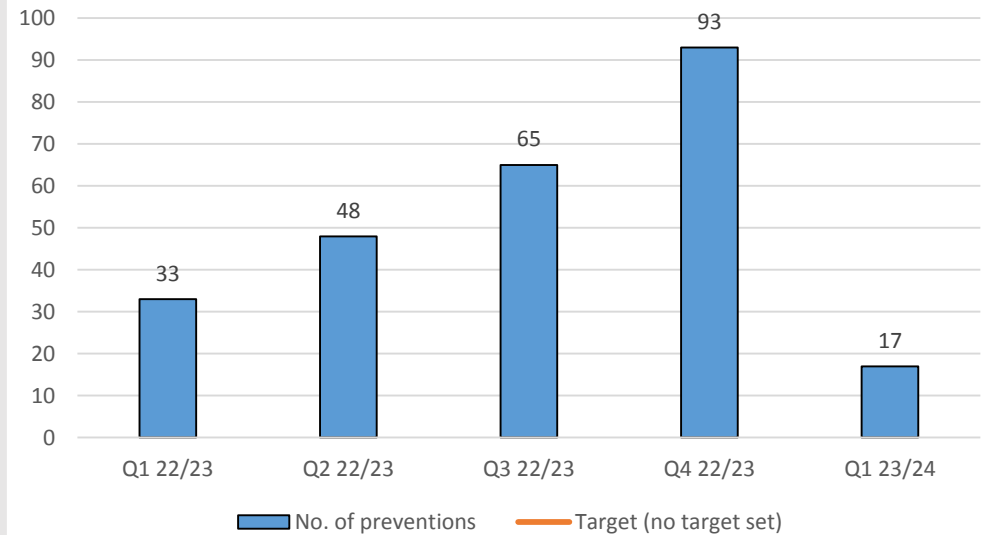
Rates continue to be at 100% above the target of 98.5%.

Community and Wellbeing Committee

Number of households living in nightly paid accommodation



Number of Successful Preventions of Homelessness (Year to Date)



Commentary

No of households living in nightly paid accommodation

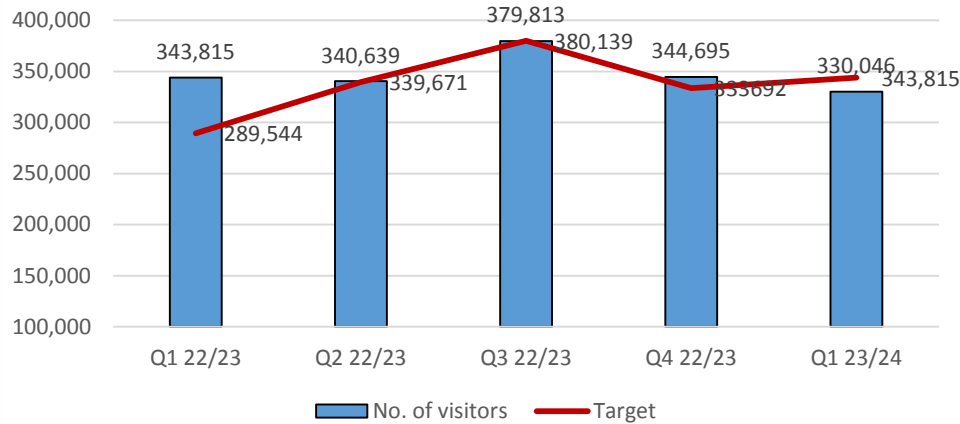
The rise in Q1 on the previous quarter reflects the challenges brought about by the cost-of-living crisis and the lack of new affordable housing schemes coming forward.

Prevention from homelessness

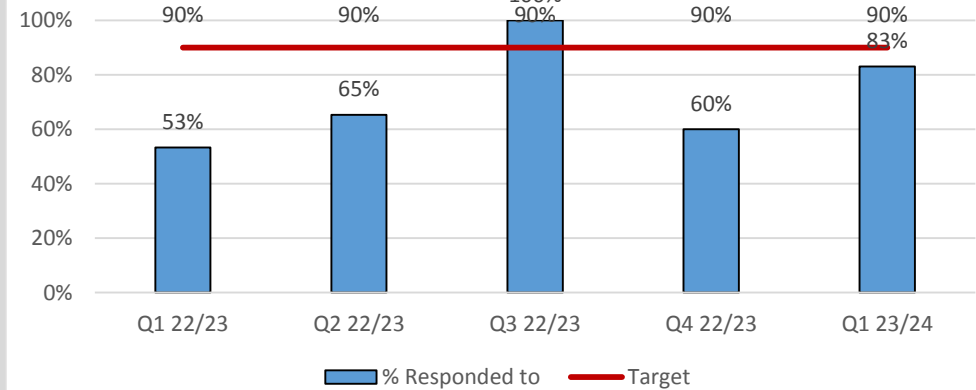
The drop in successful preventions in Q1 reflects the lack of options available as the number of available private rented sector properties drops and rental prices increase.

Environment Committee

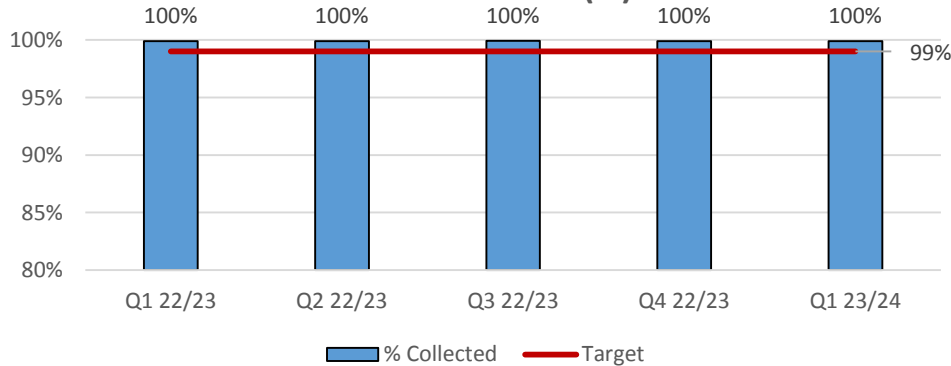
Car Park Visitor Numbers



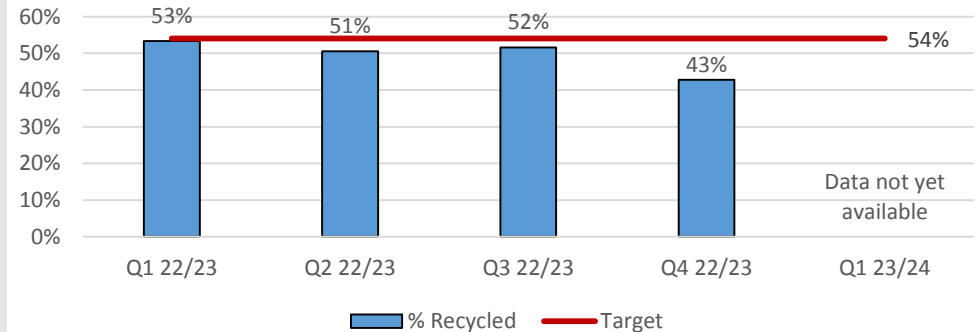
Parking Penalty Charge Notices Responded to in 10 Working Days



Waste collected (%)



Waste sent for recycling (%)



Commentary

Car park visitors

The reduction in Town Hall / Hope Lodge visitors is 13,210 which equates for the majority of the slippage from last year. The change of use in Town Hall / Hope Lodge has reduced appearance of some visitor numbers as those entering with permits no longer leave a footprint.

PCN appeals response time.

April was lower due to short staffing, and increased demand with parking renewals/invoicing of yearly agreements. Although just short of the 90% KPI all appeals answered within statutory timeframes.

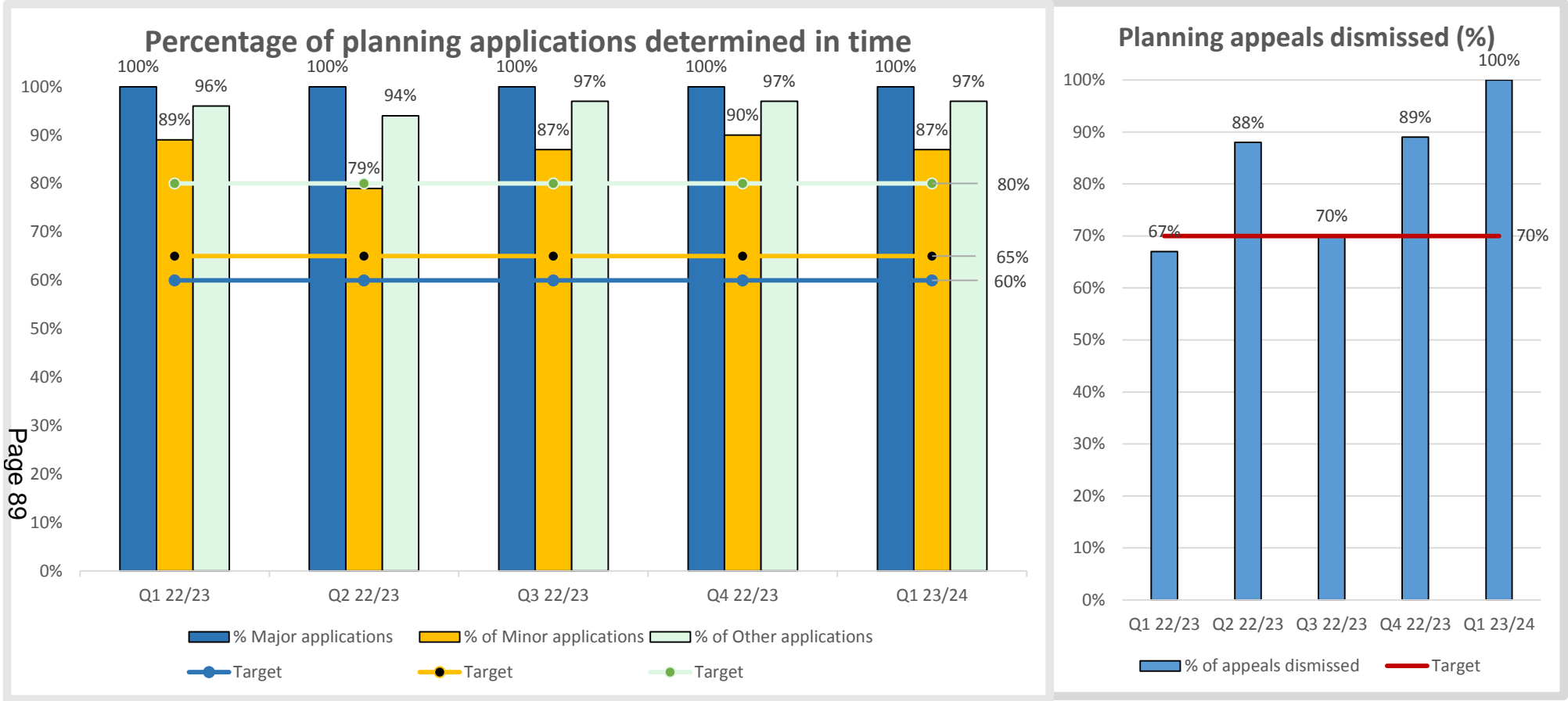
Recycling rate

Q1 data not yet available. Continued slippage in Q4 as sorting plant processing rejection rate rose significantly to 24.13% versus Q1-3 average 12.16%. Concerns have been raised with operators about significant variation in rates, contamination has gone up across all Surrey councils although early indications for Q1 are that EEBC rates have reduced, albeit still high.

Waste collection

Good results in April and May (each 99.92%) but Q1 impacted by reduced performance in June (99.86%) as a result of our garden waste suspensions caused by staffing issues.

Licensing and Planning Policy Committee



Commentary

Major, Minor and Other applications

Performance of Major, Minor and Other applications decided in time has continued to be strong during Q1.

Appeals dismissed.

Q1 performance is ahead of the national average of approximately 70% of appeals being dismissed.

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.

Page 90 Likelihood Multiplier	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
		1 Insignificant	2 Medium	3 High	4 Severe
		Impact			

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

Relevant committee	S&R	Strategy & Resources
	E	Environment
	C&W	Community & Wellbeing
	LPP	Licensing & Planning Policy
	C&D	Crime & Disorder
		Relevant to more than one committee

ID	Category	Risk Identified <i>Risk that...</i> <i>Risk of...</i>	Potential Risk Consequences	Risk Owner	Likelihood	Impact	Inherent Risk	Mitigations & Controls	Likelihood (2)	Impact (2)	Residual Risk	Direction of Travel <i>Compared to previous quarter</i>	Future Actions to Further Mitigate & Control Risk
PD14 <> LPP Page 91	Project	Failing to deliver a local plan (e.g. due to budget, staffing, legislative changes)	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Local plan project risk register in place. * Regular reporting to key stakeholders. * Project plan funding arrangements. * Resourcing arrangements. 	4	4	16	No change	During Summer 2023 briefing sessions will be held to ensure that Members have a clear and shared understanding of the development of the Local Plan. Local Plan pause a key constraint to the work that can be undertaken.

IT6 <> S&R	Operational	Failure or interruption to IT services	<ul style="list-style-type: none"> * Damage caused by successful cyber-attack. * Loss of data. * Service delays. * Reputational damage. * Staff satisfaction. 	Head of IT	4	4	16	<ul style="list-style-type: none"> * 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. * This is a new risk, composed to consolidate related IT divisional / service risks. 	3	4	12	No change	<ul style="list-style-type: none"> * Approve and implement full IT Strategy. * Robust management of programme to implement strategy inc. regular reviews to track progress and effectiveness.
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HC9 <> C&W Page 93	Financial	Risk of homelessness expenditure exceeding budget provision	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Additional posts to support PSL activities, unsuccessful recruitment. * Business process review of housing (yet to be done) * Commissioning Reigate and Banstead Fraud Team to investigate claims * New strategic housing manager in post*Council working group developing mitigation measures *Approved Homelessness and Rough Sleeping Strategy and Action Plan Microhomes proposal *New staff to focus on single homeless and another on homeless households now in post. *Housing First funding for two new units of accommodation *Additional government funding for homeless for 2023-2025 	4	3	12	Worsened	<ul style="list-style-type: none"> * Exploring options to recruit to vacant PSL post * Mid-year report to C&W Committee (10 Oct)

HC5 <> C&W	Governance	Non-compliance with safeguarding legislation, internal policies and best practice.	Negative impact on resident and staff health & safety. * Legal challenge. * Financial penalty. * Reputational damage.	Head of Housing & Community	4	4	16	*Safeguarding Policy in place. * Environmental Health and Community Development teams share resources and knowledge. * Staff training plan developed. * Register of vulnerable residents in place.	3	4	12	New risk escalated to the corporate risk register	* Implement staff training plan. * New communications content to all staff. * Update safeguarding EHub pages. * External audit from adult and children safeguarding teams expected imminently.
3 <> IDP Page 94	Strategic	Failure to deliver the climate change strategy	* Unable to deliver the Council's climate change objectives. * Fail to reduce the Council's carbon emissions. * Damage to reputation	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. * Member Working Group meets quarterly. * Cross-organisational working group also meets frequently to ensure a co-ordinated approach.	3	3	9	No change	* Funding agreed for 2023/24

HR5 <> S&R	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	* Steady reduction in voluntary staff turnover during Q3 and 4 through into Q1. * We continue to fill vacancies at a good rate. * Recommendations from Recruitment Audit and Performance management review to be implemented once agreed.
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F2 <> S&R	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 efficiency 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.

Page 97	PCR18 – S&R	Operational	Failure to respond effectively to a major incident or civil emergency	<ul style="list-style-type: none"> * Loss of business continuity. * Health and wellbeing of residents. * Reputational damage. 	Head of Policy & Corporate Resources	4	4	16	<ul style="list-style-type: none"> * 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	No Change	<ul style="list-style-type: none"> * Business Continuity audit [scheduled in Audit Plan 2023-2024]. * Business continuity tests.
	PCR13 < S&R	Operational	Failure to successfully prevent a significant health and safety incident	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Complete Health and Safety Audit (2022) actions [underway]. * Complete this round of assurance checks [underway, running to Aug 23, delayed but in-hand; priority areas have been covered]. * Publish new managers' H&S checklist [underway]. * Review reporting of near misses.

PCR16 <> S&R	Operational	Failure to comply with GDPR/Data protection 2018	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Reviewed and updated relevant data policies and processes. * Continue to raise staff awareness and skills required, including annual refresher training. 	2	2	4	No Change	<ul style="list-style-type: none"> * Establish assurance process for senior management team, including the creation of new Information Governance Management Team [underway]. * Review long term resourcing requirements (urgent).
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OS20 <> C&W and E	Strategic	Not maximising commercialisation opportunities at council venues and parks / open spaces	<ul style="list-style-type: none"> * Less income to the council, leading to service pressures. * Financial sustainability of assets. 	Head of Operational Services	4	3	12	<ul style="list-style-type: none"> * Business cases to generate additional income for the council are being prepared * Additional project management resource recruited (2022-23). * Project incubator opportunity included in project management community of practice. * Project management toolkit * Any potential change of use of open spaces / land, such as for development, requires full analysis of revenue implications, e.g. in the form of a committee report detailing financial implications. 	2	3	6	No change	<ul style="list-style-type: none"> *Escalated from committee level as straddles C&W and E committees. *Established project groups for increasing commercialisation in parks. *Business case developed for pet crematorium, memorial garden and the consideration to add in a café. *Catering Hub developed to provide catering for events and building trade *Café in Bourne Hall, launched in May 2023, is expected to generate good footfall and trade *Media campaign to restart dementia hub for day care.

5. Committee Risk Registers

This Committee Risk Register contains the risks identified for the Strategy and Resources Committee, the Environment and Safe Communities Committee and the Community and Wellbeing Committee in accordance with our Risk Management Strategy. An overview of the individual committee risks is summarised on the next page. This risk register will be reviewed by the various policy committee Chairs on a regular basis. The next step will be to confirm risks for Licensing and Planning Policy Committee.

In this register, the inherent risk score (before any mitigations or controls) and the residual risk score (with mitigations and controls in place) have been derived from using the risk matrix below. The matrix is included in the Risk Management Strategy. 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.

100

Page

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	2	3	4
	Insignificant	Medium	High	Severe
	Impact			

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

Committee risks summary

Strategy and Resources Committee		
Ref.	Risk	Residual Score
PD21	Declining economic vitality in the Borough	9
HR10	Loss of key staff across service through natural turnover and difficulty of recruitment	9
HR11	Lack of leadership and skills to deliver strategies and plan; Lack of clear vision and objectives	9
PR3	Property portfolio fails to generate expected financial revenue due to loss of commercial tenant	8
PR11	Potential loss of income / tenant relating to the East Street property (New Risk)	8
PCR21	Retendering leisure contract	6
F11	Failure to deliver services within agreed budget envelope	4
DST10	Failing to respond to complaints effectively	4
EO8	Ineffective communications to key stakeholders	4

Environment Committee		
Ref	Risk	Residual Score
OS5	Outcome of national waste strategy	12
OS21	Climate change imperatives (e.g. emissions reduction)	12
PD22	Increased costs associated with the new tree strategy (e.g. maintenance)	12
HC10	Significant decrease in parking revenue from car parks	4
OS22	Increasing costs related to maintaining allotments	4

Community and Wellbeing Committee		
Ref.	Risk	Residual Score
HC6	Non-delivery of annual plan objectives, Housing & Community Service, due to response to refugee crisis	12
HC13	Inadequate budget for homelessness over medium-long term	9
HC14	Lack of affordable housing in the Borough	9
HC15	Health and wellbeing worsens in the Borough due to increases in the cost of living	4
PD24	Not producing Arts, Heritage & Culture Strategy	4

Strategy and Resources Committee Risk Register

ID.	Category	Risk Identified & Potential Consequences	Risk Owner	Likelihood	Impact	Inherent Risk	Mitigations & Controls	Likelihood (2)	Impact (2)	Residual Risk	Direction of Travel (compared to previous quarter)	Future Actions to Further Mitigate & Control Risk
PD21	Strategic	Declining economic vitality in the Borough * Lack of economic drive and contributions in the Borough. * Reduced opportunities for residents and businesses.	Head of Place Development	4	3	12	* BID support. * Annual Plan and creating an environment for businesses to thrive. * Local Enterprise Partnership commissioned to undertake work on behalf of the Council. * Ongoing work with local authorities in East Surrey to develop economies and support business.	3	3	9	No change	
Page 102 HR10	Operational	Loss of key staff across services through natural turnover and difficulty of recruitment * Decision making. * Staff resilience and morale. * Service disruption. * Health and safety and compliance. * Loss of institutional knowledge. * Threat to day-to-day service delivery	Head of People & OD	4	3	12	* Succession planning. * Exit interviews. * Improve offer/terms and condition. * More creative recruitment process.	3	3	9	No change	* Interim arrangements extended for the two directors and the Head of Place Development pending confirmation of permanent requirements. * Interim arrangements proposed for S151 Officer from 1/8/23. * Long term proposals for confirming senior management structure to be established

Page 103	HR11	Strategic	Lack of leadership and skills to deliver strategies and plans / lack of clear vision and objectives * Do not meet financial targets. * Unable to implement corporate strategies and plans. * Unable to implement revenue generating initiatives / opportunities.	Director of Corporate Services	3	4	12	* Recruitment strategy. * Approach to retaining talent. * Corporate Planning * Performance management. * My Performance Conversation review. * Risk Management. * Project Management and delivery * Performance culture and accountability.	3	3	9	No change	* Interim arrangements extended for the two directors and the Head of Place Development pending confirmation of permanent requirements. * Interim arrangements proposed for S151 Officer from 1/8/23. * Leadership development programme in development * Management development programme subject to appointment of OD business partner
	PR3	Financial	Property portfolio fails to generate expected financial revenue due to loss of commercial tenant * Significant loss of income. * Costs associated with replacing a tenant. * Budgetary pressures.	Head of Property & Regeneration	3	4	12	* Tenant sustainability checks undertaken before lease awarded. * Commercial properties chosen on criteria that mitigates risk of lack of high-quality commercial tenants. * Reporting to members – including options appraisals.	2	4	8	No change	
	PR11	Financial	Potential loss of income / tenant relating to the East Street property * Significant loss of income. * Costs associated with replacing a tenant. * Budgetary pressures.	Head of Property & Regeneration	3	4	12	* Work underway to improve the condition of the building. * Business case being prepared which considers a move from the Town Hall to this property.	2	4	8	New Risk	

Page 104	PCR21	Operational	Retendering leisure contract *Reputational damage. * Health and wellbeing of residents compromised *Loss of business continuity *Financial impact due to reduction of management fee	Procurement & Contracts Manager	2	4	8	* Early engagement with local D&B's for lessons learnt session. * Monthly contract management and maintenance meetings in place. * Procurement Strategy and CSOs. * Contingency time included, i.e. process started 18 months before contract award. *Initial meeting with potential suppliers to help with the procurement	2	3	6	No change	* Specialist leisure consultants will be instructed to support procurement.
	F11	Financial	Failure to deliver services within agreed budget envelope (e.g. increase in operational costs, staffing, energy etc.) * Negative impact on council budget. * Service changes.	Head of Finance	3	3	9	* Regular budget monitoring of cost/income and reporting to committee of material budget variances around £100k. * Annual budget setting agreed by S&R Committee (inc. inflationary pressures). * Competitive procurement of utilities.	2	2	4	No change	*When 2023/24 government energy support bill passes through parliament, an assessment will be made as to whether the Council can access support.
	DST10	Operational	Failing to respond to complaints effectively (New Risk) *Poor customer experience. *Reputational damage. *Increased costs related to officer time required to rectify complaints after initial response. *Costs related to any financial settlements / restitutions. *Public interest for non-compliance report issued by the Local Government and Social Care Ombudsman (LGSCO)	Head of Policy & Corporate Resources	3	2	6	* Complaints information published on the council's website. * Complaints managed by two teams to enhance focus on different complaint types and improve response times. * Key staff have undertaken LGSCO training.	2	2	4	N/A	

803 Page 105	Operational	<p>Ineffective communication to key stakeholders, such as: residents, businesses, Surrey County Council</p> <p>* Audiences and stakeholders are unaware of information and updates that are important and/or relevant to them</p> <p>* Negative impact on Council reputation if we are seen not to be communicating and engaging effectively with audiences</p>	Communi- cations and Engage- ment Manager	3	3	9	<p>* The communications function has been extensively reviewed by the Communications & Engagement Manager and the team over the past six months</p> <p>* The team's work has made the shift from reactive to more proactive and strategic communications</p> <p>* All communications channels are being reviewed and improved to ensure they are reaching and engaging our audiences</p> <p>* A number of proactive communications campaigns directly related to corporate priorities have been run and the focus on proactive campaigns will continue</p> <p>* Protocols and processes to ensure everyone in the organisation is accessing and utilising the comms team/function in the most impactful and efficient way are being developed</p> <p>* Strong progress on this work has been made over the past six months since the new Communications Team was established. Work continues to get protocols in place, improve our communications channels and to continue to enhance the communications function.</p>	2	2	4	No change	
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Community and Wellbeing Committee Risk Register

ID.	Category	Risk Identified & Potential Consequences	Risk Owner	Likelihood	Impact	Inherent Risk	Mitigations & Controls	Likelihood (2)	Impact (2)	Residual Risk	Direction of Travel (compared to previous quarter)	Future Actions to Further Mitigate & Control Risk
HC6	Strategic	Non-delivery of annual plan objectives, Housing and Community Service, due to our response to refugee crisis (Syrian, Afghan, Ukrainian). The Homes for Ukraine Scheme has just been extended for a further year. * Unable to deliver strategic objectives in the annual plan / Four Year Plan.	Head of Housing & Community	4	4	16	* A vacancy to recruit a new and experienced community development worker. Used grant funding and recruited a new refugee coordinator (temporary post). * Framework in place for monitoring the annual plan. * Working with partners to share the workload. * E&E Refugee Network recruited 2 posts to assist with Homes for Ukraine scheme.	4	3	12	No change	* Currently tolerating residual risk at present, as the team is working at full capacity and our response to refugees crisis requires immediate attention.
HC13	Financial	Inadequate budget for homelessness over medium-long term * Unbudgeted expenditure. * Pressure on statutory service. * Need to source funding from outside current budget envelope.	Head of Housing & Community	3	4	12	* MTFs. * Responded to government consultation and proposed new funding model. * Business process review of Housing. * Fraud investigations. * New Strategic Housing Manager recruited.	3	3	9	No change	* Approved Homelessness and Rough Sleeping Strategy and Action plan * Microhomes proposal * New Staff to focus on PSL (unsuccessful recruitment) and Move On * Housing First funding for 2 new units of accommodation * Additional government funding for homelessness 2023-2025

HC14	Strategic	Lack of affordable housing in the Borough *Changes to Borough demographics. * Homelessness. *Provision for key workers	Head of Housing & Community	4	3	12	* Preparing a Local Plan. * Strategic Housing Manager recruited. * Strategic housing group in place. *Constructive discussions with T&C (Roseberry)	3	3	9	No change	*Affordable Housing Delivery Improvement Plan *Engagement with key stakeholders on potential for development
HC15	Strategic	Health and wellbeing worsens in the Borough due to increases in the costs of living * Reduction in health and wellbeing of those who live, work and study in the Borough. * Related socio-economic factors worsen. * Increased demand for council services. * Increased costs related to mitigation activities.	Head of Housing & Community	3	3	9	* Provision of social prescribing services. * Provision of Community and Wellbeing Centre and associated services. * Health Liaison Panel *Services provided by our community including voluntary sector * Funding E&E employment hub Household Support Fund *Continued funding to support key voluntary organisations *Provide premises for Epsom and Ewell Food Pantry and Primary Care network at Bourne Hall cottage	2	2	4	No change	*Working with NHS partners to establish New Neighbourhood Boards (PCNST, EEBC)

PD24	Strategic	Not producing Arts, Heritage & Culture Strategy (inc. reliance on partners to contribute) *Not delivering on corporate priorities & Future 40 *Reputational damage *Missed opportunities	Principal Programme Manager	4	3	12	*First Stakeholder event held in 2022 and the outcomes fed into developing the ACH Strategy for the Borough *Recruited new Arts, Culture and Heritage Programme Officer in early 2023. *The draft themes and pillars of the ACH strategy were approved by the SMT in April 2023. *Several activities in the annual plan to deliver arts, heritage and culture activities underway	2	2	4	No change	*Another stakeholder consultation was held in June 2023. *The final Strategy, along with a costed and resourced action plan, will be submitted to the Community and Wellbeing Committee on 10 October 2023. *Develop comms plan
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Environment Committee Risk Register

ID.	Category	Risk Identified & Potential Consequences	Risk Owner	Likelihood	Impact	Inherent Risk	Mitigations & Controls	Likelihood (2)	Impact (2)	Residual Risk	Direction of Travel (compared to previous quarter)	Future Actions to Further Mitigate & Control Risk
ES0 Page 109	Operational	Outcome of national waste strategy * Budget implications. * Service delivery implications. * Operational management implications. * Stakeholder management.	Transport & Waste Services (TWS) Manager	4	3	12	*National waste strategy is being constantly monitored by both TWS Manager and Surrey Environment Partnership (SEP). *Government's announcement has been delayed including - Extended Producer Responsibility (EPR) to be around October 2025 (was due April 2024). - implementation of Consistency of Collections until after EPR in October 2025. *Government has recently re-confirmed that the Deposit Return Scheme (DRS) to be launched in October 2025. *Officers and SEP will continue to monitor and advise management and Committee Chair/Vice Chair.	4	3	12	No change	*Until further announcements are made and analysed, it is not possible to properly forecast the cost and service impacts of the national waste strategy.

OS20	Strategic	Climate change imperatives (e.g. emissions reduction) requiring significant changes to our fleet vehicles and their management * Increased costs related to adapting / purchasing new vehicles. * Reduced efficiency. * Costs related to staff retraining. * Costs related to depot adaptations.	Transport & Waste Services (TWS) Manager	4	3	12	* Presentation given to Member Climate Change Group in November 2022 and it highlighted the significant cost and resource issues we face in replacing the current vehicle fleet with eco alternatives. * Similar presentation given to SMT in January 2023. * Currently working with the Climate Change Officer to investigate the option of submitting a bid to Surrey County Council's grant to support the acquisition of 6 electric vans. Other bid options are being explored before submitting to SMT for consideration. * TWS Manager has joined an Surrey Environment Partnership (SEP) working group on developing green fleet options.	4	3	12	No change	The Council will consider the best options for future vehicle as we prepare for the renewal of the fleet contract.
		Increased costs associated with the new Tree Management Plan (e.g. maintenance) * Budgetary pressures. * Public health and safety. * Increased tree planting leads to increased ongoing maintenance costs. * Reputational damage.	Head of Place Development	4	3	12	* Financial due diligence undertaken. * Tree Management Plan Adopted in March 2023. * Tree maintenance contract in place, any unbudgeted spends are assessed on a case by case basis accounting for health and safety implications.	4	3	12	No change	*Budget requirements are regularly monitored.

Page 111	HC10	Financial	Significant decrease in parking revenue from car parks * Increased budgetary pressures.	Parking & Enforcement Manager	3	4	12	* Budget profile exercise undertaken * Annual budget setting process. * MTFS. * In July 2022 Strategy & Resources Committee agreed a reduction in Car Park income budgets of £781,000, to reflect the reduction in parking activity levels due to the change of working and lifestyle choices after the pandemic. * Any potential change of use of car park land requires full analysis of revenue implications, e.g. in the form of a committee report detailing financial implications.	2	2	4	Improved	* The car park income in June 2023 was slightly more than that of the same month last year, although visitor numbers were slightly down. * Direction of travel has improved as car park revenue has generally increased from 2021/22. * Environment Committee agreed to changes in car park fees with effect from April 2023 and the impact of these changes is under review
	OS20	Operational	Increasing costs related to maintaining allotments * Increased budgetary pressures. * Fall in 'quality' of allotments. * Impact on users' health and wellbeing. * Reputational damage	Streetcare Manager	3	3	9	* Annual budget setting process. * MTFS.	2	2	4	No change	* The Allotment Working Group has been set up. * Review fees and charges in relation to the cost of managing the sites. * Staff in need for administration will be included as part of the planned restructure.

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 the key actions which we feel will improve our corporate governance. The following actions were approved by the Audit and Scrutiny Committee on 18 July 2023 and their progress will be provided at the next quarterly update.

Issues identified	Action to be undertaken	RAG Status <i>Updated in Quarter 2</i>
To develop a new Medium Term Financial Strategy (MTFS), in support the Council's annual service objectives and to maintain and improve the Council's financial resilience	Finance – <ul style="list-style-type: none"> Strategic Financial Planning report to the Strategy and Resources (July 2023) Budget/MTFS report to Full Council (February 2024) 	N/A
Community Infrastructure Levy (CIL)	Place Development – Review and update CIL policies and procedures (inc. Neighbourhood CIL) (31 December 2023)	N/A
Development Management	Place Development – Review the Development Management transformation project to ensure the council is no longer under 'threat of designation' (30 September 2023)	N/A
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 March 2024)	N/A
Homelessness	Housing & Community – Review governance arrangements around the Homelessness and Rough Sleeper Strategy. (31 March 2024)	N/A
Business Continuity	Policy & Corporate Resources – Review and update as necessary all team's business continuity plans. (31 March 2024)	N/A

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 March 2024)	N/A
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 March 2024)	N/A
Recruitment and retention	All Services/ People & Organisational Development – Review and enhance recruitment and retention policies and procedures for key roles across the council. (31 March 2024)	N/A
IT Strategy	IT- Approval of IT Strategy with associated funding and implementation plan. (30 September 2023)	N/A
PSN Certificate	IT- Complete PSN health check (May 2023) and any remedial actions that result. (31 March 2024)	N/A
IT policies	IT- Review and update IT policies as necessary (31 March 2024)	N/A
Information governance	Legal Services- Establish officer information governance scrutiny and oversight group (30 September 2023)	N/A
Officer schemes of delegation	Legal Services – Review, and update as required, the officer schemes of delegation. (30 September 2023)	N/A

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 ongoing 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.

¹See *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 programme 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	<ul style="list-style-type: none"> • Internal Audit: Progress Report - April 2023 • Internal Audit: Audit Plan 2023-2024 & Internal Audit Charter • External Audit Update • Committee Annual Report 2022-2023 (presented to Full Council) • Regulation of Investigatory Powers Act (2000) Annual Report • Local Government and Social Care Ombudsman Annual Letter • Work Programme 2023-2024
Past	18 July 2023	<ul style="list-style-type: none"> • 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 • IT Strategy⁴ • Work Programme 2023-2024
Present	28 September 2023 ⁵	<ul style="list-style-type: none"> • 2022-2023 External audit update • Revenue Budget Monitoring – Quarter 1 (2023-2024) • Capital Budget Monitoring – Quarter 1 (2023-2024) • Internal Audit: Progress Report – September 2023 • Performance & Risk Report - September 2023 • Local Government and Social Care Ombudsman Annual Letter • Work Programme 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 has moved from April 2023 to July 2023, as a date for the IT Strategy to be taken to Strategy and Resources Committed has now been confirmed.

⁵ Changes for September: 2022-2023 *Treasury Management Outturn Report*, removed as will be taken to the Financial Strategy Advisory Group (agreed by Full Council in July); *Annual Complaints Report*, moved to November meeting due to officer capacity.

Future	16 November 2023⁶	<ul style="list-style-type: none"> • Revenue Budget Monitoring – Quarter 2 (2023-2024) • Capital Budget Monitoring – Quarter 2 (2023-2024) • Code of Corporate Governance⁷ • Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality) • Update on Compliance with the Surveillance Camera Code of Practice • External Audit Update (if required) • Annual Complaints Report • Review of the Council's Scheme of Delegation⁸ • Work Programme 2023-2024
	1 February 2024	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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)⁹ • Regulation of Investigatory Powers Act (2000) Annual Report • Work Programme 2024-2025

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

⁶ Changes for November: 2023-2024 *Treasury Management Interim Report*, removed as will be taken to the Financial Strategy Advisory Group (agreed by Full Council in July).

⁷ Placeholder, in the event of any significant changes following annual officer review.

⁸ Added by the Chair following Full Council meeting in July 2023. Being taken to November meeting due to Counsel's capacity, i.e. they cannot provide the report in time for the September committee timings.

⁹ Note, the Committee's Annual Report will be early this year (2023-2024), due to the committee timings.

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

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*, 18 July 2023. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s27872/Committee%20Work%20Programme.pdf> [last accessed 11/08/2023]

Other papers:

- None.

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SIAP INTERNAL AUDIT PROGRESS REPORT - SEPTEMBER 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 - September 2023 Appendix 2: Part 2 Exempt Paper
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Summary

This report summarises progress against the Internal Audit Plan 2023-2024.

Recommendation (s)

The Committee is asked to:

- (1) **Note the internal audit progress report 2023-2024 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 6 April 2023.

3 Internal Audit Plan 2023- 2024

- 3.1 The report attached at Appendix 1 outlines the progress made against the Internal Audit Plan 2023-2024 and analysis of live audit reports and outstanding management actions. Appendix 2 contains a management action update, which can be reviewed under Part 2 business.

4 Outstanding Management Actions

- 4.1 Page 6 of Appendix 1 contains details of the completed management actions as well as the outstanding management actions from the previous audits. In brief, we have completed 18 actions, 23 actions are in progress and 25 actions are overdue. A breakdown of the overdue actions by priority is provided in the table below.

Overdue actions by priority	This report	Previous report
High	4	5
Medium	17	19
Low	4	3
Total	25	27

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 None

- 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, 18 July 2023. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1478> [Last accessed: 30/08/2023]
- *Internal Audit Plan 2023-2024 and Internal Audit Charter 2023-2024*, Audit and Scrutiny Committee, 6 April 2023. Online available: <https://democracy.epsom-ewell.gov.uk/documents/s26991/SIAP%20Internal%20Audit%20Plan%202023-2024%20and%20Internal%20Audit%20Charter.pdf> [Last accessed 11/08/2023]



Southern Internal Audit Partnership

Assurance through excellence
and innovation

EPSOM & EWELL BOROUGH COUNCIL INTERNAL AUDIT PROGRESS REPORT 2023-24

Prepared by: Natalie Jerams, Deputy Head of Partnership

August 2023

**Agenda Item 10
Appendix 1**

Contents:

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1. Role of Internal Audit

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

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

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

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

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

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

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

2. Purpose of report

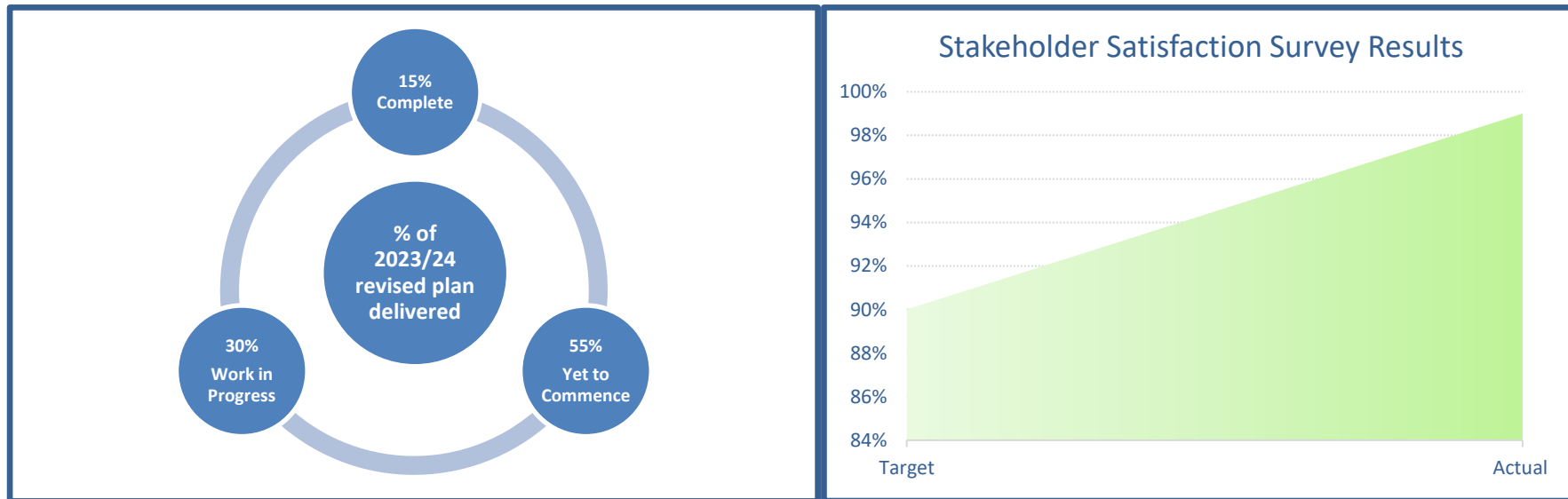
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

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

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

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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)	10(2)		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)	0(0)	8(3)		2	
Environmental Health	06/06/2022	HofH&C	Reasonable	4(1)	0(0)	3(1)	1		
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)	3(2)			1
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)	3(2)	11(5)			
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)	0(0)	5(3)		6	
Ethical Governance	11/05/2023	HofP&CR	Reasonable	11(2)	7(0)	2(1)		1	1
Emergency Planning	02/06/2023	HofP&CR	Reasonable	3(0)	0(0)	2(0)	1		
Network Management	05/06/2023	HofIT	Limited	10(3)	5(2)	3(0)		1	1
Procurement	15/06/2023	ADofCS	Reasonable	4(0)	2(0)	2(0)			
Savings Realisation Governance	22/06/2023	CFO/HofF	Reasonable	2(0)	2(0)	0(0)			
Total				124(39)	23(4)	76(31)	4	17	4

*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 no new reports published concluding a “limited” assurance opinion since the last progress report.

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to the Senior Management Team and the Audit & Scrutiny Committee in April 2023.

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
2022/23 reviews								
Human Resources & OD - Recruitment	HofHR&OD	✓	✓	✓	✓			Draft report issued. Management response pending.
HR Follow Up – Performance Management	HofHR&OD	✓	✓	✓				
Accounts Receivable/Debt Management	CFO	✓	✓	✓	✓			Draft report issued. Management response pending.
Main Accounting	CFO	✓	✓	✓				
2023/24 reviews								
Corporate								
Savings Realisation	CFO/HofF							Q3
Asset Management (Statutory Checks)	HofP&R							Q3
Four Year Plan	ADofCS	✓	✓	✓	✓	✓	Substantial	

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Governance								
Risk Management	ADofCS							Q4
Fraud Framework	ADofCS							Q2 – scoping meeting scheduled for 27/9/23
Health and Safety – Follow Up	ADofCS							Q3
Business Continuity	ADofCS	✓	✓	✓				
Information Governance	ADofCS							Q4
Human Resources	HofHR&OD							Q4
Complaints	ADofCS	✓	✓	✓				
Capital Programme	HofP&R							Q3
Information Technology								
Legacy Systems	HofIT	✓	✓	✓				
Cyber Security	HofIT							Q4
Core Financial Reviews								
Housing Benefits	CFO/HofF							Q4
Accounts Payable	CFO/HofF	✓						
Safe and Well								
Homelessness	HofH&C							Q3
Planning Enforcement	HofPD	✓	✓	✓				
Green and Vibrant								
Tree Inspections	HofPD	✓						
Other								
EWDC Conservators Account	CFO/HofF	✓	✓	✓	n/a	✓	n/a	
Biodiversity Net Gain Grant	CFO/HofF	✓	n/a	✓	n/a	✓	n/a	Grant certification

Audit Sponsor			
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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 has been the following amendment to the 2023/24 internal audit plan:

Plan Variations	
Added to the plan	Reason
Biodiversity Net Gain Grant	The grant conditions required an internal audit review and sign off by the Chief Internal Auditor.

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.

Operational Services – Reasonable Assurance

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.

Ethical Governance – Reasonable Assurance

Observation:

Training records are held within an e-learning system. We reviewed reports from this system which documented completion of training related to ethical governance and behaviours. Our review highlighted that more than 50% of training was noted as outstanding.

The Business Assurance Manager advised that there is currently a technical issue within the system whereby if completion dates are revised then they are lost – deeming this record unusable at the moment. We were further advised that the Council has introduced a workaround to manage this until the e-learning system is fixed, and that policy documentation will be updated to reflect the workaround. Due to the timing of this review, we were not in a position to test the effectiveness of the workaround.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Complete the technical fix, relating to accurately recording completion dates, with our e-learning provider.	30.06.2023	30.09.2023	This issue has been raised with the e-learning provider, who are working with EEBC to understand and resolve this issue. Completion rates for mandatory e-learning courses as at 30/04/2023 are now available and have been reported to SMT (June 2023). Interim solution in place, long term fix in progress.

Network Management – Limited Assurance			
Observation: Please see separate report.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Please see separate report.			

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	31.01.2024
Health and Safety	30.05.2022	Limited	Medium	31.11.2022	31.12.2023
Information Security	30.05.2022	Reasonable	Medium	30.09.2022	31.10.2023
			Low	31.12.2022	31.10.2023
Information Governance	30.05.2022	Limited	Medium	30.09.2022	31.10.2023
			Medium	23.12.2022	31.10.2023
Environmental Health	06.06.2022	Reasonable	Low	31.10.2022	30.09.2023
Local Plan	29.06.2022	Reasonable	Medium	30.04.2023	31.12.2023
Contract Management	16.11.2022	Reasonable	Medium	31.03.2023	31.12.2023
Development Management (Community Infrastructure Levy)	22.03.2023	Limited	Medium	31.05.2023	30.09.2023
			Medium	31.05.2023	30.09.2023
			Medium	31.05.2023	30.09.2023
			Medium	30.06.2023	31.10.2023
			Medium	30.06.2023	31.10.2023
			Medium	30.06.2023	31.10.2023
Ethical Governance	11.05.2023	Reasonable	Medium	31.07.2023	31.12.2023
Emergency Planning	02.06.2023	Reasonable	Low	31.08.2023	31.12.2023
Network Management	05.06.2023	Limited	Medium	30.06.2023	31.12.2023

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