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Simon Young, Solicitor
Head of Legal and Democratic Services



AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE

Thursday 23 November 2017 at 7.30 pm

Committee Room 1 - Epsom Town Hall

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

Councillor David Reeve (Chairman)
Councillor Steve Bridger (Vice-
Chairman)
Councillor Alex Clarke
Councillor George Crawford
Councillor Rob Geleit

Councillor Jan Mason
Councillor Humphrey Reynolds
Councillor Jean Steer
Councillor Peter Webb
Councillor Clive Woodbridge

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Young', written over the printed name.

Head of Legal and Democratic Services

For further information, please contact Tim Richardson, 01372 732122 or trichardson@epsom-ewell.gov.uk

AGENDA

1. QUESTION TIME

To take any questions from members of the Public.

Please note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question to the Committee.

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 3 - 8)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 20 June 2017 (attached) and to authorise the Chairman to sign them.

4. INTERNAL AUDIT MONITORING REPORT (Pages 9 - 52)

This report summarises progress against the audit plan for 2017/18.

5. ANNUAL GOVERNANCE STATEMENT AND EXTERNAL AUDIT FINDINGS 2016/17 - PROGRESS AGAINST ACTION PLAN (Pages 53 - 60)

This report sets out progress on the actions contained in the Council's Annual Governance Statement and in the Annual Audit Findings issued by the External Auditor following audit of the Financial Statements.

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

This report enables the Committee to meet its responsibilities for monitoring the development of the Council's risk management arrangements.

7. CORPORATE PLAN: PERFORMANCE REPORT ONE 2017 TO 2018 (Pages 73 - 96)

This report provides an update against our Key Priority Performance Targets for 2017 to 2018, under our new Corporate Plan.

8. WORK PROGRAMME 2017/18 (Pages 97 - 102)

This report updates the Committee on its work programme 2017/18.

9. SCRUTINY REVIEW OF EPSOM PLAYHOUSE (To Follow)

This report presents the Audit, Crime & Disorder and Scrutiny Committee with the Report of the Scrutiny Review Task Group on the Review of Epsom Playhouse.

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY
COMMITTEE held on 20 June 2017**

PRESENT -

Councillor David Reeve (Chairman); Councillor Steve Bridger (Vice-Chairman); Councillors Rob Geleit, Omer Kokou-Tchri (Items 5-11 only) (as nominated substitute for Councillor Alex Clarke), Jan Mason (Items 5-11 only), Humphrey Reynolds, Jean Steer, Peter Webb and Clive Woodbridge

In Attendance: Mike Cheetham (Partner) (RSM Risk Assurance (Internal Auditor)) (Items 1-7 only)

Absent: Councillor Alex Clarke and Councillor George Crawford

Officers present: Gillian McTaggart (Head of Corporate Governance), Simon Young (Head of Legal and Democratic Services) (Items 1-5 only), Kelvin Shooter (Community Safety & Projects Officer) and Tim Richardson (Democratic Services Officer)

1 THANKS TO KAREN WILLIAMS

The Committee recorded its thanks to Karen Williams, who had attended its meetings as the internal auditor's representative for a number of years, but had recently left the internal auditor's employment.

2 QUESTION TIME

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

3 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors in items on the agenda for this meeting.

4 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 11 April 2017 were agreed as a true record and signed by the Chairman.

5 EPSOM & EWELL COMMUNITY SAFETY PARTNERSHIP - END OF YEAR REPORT 2016/17

The Committee received a report informing it of the work and position of the Epsom and Ewell Community Safety Partnership (CSP) for the year 2016/17.

The Committee considered the report and received a verbal update on arrangements and priorities for the CSP following the merger of the Epsom and Ewell CSP with the East Surrey CSP.

Following consideration, the Committee:

- (1) Noted the work of the CSP for the year 2016/17.

6 INTERNAL AUDIT MONITORING REPORT

The Committee received a report summarising progress against the audit plan for 2016/17. It was noted that 9 audit assignments had been completed since the last Committee meeting and were summarised within the committee report.

The following matters were considered:

- a) **Lintons Lane audit assignment.** The Head of Legal and Democratic Services informed the Committee of the circumstances surrounding this matter, which were also detailed within the auditor's report. The Committee noted that the Chief Executive had written to the developer of the Lintons Lane site jointly with the Chief Executive of Surrey County Council regarding the matter.
- b) **Procurement of Agency Staff audit assignment.** The Committee was informed that the majority of the Council's agency staff worked in its operational services division. A number of agency staff were also employed in difficult to fill or short notice vacancies, such as finance and property management. It was noted that some staff were being migrated from agency to full employee contracts, as cost savings achieved from the use of agency staff had reduced following changes to employment legislation.
- c) **General Data Protection Regulation (GDPR).** The Head of Legal and Democratic Services informed the Committee that work was underway to meet the requirements of the GDPR when it would come into force in May 2018.

Following consideration, the Committee:

- (1) Noted the internal audit progress report for 2016/17.

7 INTERNAL AUDIT ASSURANCE REPORT

The Committee received a report advising it on the internal audit assurance level for 2016/17.

The Internal Auditor introduced the report and informed the Committee that no reports had been issued with a 'no assurance' level during the year. The Auditor informed the Committee that it should be pleased with the overall opinion expressed within the report, which recorded that the Council had an adequate and effective framework for risk management, governance and internal control.

Following consideration, the Committee:

- (1) Noted the Internal Audit Annual Report for the year ended 31 March 2017 and the review of performance on internal audit attached as Annexes 1 and 2 of the report.

8 ANNUAL GOVERNANCE STATEMENT 2016/17

The Committee received a report seeking its approval of the draft Annual Governance Statement and arrangements made for its preparation.

The following matters were considered:

- a) **Typing correction to report.** The Committee was informed that there was a typing error in paragraph 5.1 of the report, and that the words "The AGS is a statutory requirement as set out in Regulation 4(2) of the Accounts and Audit Regulations 2011." should be replaced with the following words:

"The AGS is a statutory requirement as set out in Regulation 6(2) of the Accounts and Audit Regulations 2015."

- b) **Organisational Development Strategy and staff retention.** Following a question from a committee member, the committee received an overview of the Council's Organisational Development Strategy from the Head of Legal and Democratic Services. It was noted that the Council experienced a relatively high turnover of staff, and that this was a matter which the Human Resources Panel would consider.

Following consideration, the Committee:

- (1) Confirmed the adequacy of the arrangements made for preparing the Annual Governance Statement.
- (2) Endorsed the 2016/17 AGS prior to it being certified by the Chief Executive and the Chairman of Strategy & Resources.

- (3) Gave delegated authority to the acting Director of Finance & Resources to make any required amendments prior to its submission with the Statement of Accounts.

9 CORPORATE PLAN: YEAR-END PERFORMANCE REPORT 2016 TO 2017 AND PROVISIONAL TARGETS FOR 2017 TO 2018

The Committee received a report providing a year-end update against the Council's Key Priority Performance Targets that had not been achieved for 2016/17, and the provisional targets for 2017/18.

The following matter was considered:

- a) **Amendments to provisional targets for 2017/18.** The Head of Corporate Governance informed the Committee that minor amendments had been made to a small number of targets contained within the plan for 2017/18, following the publication of this agenda. A corrected Annexe 2 was circulated at the meeting which incorporated these amendments.

Following consideration, the Committee:

- (1) Noted the performance reported in Annexe 1 and did not identify any areas of concern.
- (2) Noted the actions that had been proposed or taken where a Key Priority Performance Target had not been achieved as shown in table 3.1.
- (3) Reviewed provisional targets set for 2017 to 2018 as detailed in Annexe 2 of the report and outlined in paragraph 4.1 and did not identify any areas of concern.

10 ANNUAL REPORT ON THE USE OF DELEGATED POWERS

The Committee received a report setting out significant decisions taken by officers in consultation with committee chairmen since 12 May 2016.

- a) **Change to delegated authority form.** The Head of Legal and Democratic Services informed the Committee that it was intended to update and amend the form and process used to record delegated decisions, as the current form had not been reviewed for a number of years. The revised form would be circulated to member so the Audit, Crime & Disorder and Scrutiny Committee for information once it had been designed.

The Committee was also informed that the use of the form, and publication of decisions within Members Update and this annual report were both parts of the Council's good governance arrangements.

- b) **Use of property in Crane Court for temporary accommodation.** Following a question from a committee member, the Committee was

informed that works were currently being undertaken to the property, and that following these, it would be available for use for temporary accommodation.

- c) **Delegated Authority form 486.** Annexe 1 to the committee report listed form 486, but no further information as to its usage. The Head of Legal and Democratic Services informed the Committee that the form had been cancelled as it had become evident that the matter it was due to relate to was not urgent.

Following consideration, the Committee:

- (1) Noted that 31 significant decisions taken by Officers in consultation with Committee Chairmen had been recorded (or were pending) using the delegated authority proforma since 12 May 2016.

11 WORK PROGRAMME 2017/18

The Committee received a report asking it to agree its work programme for 2017/18.

The following matter was considered:

- a) **Venues review of Ewell Court House.** The Chairman informed the Committee that as Ewell Court House had only recently been reopened following a fire, the scrutiny review group would consider the whether more time was required to establish business at the venue prior to undertaking a review of it.

Following consideration, the Committee:

- (1) Approved the work programme 2017/18.

The meeting began at 7.30 pm and ended at 9.11 pm

COUNCILLOR DAVID REEVE (CHAIRMAN)

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INTERNAL AUDIT MONITORING REPORT

Report of the: Head of Corporate Governance
Contact: Gillian McTaggart
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:
Annexes/Appendices (attached): **Annexe 1** – Internal Audit Progress Report
Other available papers (not attached):

REPORT SUMMARY

This report summarises progress against the audit plan for 2017/18

RECOMMENDATION (S)

(1) That the Committee receives the internal audit progress report for 2017/18

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 None for the purposes of this report.

2 Background

2.1 The Committee's terms of reference includes the requirements to monitor the implementation of recommendations from both external and internal auditors.

2.2 On 20 June 2017 the Committee received the internal audit progress report and year-end report for 2016/17. There were no matters arising where the Committee required further reports.

2.3 The Committee endorsed the audit plan for 2017/18 on the 11 April 2017.

3 Proposals

3.1 The internal audit progress report covering the period to date for 2017/18 is attached as **Annexe 1** to this report.

3.2 The report monitors the delivery of the audit programme and contains the key features that the Committee has requested. During the year, progress reports will reflect the internal auditor's opinion. This report includes

3.2.1 A summary of progress

3.2.2 Internal audit plan performance

3.2.3 Any alterations to the plan

3.2.4 Executive summary and detailed findings of each review.

3.3 A summary of progress against the Internal Audit Plan for 2017/18 is shown below. Four reports have been finalised and one report is in draft. Booking system and income collected; Emergency Planning and civil contingencies; Property Management and Commercial Property Acquisitions have been finalised. The audit of the Local Plan is in draft.

Assignment	Reported	Opinion	H	M	L
Business Process Review (Housing) C/F from 2016/17	In progress				
Booking System and income collected	23 November 17	Reasonable Assurance			3
Emergency Planning and civil contingencies	23 November 17	Reasonable Assurance		3	4
Delivery of the Local Plan	In draft				
Property Management	23 November 17	Reasonable Assurance			5
Cyber Security	In progress				
IT General Controls	Not started				
Commercial Property Acquisitions	23 November 17	Substantial Assurance	-	-	-
Housing Needs	Not started				
Transport Contract management	In progress				
Private Sector Leasing	Not started				
Temporary Accommodation Initiatives	Not started				

Planning Applications	Not started				
Data Protection	Not started				
Revenues	In progress				
Benefits	In progress				
Governance	Not started				
Payroll	Not started				
Follow up					

There are no issues within the audits issued to date to bring to the attention of the Committee. However, the Committee should note that a request has been made to defer three of the audits within the Housing Department due to the introduction of the Homelessness Reduction Act 2017 as shown in section 3 of Annexe 1. This act will place new duties on the Council and require a lot of resource to implement, so the Team have requested a delay in the audits commencing in 2017/18. Discussions are on-going with the Head of Housing and Community to agree what work can be undertaken.

4 Financial and Manpower Implications

4.1 There are no financial or manpower implications within this report.

4.2 **Chief Finance Officer's comments:** The work of internal audit is critical to ensuring the Council has an effective and robust set of internal controls in place.

5 Legal Implications (including implications for matters relating to equality)

5.1 None for the purposes of this report.

5.2 **Monitoring Officer's comments:** There are no legal implications arising directly from this report. Internal Audit reports form a key part of the Council's governance arrangements.

6 Sustainability Policy and Community Safety Implications

6.1 None for the purposes of this report.

7 Partnerships

7.1 The Council continue to be part of the internal audit consortium with Mole Valley DC, Reigate & Banstead BC, Tandridge DC and Waverley DC and Surrey Police

8 Risk Assessment

- 8.1 The internal audit service forms a statutory part of the Council's internal control.

9 Conclusion and Recommendations

- 9.1 There are no reports, which have been given a "no assurance" rating that would affect the Head of Internal Audit's year-end opinion. Although progress has been slow, the auditors are confident that all audits will be completed by the end of the year.

WARD(S) AFFECTED: (All Wards);



EPSOM AND EWELL BOROUGH COUNCIL

Internal Audit Progress Report

Audit, Crime & Disorder and Scrutiny
Committee Meeting

23 November 2017

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To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Management actions for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management’s responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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1 INTRODUCTION

The Internal Audit Plan for 2017/18 was approved by the Audit, Crime & Disorder Scrutiny Committee in April 2017. Below provides a summary update on progress against that plan and summarises the results of our work to date.

2 FINDINGS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been finalised and the impacts of those findings since our last report to the Audit, Crime & Disorder and Scrutiny Committee.

The Executive Summary and Key Findings of the assignments below are attached to the end of this progress report.

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Booking System and Income Collection (1.17/18)	FINAL	Reasonable Assurance	3	0	0
Emergency Planning (2.17/18)	FINAL	Reasonable Assurance	4	3	0
Property Management (3.17/18)	FINAL	Reasonable Assurance	5	0	0
Commercial Property Acquisition (5.17/18)	FINAL	Substantial Assurance	0	0	0

In addition to the above, and as can be seen in the table in Section 3 below, we have issued a further report in draft and are awaiting management responses before we are able to finalise these reports.

3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2017/18	Status
Grant Reviews	As required	Complete - Certificate signed off 8 June 2017
Local Plan (4.17/18)	June 2017	Draft report issued 25 August 2017 Revised draft issued 7 November 2017
Business Process Review - Housing	Deferred from 2016/17	Fieldwork in progress
Revenues	December 2017	Fieldwork in progress
Benefits	December 2017	Fieldwork in progress
Contract Management – Transport	March 2018	Fieldwork in progress
Payroll	January 2018	Suggested start 11 December 2017
Planning	October 2017	Suggested start 18 December 2017
Data Protection	November 2017	Suggested start 22 January 2018
Governance	February 2018	Suggested start 12 February 2018
Housing Needs	September 2017	Management request for deferral to 2018/19
Private Sector Leasing	October 2017	Management request for deferral to 2018/19
Temporary Accommodation Initiatives	October 2017	Management request for deferral to 2018/19
Cyber Security	June 2017	Update requested
It General Controls	December 2017	Update requested
Follow Up	Throughout the year	Ongoing

4 OTHER MATTERS

4.1 Changes to the audit plan

Since the last meeting of the Audit, Crime & Disorder and Scrutiny Committee we have received requests to defer three audits, all in the area of housing and relating to Private Sector Leasing, Housing Needs and Temporary Accommodation Initiatives as this area is going through a period of change at the current time. These requests are being discussed internally in order to ascertain if it would be possible to complete at least one of these audits prior to Christmas. Should these audits be deferred into 2018/19 we would need to discuss with management replacing these with another other areas for audit in order to still have sufficient audit coverage to provide our annual opinion.

4.2 Information and briefings

There have been no information briefings since the last Audit Committee

FOR FURTHER INFORMATION CONTACT

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Audit**

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BOOKING SYSTEM AND INCOME COLLECTION - EXECUTIVE SUMMARY

1.1 Background

An audit of the Council's Venues Booking System and Income Collection was undertaken as part of the approved internal audit plan for 2017/18.

The Council has over 30 separate rooms that are available for hire to the general public across a number of venues in the Borough, including Bourne Hall, Epsom Playhouse, Ewell Court House and the Longmead Centre. The venues can be hired for a number of different purposes including weddings, parties, activities and business meetings.

As of April 2016, the Venues team and the Venues Service Co-ordinators have been using the new Artifax system for the processing and management of venue bookings. This web-based software allows for one centrally held, electronic record of bookings for all the venues within Epsom & Ewell borough.

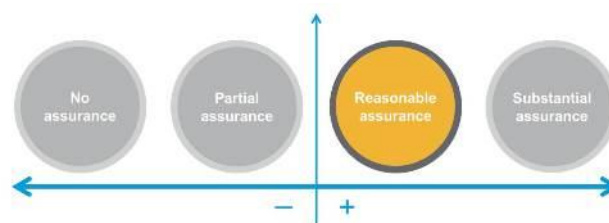
For the 2016/17 final year, total income across the Council's venues was £805,708.50. This represented a marked increase on the 2015/16 total income figure of £733,918.58. This increase may in part be attributed to the associated loss of income with damage to Ewell Court House following a fire during the previous year.

The objective of this audit was to ensure venues income is fully recorded and brought to account since the introduction of the new Artifax system.

1.2 Conclusion

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area(s).



1.3 Key findings

The key findings from this review are as follows:

- We reviewed a sample of 10 discounts on bookings during 2016/17. For four of these discounts, we could not confirm that the Head of Venues and Facilities had given approval before the site manager had offered the discount to the customer. This presents the risk that there may not be appropriate authority given for some discounts before they are offered to customers.
- Annual fees and charges for the Council's venues are considered at the Community and Wellbeing and then subsequently approved at Full Council level. For a sample of 10 fee lines from the formally approved fees, we confirmed that one fee line had not been updated for 2017/18. The value stated on the Artifax system should correspond to the agreed fees and charges to ensure the full and proper collection of income due to the Council.

- We reviewed ten accounts in arrears with the Council following their booking of a venue. In relation to a wedding due to take place in April 2017, we confirmed that the initial deposit had been paid appropriately by the individual. However, an invoice has not yet been sent out to recover the outstanding £224.15 before the wedding is due to take place. In line with the instalment procedure at the Council, this invoice should have been sent out a month before the wedding was due to take place. This presents a risk that fees due to the Council are not collected in full before the event takes place.

The following good examples of the design and application of the control framework were noted:

- The Venues team has in place procedural documentation to refer to when using the Artifax system. This was produced in the early stages of Artifax going live and acts as a guidance tool for reference by the Venues Service Co-ordinators. Guidance notes were disseminated via email to the Venues Service Co-ordinators upon the adoption of the Artifax system.
- Information that is clear and accessible is clearly signposted on the Council's website. This ensures that potential customers can easily gain the information necessary to encourage them to book venues with the Council.
- For a sample of 25 bookings in 2016/17 across four EEBC venues (Bourne Hall, Epsom Playhouse, Ewell Court House and the Longmead Centre) we confirmed that, where necessary, a booking form was in place which detailed the nature of the booking and all relevant contact information. In each case, the arrangement was paid for in full as per the debtors system. No exceptions were noted.
- Some events booked at the Council's venues require a deposit of half the total booking value at the date of booking. Following this, a final instalment is paid a month before the event takes place. These events are typically weddings or religious ceremonies. For a sample of ten events that were paid via deposit and final instalment, we confirmed that deposit and final payment was recorded appropriately and received in full on the debtors system.
- A scale of fees is agreed upon at the Leisure Committee level and this is used across the Council as the rate at which customers are charged for venue hire.
- Key performance indicators are in place to monitor trends in performance at the Council. This is in the form of an income monitoring spreadsheet to document income received for the year against projected income. As per the internally generated spreadsheet, for the 2016/17 final year total income across the Council's venues was £805,708.50
- The Head of Venues and Facilities reviews income posted to the accounting ledger on a monthly basis with the senior accountant. Income levels are analysed and satisfactorily compared to records within the Artifax system

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The action plan at section two details the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Low	Agreed actions		
						Medium	High	
Venue Hire income: bookings, fees and charges, invoice requests and reports of income received.	0	(10)	3	(10)	3	0	0	
Total					3	0	0	

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Area: Venue Hire income: bookings, fees and charges, invoice requests and reports of income received.

1.1.4	Discounts are applied to bookings in a fair and appropriate manner, with a view to securing as much income as possible for the Council	Yes	No	<p>We reviewed a sample of 10 discounts on bookings approved at the Council during 2016/17, confirming that the reasoning behind each discount was valid.</p> <p>However, for 4/10 discounts offered in the sample, we could not confirm that the Head of Venues and Facilities and given approval before the site manager had offered the discount to the customer. These were:</p> <p>1) BH 117 - Acacia Bridge Club</p>	Low	Management will ensure that all discounts offered by the Council are subject to approval by the Head of Venues and Facilities before being given. This will be supported by the ongoing development and amendment of the discount pricing protocol in place. This will allow site managers to approve discounts below a certain threshold without	01 July 2017	Andrew Lunt - Head of Venues and Facilities
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AGENDA ITEM 4
ANNEXE 1

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>2) ECH 65 - ECHO</p> <p>3) LMC 3 - Addaction</p> <p>4) LMC 5 - Lucie Benson School of Dance</p> <p>Through discussion with the Head of Venues and Facilities, we confirmed that in cases where discounts were for small values this may not present an issue. However, for those bookings that are of greater value, all discounts should be agreed by the Head of Venues and Facilities.</p> <p>Currently, the Head of Venues and Facilities is developing a method to ensure that below a certain threshold, the site managers have the ability and authority to approve discounts. Development of this is ongoing.</p>		approval from the Head of Venues and Facilities.		
1.1.7	A scale of fees for venue bookings is in place and is subject to annual review	Yes	No	<p>We reviewed the Community and Wellbeing Committee minutes from 24 January 2017 to confirm that they had been formally reviewed and approved at Committee level before being sent to Full Council for final approval.</p> <p>We selected a sample of 10 fee lines from the formally approved fees and charges document. In one case, we noted that the fee value had not</p>	Low	Management will ensure a review over the current fees and charges entered on to the Artifax system are accurate as per the agreed fees and charges approved by the Community and Wellbeing Committee and the Full Council.	01 June 2017	Andrew Lunt - Head of Venues and Facilities

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>been updated in line with the new 2017/18 rate. This was for Kitchen Hire at Ewell Court House.</p> <p>Via discussion with the Venues Administration and Finance Co-ordinator, we noted that this particular fee line was rarely used. However, the value stated on the system should correspond to the agreed fees and charges to ensure the full and proper collection of income due to the Council.</p>				
Page 25 1.9	Unpaid booking fees are promptly pursued using appropriate recovery methods	Yes	No	<p>We reviewed a sample of ten accounts that were currently in arrears for venues bookings.</p> <p>In 9/10 cases, appropriate action had been taken to recover the outstanding amounts in full. This included sending the initial invoice and reminder letters as detailed within the Debtors system.</p> <p>However, in one case relating to a wedding booking due to take place in April 2017 we confirmed that the initial deposit had been paid appropriately by the individual. However, an invoice has not yet been sent out to recover the outstanding £224.15 before the wedding is due to take place. In line with the instalment procedure at the Council, this invoice should have</p>	Low	Management will ensure that instalment invoices are sent to the Council's debtors a month in advance of their wedding or celebration event taking place at one of the Council's venues. One such method of doing this would be to reintroduce a spreadsheet which documents the full list of weddings or celebratory bookings. This spreadsheet would detail those events that have been booked at the Council to record whether the instalment	01 June 2017	Andrew Lunt - Head of Venues and Facilities

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>been sent out a month before the wedding was due to take place. Accordingly, there is a risk that income is not collected in full before events hosted at the Council's take place.</p> <p>Through discussion with the Exchequer Team Leader, we confirmed that a member of staff has recently left the Council who used to maintain a spreadsheet to record wedding bookings.</p>		<p>plan has been set up on the Debtors system.</p>		

EMERGENCY PLANNING - EXECUTIVE SUMMARY

1.1 Background

An audit of Emergency Planning was undertaken as part of the approved internal audit periodic plan for 2017/18. As agreed with the Head of Governance, the audit included coverage of the Council's off-site backup and access arrangements, with particular focus on the shared IT service arrangements with Elmbridge Borough Council.

The Civil Contingencies Act (2004) requires Local Authorities to develop and test plans to respond to emergencies. District Councils are Category 1 or "core" responders under the Act with a responsibility to provide a District Emergency Control Centre when required, support the emergency services, assist people in need and provide public information.

Responsibility for Emergency Planning, and also supporting and advising on Departmental arrangements for Business Continuity, belongs to the Emergency Planning and Business Continuity Officer. Key tasks for the Emergency Planning and Business Continuity Officer include updating the Council's central Emergency Plan, offering refresher training to relevant members of staff and ensuring key control centre arrangements have been developed and tested. Typical control centre exercises undertaken at the Council include:

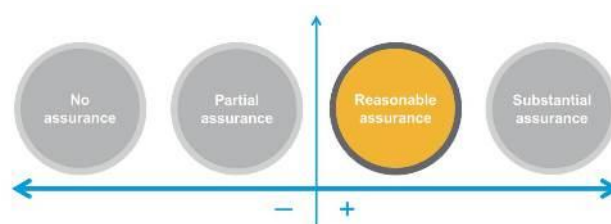
- Epsom & Ewell Rest Centre Exercise - to ensure appropriate short term provision for residents (and visitors to the borough) displaced by an emergency.
- Borough Emergency Control Centre (BECC) Exercise - to test the operation of the Borough Emergency Control Centre in response to a major incident.
- Business Continuity Exercise - to enhance the Council's ability to respond to Business Continuity incidents.

The objective of this audit was to ensure the Council maintains the capability to fulfil its responsibilities in the event of a major emergency.

1.2 Conclusion

Internal audit opinion:

Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area(s).



1.3 Key findings

The key findings from this review are as follows:

We identified three issues which we have assessed as 'Medium' significance. These are:

- With regards to the ICT Business Continuity Plan, we could not confirm that critical function analysis had been undertaken appropriately. Although the plan does list ICT's critical functions, such as telecommunications and managing the website, it does not detail how these areas will be managed in the case of an emergency. Unlike the other two plans sampled, the ICT plan fails to highlight resources required to ensure business continuity, such as staff and key equipment. **Page 27**

Accordingly, this presents the risk that the ICT department has not adequately considered the delivery of its key functions in the case of an emergency and may not be prepared when a threat to business continuity presents itself.

- We reviewed the Memorandum of Agreement in place with Elmbridge Borough Council. Through discussion with the Head of Governance and the acting Head of ICT, we confirmed that there have been changes to working patterns at Elmbridge Borough Council as they have recently adopted flexible working/hotdesking. Accordingly, there are concerns that Elmbridge Borough Council may not have adequate desk space to house officers from Epsom and Ewell Borough Council. In addition, we could not confirm that a scheduled or regular review for the ICT Shared Service Agreement was in place.
- We confirmed through discussion with the acting Head of ICT that there are currently no known disaster recovery plans in place for the shared data centre with Elmbridge Borough Council. We did confirm that the previous Head of ICT has recently departed from his position and these disaster recovery plans may be in place, but were unable to be provided to us at the time of the audit. Accordingly, we cannot place assurance in the disaster recovery processes in place at the new data centre as no documentation has been presented to support this.

We have identified four other issues which we have assessed as 'Low' and action has been agreed in response to these.

Notwithstanding the above, we have also identified the following examples of sound application of and compliance with control framework:

- We reviewed the Emergency Planning documentation. We found that the Emergency Plan includes a log of reviews and updates which show reviews have taken place and when the next review date has been set for. Areas within the Emergency Plan include the aim of the plan, objectives, roles and responsibilities and procedures for managing the Council's response to an emergency.
- We also reviewed the Integrated Emergency Management Strategy. We confirmed that the Integrated Emergency Management Strategy includes a log of reviews and updates which show reviews have taken place and when the next review date has been set for.
- In addition, we reviewed the EEBC Emergency Assistance Centre Plan, Borough Emergency Control Centre Plan and the Multi Agency Flood Plan. In each case, we confirmed that a log of reviews was clearly detailed, the document was regularly reviewed and was up to date and complete.
- We confirmed that the Emergency Plan and associated documentation, including the Call-out Cascade is available to relevant members of staff and is appropriately signposted. This is documented on the Council's shared drive. Hard copies of the Emergency Plan and the Call-out Cascade are available for reference by the relevant members of staff and are given to staff as and when new editions of the plans are created.
- We reviewed the Emergency Plan, the Borough Emergency Control Centre Plan and the EEBC Assistance Centre Plan. In each case, we confirmed that there was clear detail regarding the roles of responsible individuals at the Council in the case of an emergency.
- The Emergency Planning and Business Continuity Officer offers induction training for all Incident Liaison Officers (ILO). An ILO is an officer of the Council who has a wide knowledge of the functions, capabilities, limitations and resources available within the Council. We reviewed the checklist covered at induction training and confirmed this to be appropriate.

- We reviewed documentation provided by the Senior Building Surveyor that confirmed the Council's generator was last tested in October 2016. Following discussion with the Senior Building Surveyor, we confirmed that the generator is currently being maintained under a 1 major and 1 minor service per annum.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The action plan at section two details the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
Emergency Plan and Supporting Plans	0	(5)	2	(5)	2	0	0
Training Arrangements	0	(1)	1	(1)	1	0	0
Departmental Business Continuity Plans	0	(2)	2	(2)	1	1	0
ICT Shared Service With Elmbridge Borough Council	2	(2)	0	(2)	0	2	0
Back-up Generator Arrangements	0	(1)	0	(1)	0	0	0
Total	4	3	0	0	4	3	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
1.1.2	An Emergency Plan is in place and kept under review. This is supported by: - a Emergency Assistance Centre Plan - Integrated Emergency Management Strategy - Borough Emergency Control Centre Plan (BECC)	Yes	No	We reviewed the Emergency Planning documentation. We found that this includes: - ownership of the plan - objectives of the Emergency Plan - definitions of key terms: Gold, Silver, Bronze Commands; routine, minor and major incidents - phases of an incident - activation arrangements including a Cascade Call Out flowchart appendix A includes immediate responses and considerations that should occur at the Leadership Team level. - initial actions	Low	Management will ensure a review of the Emergency Plan and supporting plans is undertaken to update key members of staff within the documentation. Management will ensure that a review of the Call-out Cascade is undertaken immediately. For each area in which there is insufficient contact information, notably Building Control	01 Feb 2018	Gill Marchbank - Emergency Planning and Business Continuity Officer

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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<ul style="list-style-type: none"> - Borough Emergency Control Centre Plan - Call-out Cascade - Multi Agency Flood Plan The Surrey Community Risk Register identifies risks 			<p>and checklists - roles and responsibilities defined</p> <p>In addition, we reviewed the Integrated Emergency Management Strategy. We found that this contained the following appropriate topic areas:</p> <ul style="list-style-type: none"> - Council-Wide Integrated Emergency Management Plan & Procedures - Emergency Planning, Response & Recovery - Major Industrial Hazards - Business Continuity Management - Exercising and reviewing arrangements <p>Similarly, we reviewed the Emergency Assistance Centre Plan, the Borough Emergency Control Centre Plan and the Multi Agency Flood Plan. In each case, we confirmed that appropriate topic areas were covered and each plan was complete.</p> <p>However, upon review of the Emergency Plan and the Call-out Cascade we confirmed that the Chief Executive of the Council has since changed and needs to be updated. This individual has a key role to play in the Council's response to an emergency.</p>		<p>and ICT Support, new contact details for responsible members of staff will be added.</p>		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				In addition, through discussions with the Emergency Planning and Business Continuity Officer, we confirmed that some key contacts are missing from the Call-out Cascade. We confirmed that there is only one contact detailed with responsibility for Building Control and one contact detailed for ICT support. Furthermore, the ICT Manager detailed has also since left his post, meaning that there is no member of staff within ICT who is available on the Call-out Cascade.				
1.3	Exercises have been carried out to test arrangements	Yes	No	<p>We reviewed the records of exercises and incidents for three test exercises ran by the Emergency Planning and Business Continuity Officer. The three testing exercises we reviewed were:</p> <ul style="list-style-type: none"> - Epsom & Ewell Rest Centre Exercise - April 2014. To ensure appropriate short term provision for residents (and visitors to the borough) displaced by an emergency. - Borough Emergency Control Centre (BECC) Exercise – October 2015. To test the operation of the Borough Emergency Control Centre in response to a major incident. 	Low	Management will ensure that any actions arising from upcoming test exercises have an associated implementation date that is achievable and realistic.	01 January 2018	Gill Marchbank - Emergency Planning and Business Continuity Officer

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>- Business Continuity Exercise - March 2016. To enhance the Council's ability to respond to Business Continuity incidents.</p> <p>Following our review, we confirmed that the testing exercises adequately detailed the following areas:</p> <ul style="list-style-type: none"> - Exercise aim and objectives - Details of the nature of the exercise - Feedback/Limitations - Examples of what worked well - Action Plan <p>With regards to the Action Plan, we confirmed that the most recent test exercise for Business Continuity Plans (March 2016) had an action plan that detailed the actions to be completed as well as implementation dates for these actions. For the other two action plans, we could not confirm that implementation dates were in place. Accordingly, we acknowledge that implementation dates are now used for test exercises and lessons learned but we would need to see further evidence of this going forward to place assurance in this.</p> <p>Without achievable and realistic implementation dates alongside actions, there is a risk that actions</p>				

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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following test exercises will not be put in place in a timely manner.

Area: Training Arrangements

1.2.1	A training spreadsheet is maintained for officers with Emergency Planning responsibilities.	Yes	No	<p>We reviewed the Council's Staff Training Record which is maintained by the Emergency Planning and Business Continuity Officer. We confirmed this is regularly updated, with the most recent update taking place in April 2017.</p> <p>The Staff Training Record details all responsible individuals who require training and the training they have currently undertaken. Training available includes:</p> <ul style="list-style-type: none"> - BECC Exercise - Rest Centre Training Exercise - ILO Training - Business Continuity Exercise - Leadership Team Training <p>However, for a number of senior staff, we confirmed that a number of individuals have not had training across the full range of core areas or have not been trained for some years. Accordingly, there is a risk that these officers would not be fully up to date with current plans and how to operate in the event of a Major Incident.</p>	Low	The Emergency Planning Officers will decide the training and frequency of refresher training for each Emergency Planning role and flag this in the training record for ensuring refresher training is provided.	01 December 2017	Gill Marchbank - Emergency Planning and Business Continuity Officer
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				We also reviewed Surrey's Local Resilience Forum Training & Exercising Prospectus and confirmed this to be adequate.				
Area: Departmental Business Continuity Plans								
1.3.1	Business Continuity Plans have been completed to standard formats for each service.	Yes	No	<p>Business Continuity Plans are maintained at department level by Heads of Department. We reviewed a sample of three Business Continuity Plans selected. These were:</p> <ul style="list-style-type: none"> - Human Resources and Payroll - ICT - Customer Services and Business Support <p>In each case, we confirmed these to be reviewed in a regular manner and all areas expected were covered. These areas included:</p> <ul style="list-style-type: none"> - Mission Aim and Objectives - Critical Business Functions - Review of Key Documents - Review of Key Facilities - Coordinating Instructions - Training, Validation and Review <p>However, with regards to the ICT Business Continuity Plan, we could not confirm when the plan was next due for review. Accordingly, there is a risk that the responsible owner of the ICT Business Continuity Plan</p>	Low	The Acting Head of ICT will ensure that all relevant sections of the ICT Business Continuity Plan are completed. The Emergency Planning and Business Continuity Officer will offer guidance on how key sections of the plan are to be completed.	01 Feb 2018	Paul Wilcox – Acting Head of ICT; Gill Marchbank – Emergency Planning and Business Continuity Officer

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				may not review the plan in an appropriate timeframe.				
1.3.2	<p>Each service has a Critical Function Analysis. This details the key functions that each service line needs to perform and the resources required to do so in the event of an emergency.</p> <p>This includes details of the function and the resources required, including:</p> <ul style="list-style-type: none"> - Staff - Data/Systems - Key equipment (both IT and non-IT) - Supplies 	Yes	No	<p>Business Continuity Plans are maintained at department level by Heads of Department. We reviewed a sample of three Business Continuity Plans selected. These were:</p> <ul style="list-style-type: none"> - Human Resources and Payroll - ICT - Customer Services and Business Support <p>For both Human Resources and Payroll and Customer Services and Business Support, we confirmed that critical function analysis has been undertaken with adequate detail. For example, critical functions that were analysed in relation to Human Resources and Payroll included:</p> <ul style="list-style-type: none"> - Giving staff and managers advice - Provide pay and pension details to MHR, Surrey County Council & staff - Manual staff records; electronic staff records - Disciplinary and grievance timings <p>However, with regards to the ICT Business Continuity Plan, we could not confirm that critical function analysis had been undertaken appropriately. Although the plan</p>	Medium	The ICT department will undertake a review into their current Business Continuity Plan and provide further detail surrounding the critical function analysis. The critical function analysis should adequately document the details of the function and any resources required for the recovery of the function	01 Feb 2018	Paul Wilcox – ICT Business applications Manager ; Gill Marchbank – Emergency Planning and Business Continuity Advisor

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ANNEXE 1

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>does list ICT's critical functions, such as telecommunications and managing the website, it does not detail how these areas will be managed in the case of an emergency. Unlike the other two plans sampled, the ICT plan fails to highlight resources required to ensure business continuity, such as staff and key equipment.</p> <p>Accordingly, this presents the risk that the ICT department has not adequately considered the delivery of its key functions in the case of an emergency and may not be prepared when a threat to business continuity presents itself.</p>				
Area: ICT Shared Service With Elmbridge Borough Council								
1.4.1	The Council has in place a Memorandum of Agreement for a shared ICT service with Elmbridge Borough Council. This agreement was made in April 2016 and details the agreement between the two Borough Councils if there were problems with IT access or staff were unable to work at either Council.	No	N/A	<p>We reviewed the Memorandum of Agreement in place between Epsom and Ewell Borough Council and Elmbridge Borough Council. We confirmed that it details a number of expected key areas, such as:</p> <ul style="list-style-type: none"> - Project collaboration - Sharing of staff and resources - Termination - Charges and liabilities - Insurance <p>However, through discussion with the Head of Governance and the acting Head of ICT, we confirmed</p>	Medium	The Emergency Planning and Business Continuity Officer and the acting Head of ICT will liaise to review the current Memorandum of Agreement for the ICT Shared Service with Elmbridge Borough Council. A discussion will be undertaken with senior officers at Elmbridge Borough Council to establish what arrangements are still in place and can be agreed	01 February 2018	Paul Wilcox – ICT Business Applications Manager

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>that there have been changes to working patterns at Elmbridge Borough Council as they have recently adopted flexible working/hotdesking. Accordingly, there are concerns that Elmbridge Borough Council may not have adequate desk space to house officers from Epsom and Ewell Borough Council.</p> <p>In addition, we could not confirm whether there is a scheduled review date for the ICT Shared Service agreement or whether there is a regular review undertaken to ensure the agreement remains relevant and effective given changing work patterns at both Councils. Without regular review of the agreement, the agreement is in danger of becoming outdated and less effective in ensuring business continuity for the two Councils in the face of a business emergency.</p> <p>Within Annex A of the document, a business continuity and disaster recovery entitled ADAM is detailed. As per the contract, both "authorities wish to add resilience to their business functions by jointing benefitting from service products relating to the protection, backup, security, recovery and replication of computer-held applications and data in the event or events destroying or</p>		<p>going forward, with particular focus on desk space at the respective Councils in cases of emergency.</p> <p>As the shared service is due to cease within six months, the agreement should be prepared on a short-term basis to cover plans between the two Councils only in the short run.</p>		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>disabling computing facilities". However, this contract ended on 31 March 2017 which raises concerns as to whether the business continuity arrangements are still applicable.</p> <p>Following discussion with the acting Head of ICT, we confirmed that the shared service with Elmbridge Borough Council is due to cease within the next six months.</p>				
1.4.2	Epsom and Ewell Borough Council is entering into an agreement with Elmbridge Borough Council over a shared Data centre. The new Data centre should have documented disaster recovery procedures in place that have been tested prior to the Data centre going live.	No	N/A	<p>We confirmed through discussion with the acting Head of ICT that there are currently no known disaster recovery plans in place for the shared data centre with Elmbridge Borough Council. We did confirm that the previous Head of ICT has recently departed and these disaster recovery plans may be in place, but were unable to be provided to us at the time of the audit.</p> <p>Through discussion with the acting Head of ICT, we confirmed that there are two servers at the new data centre split into two separate domains. This guarantees that if the Elmbridge server goes down, Epsom and Ewell's server will be unaffected. However, we were unable to review any business plan or technical</p>	Medium	<p>The acting Head of ICT will liaise with the relevant officer at Elmbridge and the lead at the new data centre to confirm a review of the current disaster recovery controls in place at the new data centre. These should be undertaken prior to the new data centre going live.</p> <p>Going forward, any disaster recovery procedures put in place should be tested on a regular basis to confirm adequate business continuity measures are in place.</p>	01 February 2018	Judith Doney – Acting Head of ICT.

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ANNEXE 1

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>documentation in relation to the new data centre.</p> <p>Accordingly, we cannot place assurance in the disaster recovery processes in place at the new data centre as no documentation has been presented to support this. This presents the risk that in the event of an emergency at the data centre, there may be inadequate controls and procedures in place to guarantee business continuity for Epsom and Ewell Borough Council.</p>				

PROPERTY MANAGEMENT - EXECUTIVE SUMMARY

1.1 Background

This audit was undertaken as part of the approved internal audit plan for 2017/18.

In 2016/17 the Council agreed a Property Investment Strategy. This led to the acquisition of two investment properties funded by borrowing from the Public Works Loan Board at fixed interest rate. These are:

- 70 East Street – borrowing £5.7m
- Parkside House – borrowing £13.6m

In this review we have verified the decision to purchase was made according to Council policies. A more in-depth audit of the acquisitions is included in the 2017/18 audit plan.

In February 2017 the Strategy and Resources Committee agreed in principle to the establishment of a Local Authority Property Trading Company and set up a working group to develop this proposal.

The Council has agreed budgets for 2017/18, in addition to any 2016/17 slippage carried forward:

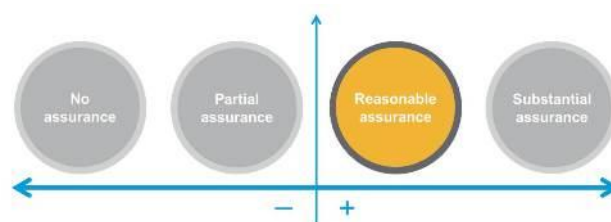
- Planned Maintenance Programme - £234k
- Capital Programme - £1,249k

1.2 Conclusion

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk..



1.3 Key findings

The key findings from this review are as follows:

An Asset Management Plan was in place for 2012-2016. At the time of audit, the Head of Property is drafting a revised Asset Management Plan for 2017 onwards. We reviewed the existing Asset Management Plan and found this sets out general principles for asset management and linked to the previous Corporate Plan priorities. However it does not include SMART actions (Specific Measurable Achievable Responsibility-assigned Time-bound), which means there are risks that actions are not taken and oversight of actions against target are not possible. We have therefore agreed a Low management action to ensure the newly drafted Asset Management Plan includes SMART actions.

The Asset Management Plan 2012-16 does not give specific criteria to determine decisions on acquisitions or disposals of obsolete assets. These are covered by the Property Investment Strategy for acquisition of investment properties. We agreed a Low action for this to also relate to 'non-investment' properties in the Asset Management Plan.

The Property Investment Strategy was approved by the Council in November 2016. This provides for governance arrangements for the acquisition of investment properties, including the establishment of a Property Investment Group with delegated authority to make decisions. It is designed to deliver the priority from the Corporate Plan "Managing Our Resources". It includes a scoring matrix for assessing proposed acquisitions. The scale of the Council's potential investment in acquisitions is set by the Commercial Property Acquisition Fund of £20m, with an increase to £60m recommended by the Strategy and Resources Committee. The target for rental income is set in the Corporate Plan. We have agreed a Low action to include a target review date in the Property Investment Strategy to ensure this is maintained and up to date in the future.

We reviewed the documentation of the decisions to purchase the two investment properties acquired in 2016, although we have not in this audit verified that full due diligence was carried out or that all statements in business cases can be supported. We have verified that the decisions were made in accordance with policy, by the full Council for the purchase of 70 East Street in November 2016, and by the Investment Property Group for the purchase of Parkside House on January 2017. We have verified that business cases were presented, the proposed purchases were scored in line with the Property Investment Strategy and the decisions were evidenced either in Council minutes or by both the signature and email approval of the members of the Property Investment Group.

We confirmed that corporate level risks from Property Services have been considered and one risk has been recorded in the Leadership Risk Register. Actions are identified in the register against this risk as required by the low assurance level score it was given.

Existing investment properties have been reviewed by the Council's valuer with a view to identifying properties for disposal or options for increasing the capital or revenue values of the properties.. They have provided the Head of Property with a report summarising each property in terms of asset value, rent values, tenant type and providing proposed options for each property to enhance value.

A Property Investment Needs spreadsheet has been compiled in-house for the Council's properties as a condition survey, identifying work required each year. This was developed by the Building Surveyor in consultation with the managers responsible for each building and the Capital Accountant. No record of what was agreed is recorded other than updates in the spreadsheet during the meeting. There is a risk that agreed items are over-written and there is no clear record of what was agreed. We have agreed a Low action for a record of this to be kept - such as by email confirmation to the manager involved.

The Property Investment Needs spreadsheet records a value for expected work under the year required against the component for each building. These are given a priority rating. The Council is currently only providing budget for the top priority items, priority 1A, to be included in the Planned Maintenance Programme. However we found examples of items in the Priority Investment Needs for 2017/18 which did not have a priority rating. There are risks that these should have been priority 1A rated and included in the Planned Maintenance Programme. We have agreed a Low action for additional checking of the Property Investment Needs before the maintenance programme is finalised each year.

We confirmed for a sample of properties that these had been included in the Property Investment Needs and for a sample of priority 1A items that they had been included in the Planned Maintenance Programme or the Capital Programme.

We confirmed that progress on the Property Maintenance Programme is reported to the Strategy and Resources Committee. We confirmed for a sample of items that quotations were invited from contractors for the work. From January 2017 the Council has acquired the London Tenders Portal, Pro-Contract, for the management and recording of competitive quotations and tenders. This will provide an audit trail for procurement, provide for on-line invitations to quote or tender and submissions of quotes or tenders, and will randomly include new contractors in invitations, in addition to any selected for invitation. We have not considered reactive repairs in this review.

We confirmed that for a sample of statutory risk assessments and testing, that these had been carried out and none we sampled were overdue. However we advise that the Council should consider adopting the best practice we have identified at other Councils which is to maintain a spreadsheet of all statutory tests, risk assessments and maintenance, for each building, and record when it was last carried out and when it is next due. This would provide a clear audit trail of work done and provide an efficient tool for scheduling future tests.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The action plan at section two details the specific actions agreed with management to implement.

Risk	Control design not effective*	Non Compliance with controls*	Agreed actions		
			Low	Medium	High
L8 – Reviewing the Council’s asset portfolio to ensure obsolete assets are identified and asset management plan can deliver income and services and needs of services and the lack of investment in Council’s assets.	0 (12)	5 (12)	5	0	0
Total			5	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Risk:L8 – Reviewing the Council’s asset portfolio to ensure obsolete assets are identified and asset management plan can deliver income and services and needs of services and the lack of investment in Council’s assets.

1.1.1	The Council has an Asset Management Plan covering 2012 to 2016. The Head of Properties is developing a revised Asset Management Plan for 2017 onwards.	Yes	No	We reviewed the Asset Management Plan 2012- 2016. We found that: - it linked the property needs to the Council Key priorities, although there is a need for the new Asset Management Plan in preparation to be linked to the Corporate plan 2016-2020 - actions are identified but they are not SMART: they do not have	Low	The Head of Property will ensure the Asset Management Plan currently under review includes a SMART action plan (with actions that are Specific Measurable Achievable Responsibility-assigned Time-bound) wherever this is practical and demonstrates delivery of	30 March 2018	Mark Shephard
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AGENDA ITEM 4
ANNEXE 1

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>target times or responsible officers assigned to them</p> <p>- it provides a management structure for oversight</p> <p>There are risks that the revised Asset Management Plan will not have SMART actions and that therefore action is not timely, complete and cannot be easily reviewed to ensure implementation.</p>		the current Corporate Priorities.		
1.2.a	A Property Investment Strategy 2016/17 was developed in November 2016. The Asset Management Plan 2012-2016 includes an Appendix covering Acquisitions and Disposals. The Head of Properties is developing a new Asset Management Plan which will include arrangements for disposal of properties.	Yes	No	<p>We reviewed the Property Investment Strategy 2016/17. We found:</p> <p>- it is designed to deliver a priority from the Corporate Plan: Managing our Resources: Maximising returns from properties and other investments</p> <p>- Although it does not specify how much the Council will invest in property, this was agreed by the Extraordinary Council meeting 21.11.16 which agreed the creation of a Commercial Property Acquisition Fund of £20m</p> <p>- Although it does not provide SMART actions or targets, the Corporate Plan includes targets for</p>	Low	The Head of Property will review and amend the Property Investment Strategy to include a review date and remove the 2016/17 date, when the time spent in this is justified by other changes.	29 September 2017	Mark Shephard

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>rental income for the Head of Property to deliver.</p> <ul style="list-style-type: none"> - It includes governance arrangements and clear procedures and approach - There are no arrangements for review of the Property Investment Strategy, which is also given the year on the title page: 2016/17. <p>There is a risk this is not kept under review or the date will create the impression it applied only in 2016/17.</p>				
1.1.2.b	A Property Investment Strategy 2016/17 was developed in November 2016. The Asset Management Plan 2012-2016 includes an Appendix covering Acquisitions and Disposals. The Head of Properties is developing a new Asset Management Plan which will include arrangements for disposal of properties.	Yes	No	<p>We reviewed the acquisition and disposal sections of the Asset Management Plan 2012-2016. We found:</p> <ul style="list-style-type: none"> - Steps for the acquisition and for the disposal of properties are given with Corporate Management / Capital Management oversight and Strategy & Resources Committee approval. - Business cases are required for either - Although there are criteria for acquisition or disposal, these are expressed in terms of general considerations and processes for 	Low	The Head of Property will include in the planned revised Asset Management Plan, criteria for decisions on disposals or acquisitions of non-investment properties.	30 March 2018	Mark Shephard

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AGENDA ITEM 4
ANNEXE 1

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>approval. There are no clear specific criteria given on which to base a decision. There are no specific processes set out for review of options, assessment of existing portfolio, identification of opportunities to achieve Council objectives.</p> <p>The Property Investment Strategy provides criteria and a process for acquisitions for investment but not for operational properties.</p> <p>There are risks that non-investment properties are not reviewed to ensure they remain fit for purpose and economic, or that non-investment opportunities are not considered. There are risks that non-investment decisions may be made inconsistently or without a strategic view.</p>				
1.1.8.a	Condition surveys have been completed by the Building Surveyor. He consulted with the Facilities Management Service Provider, Kier; the Building Managers and the Capital Accountant. This included prioritisation of work. The cost of all the maintenance work was	Yes	No	<p>Although the Building Surveyor consults relevant managers on the condition survey in the Property Investment Needs spreadsheet, there is no record of what was agreed. The spreadsheet is updated as each item is discussed.</p> <p>As spreadsheet data can be easily over-written, moved or deleted unintentionally, there is a risk that the current information in the</p>	Low	When the Investment Needs are reviewed each year with relevant managers, Property Services will email the managers and officers consulted with the agreed results of consultations for their responsibilities, and ask them to confirm this. The emails with attachments	30 March 2018	Tony Foxwell

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	not affordable for the Council. Only the higher priority items are in the Planned and Preventative Maintenance programme.			Property Investments Needs spreadsheet does not accurately record what was agreed with Kier, the Building Managers or the Capital Accountant. This would mean items that were not agreed could be included or priorities would not be as agreed, making the property maintenance programme inaccurate.		will be saved to provide an audit trail.		
1.1.8.b	Condition surveys have been completed by the Building Surveyor. He consulted with the Facilities Management Service Provider, Kier; the Building Managers and the Capital Accountant. This included prioritisation of work. The cost of all the maintenance work was not affordable for the Council. Only the higher priority items are in the Planned and Preventative Maintenance programme.	Yes	No	<p>We found examples of maintenance items in the Property Investment Needs spreadsheet which had not been prioritised. We tested the properties with maintenance items identified for 2017/18 in the Property Investment Needs spreadsheet. We found:</p> <ul style="list-style-type: none"> - ten items not prioritised, with a total value of £103k - these are not included in the Planned Maintenance Programme 2017/18 <p>Without prioritisation there are risks that repair needs identified in the Property Investment Needs spreadsheet have not been considered in terms of what priority they should have or are wrongly included in or excluded from the Planned Maintenance Programme</p>	Low	The Building Surveyor will ensure the Property Investment Needs spreadsheet is checked for completeness before creating the proposed Planned Maintenance Programme.	30 March 2018	Tony Foxwell

COMMERCIAL PROPERTY ACQUISITIONS - EXECUTIVE SUMMARY

1.1 Background

In common with other Local Authorities Epsom and Ewell Borough Council has developed commercial intentions to invest in property. The rationale for this is to generate income to support local services. The Council moved forward with these plans and initially purchased two properties with a combined value of £19.1m in November 2016 and January 2017

- 70 East Street (£5.5m)
- Parkside House (13.6m)

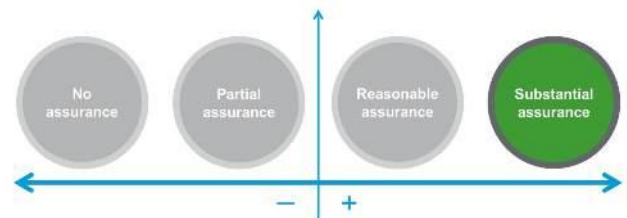
Our review considered the purchase process to ensure that decision making, governance and due diligence arrangements were in accordance with the Council's Property Investment Strategy.

1.2 Conclusion

We have verified that business cases were presented, the proposed purchases were scored in line with the Property Investment Strategy and the decisions were evidenced either in Council minutes or by both the signature and email approval of the members of the Property Investment Group.

Internal audit opinion:

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

A property investment strategy was adopted in Nov 2016. The strategy aimed to provide a robust and viable framework for the acquisition of commercial property investments. The three underlying objectives of the Strategy were:

- Investment Criteria – to identify suitable property investment opportunities.
- Risk Management – to balance the requirement for income return with an acceptable level of managed risk.
- Governance Arrangements – to provide an agile decision making framework.

We satisfactorily verified that the property investment strategy was approved on 21st Nov 2016 through a meeting of the full Council. This provided for governance arrangements for the acquisition of investment properties, including the establishment of a Property Investment Group with delegated authority to make decisions. The strategy prescribes a scoring Matrix that allows the relative merits of an investment opportunity to be measured and assessed against a target threshold for a range of criteria. There is a weighting applied to each criteria and a score of one to five can be applied for scoring each assessment:

- **Location** - property is categorised as either prime, secondary or tertiary in terms of its locational desirability. For example, a shop located in the best trading position in a town would be prime, whereas a unit on a peripheral neighbourhood shopping parade would be considered tertiary.
- **Tenant Covenant** – the financial strength of a tenant determines the security of the property’s rental income. A financially weak tenant increases the likelihood that the property will fall vacant. The minimum acceptable financial strength for any given tenant will be determined through financial appraisal of company accounts and the use of appropriate methods of risk assessment and credit scoring. To minimise management and risk, the preference will be for single occupancy investments wherever possible.
- **Building Quality** – a brand new or recently refurbished building will not usually require capital expenditure for at least 15 years. This is attractive for income investors requiring long term rental income with the minimum of ongoing capital expenditure.
- **Occupational Lease Length** – the lease term will determine the duration of the tenant’s contractual obligation to pay rent. The most attractive investments offer a long lease with a strong tenant covenant.
- **Tenure** – anything less than a freehold acquisition will need to be appropriately reflected in the price.
- **Tenant Repair obligations** – under a Full Repairing & Insuring Lease (FRI), the tenant is responsible for the building’s interior and exterior maintenance / repair. The obligation is limited to the building’s interior under an Internal Repairing & Insuring Lease (IRI). The preference will be to favour FRI terms (or FRI by way of service charge i.e. all costs relating to occupation and repairs are borne by the tenants and administered through a service charge).
- **Lot Size** – to maintain portfolio balance the preference will be for no single property

We reviewed the documentation of the decisions to purchase the two investment properties acquired in 2016/17. We found:

- the decision to purchase 70 East Street was made by the full Council in November 2016.
- the decision to purchase Parkside House was made by the members of the Investment Property Group (IPG) in January 2017. The decision was recorded in minutes of the IPG, signed by members with a decision form signed by members. We satisfactorily checked the weighted matrix calculation of scoring for both properties (86 and 80). The strategy requires a score of at least 60 for acquisitions.

We checked a number of these criteria assessments for factual accuracy. In particular respect of the following criteria assessment for 70 East Street we confirmed that

- There is a Full Repairing & Insuring lease requirement with the Tenant (Criteria level 5 Excellent)
- The occupational Lease length is between 3 and 6 years (Criteria level 3 Acceptable)
- There is a single tenant with a strong financial covenant (Criteria level 5 Excellent)
- The lot size was between £4m and £6m (Criteria level 5 Excellent)

In respect of the Parkside purchase we confirmed that

- There is a Full Repairing & Insuring lease requirement with the Tenant (Criteria level 5 Excellent)
- The occupational Lease length is between 3 and 6 years (Criteria level 3 Acceptable)
- There is a single tenant with a strong financial covenant (Criteria level 5 Excellent)
- The lot size was between £10m and £15m (Criteria level 2 Marginal)

We reviewed in further detail the documentation of the decisions to purchase the two investment properties acquired in 2016/17. We found:

- the decisions were based on a business case, in line with the Property Investment Strategy
- the business cases considered capital costs, revenue costs, potential capital gain (not quantifiable), revenue income
- the business cases showed that borrowing costs were covered by income, giving a net gain

We satisfactorily verified that the conveyancing transaction for both properties was satisfactorily recorded in the Councils accounting ledger and that routine Land Registry, highway and drainage searches were recorded as being undertaken by the council's legal representatives. We similarly verified that the correct calculation and payment of Stamp Duty Land Tax was included in the final conveyancing transaction payment. In addition the value of the properties as recorded on the conveyancing record accords with that reported to Council Members.

Parkside House - £12,775,000 (Stamp Duty - £628,250) - Total balance payment to Freeths Solicitors (27/1/17) including searches and Fees = £13,404,317.88

64-74 East St Epsom - £5,320,000 (Stamp Duty - £255,500 - Total balance payment to Freeths Solicitors (25/11/16) including searches and Fees = £5,576,8100

In addition, we verified that:

- i) an independent valuation of the property was obtained and that a binding legal contract between the tenants and the Council now exists.
- ii) structural surveys of both properties provided a positive assurance regarding each building's condition and the financial integrity of the current tenants was examined through independent searches.

The business case for the purchase of these properties initially assessed risk within the context of the investment criteria set out in the Council's investment strategy. This examined the strengths, weaknesses and risk associated with each element. In addition to this further risk and SWOT analysis also examined the effect on cash flow and income returns should the tenants activate a break option in their agreements. In this respect, options were identified to continue to maintain income streams from amended building use. Furthermore, we note that an element of the income to be received from these assets will be placed in an earmarked reserve to mitigate any future risk that may arise.

These properties will be owned by Epsom and Ewell Borough Council and as such their income streams will be monitored through the routine budget monitoring and financial reporting framework that exists within the council.

There are no management actions arising as result of this audit.

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**ANNUAL GOVERNANCE STATEMENT AND EXTERNAL AUDIT FINDINGS
2016/17 - PROGRESS AGAINST ACTION PLAN**

Report of the: Head of Corporate Governance
Contact: Gillian McTaggart
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:
Annexes/Appendices (attached): **Annexe 1** – Progress Report – 2016/17 Annual Governance Statement
Annexe 2 – Progress Report - External Audit Findings 2016/17

Other available papers (not attached):

REPORT SUMMARY

This report sets out progress on the actions contained in the Council's Annual Governance Statement and in the Annual Audit Findings issued by the External Auditor following audit of the Financial Statements.

RECOMMENDATION (S)

- (1) That the Committee receives a report on progress in implementing the Action Plan contained within the Annual Governance Statement and the actions agreed in Audit Findings within the External Auditor's Report.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Corporate Governance affects all aspects of the Council's services because it relates to the framework in which decisions are made. It is defined as the system by which local authorities direct and control their functions and relate to their communities.
- 1.2 The Annual Governance Statement (AGS) is prepared by the Council each year and published within the Financial Statements. The AGS sets out the controls for good governance that the Council has in place and identifies high-level risks to those controls that have been identified in reviewing the Council's operations.

- 1.3 The Audit Findings for the Council is prepared by the External Auditor (Grant Thornton) following the audit of the accounts and includes recommendations for improvements in controls following the conclusion of the external audit.
- 1.4 This Committee monitors the delivery of action agreed in both Governance documents. This underpins the Council's Core Value of openness and honesty.

2 Annual Governance Statement

- 2.1 The Annual Governance Statement (AGS) identifies key risks to the Council's performance at the end of the financial year and the actions being taken to address those risks during the following year.
- 2.2 The Annual Governance Statement for 2016/17 identified five significant governance risks. The control issues identified in the AGS generally reflect the high risk to the delivery of public services during a period of recession and funding cuts. The risks also reflect more specific risks over resilience of smaller district councils and the fact the Council is no longer debt free. These risks are as follows:
 - 2.2.1 Ensure the workforce has adequate resilience and the appropriate skills to deal with future requirements and changes to the way the Council operate.
 - 2.2.2 A number of governance issues within planning and the possible designation by the Secretary of State to improve planning performance.
 - 2.2.3 Elements of the Constitution are out of date and need to be updated
 - 2.2.4 The Council has moved from being debt free to external borrowing of up to £80 million for property. This increases the Council's financial risk and there needs to be a robust approach in place when purchasing property and developing new service models.
 - 2.2.5 The robustness of IT governance, data recovery and disaster recovery arrangements need to be reviewed to ensure that all IT projects are properly managed and data can be recovered.

Progress made on the action plan is shown in Annexe 1 to this report. Officers believe that this addresses the control issues identified in the 2016/17 Annual Governance Statement.

3 Annual Findings from External Audit

- 3.1 This Committee also monitors the implementation of the External Auditor's recommendations contained within the Audit Findings report issued after the audit of the financial statements is completed.

- 3.2 The External Auditor presented the Audit Findings to the Strategy and Resources Committee on 26 September 2017.
- 3.3 An unqualified opinion was issued for 2016/17.
- 3.4 The External Auditor identified four residual risks, rated as medium, in their audit findings. These were as follows:
 - 3.4.1 The related party disclosure arrangements did not include the senior management team,
 - 3.4.2 5 year end creditor balances did not contain valid creditors as they related to grant income from previous years,
 - 3.4.3 The Academy system as reported previously was unable to provide a listing of NDR prepayments as at the 31st March,
 - 3.4.4 Increase resilience within the finance team to support the early closure of the accounts.
- 3.5 Progress made on the action plan is shown in **Annexe 2** to this report.

4 Financial and Manpower Implications

- 4.1 There are no implications for the purposes of this report.
- 4.2 **Chief Finance Officer's comments:** The External Auditor has given the Council an unqualified opinion on the Statement of Accounts for 2016/17. The Annual Governance Statement is the key part of the controls in place to ensure effective governance across the organisation.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 There are no implications for the purposes of this report
- 5.2 **Monitoring Officer's comments:** It is important that good governance is an integral part of how all functions are delivered, rather than being considered an issue to be considered separately by others.

6 Sustainability Policy and Community Safety Implications

- 6.1 None for the purposes of this report

7 Partnerships

- 7.1 The Council continues to form part of the East Surrey Internal Audit Consortium.

8 Risk Assessment

- 8.1 The Annual Governance Statement forms part of the Council's corporate governance arrangements and failure to implement the actions would leave weaknesses in the Council's management controls.

9 Conclusion and Recommendations

- 9.1 Positive progress has been made in addressing the action required to improve the significant control issues identified in the 2016/17 financial statements.
- 9.2 The Committee is asked to note:
- a) The progress made on the implementation of actions agreed by the Council in the Annual Governance Statement.
 - b) The Action Plan and progress agreed with the External Auditor and contained in the 2016/17 Audit Findings.

WARD(S) AFFECTED: (All Wards);

**AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE
23 NOVEMBER 2017**

Annual Governance Statement: Significant Governance Issues (Cont)

No.	Issue	Agreed Action	Progress to date (November 2017)
1.	Ensure the workforce has adequate resilience and also has the appropriate skills to deal with future requirements and changes to the way Council's operate.	Workforce planning is being undertaken to formulate the Council's needs and further work will be undertaken to identify skills gaps. The Organisational Development Strategy is being implemented, working with the LGA to develop a pay & performance scheme.	A report is due to go to Strategy & Resources in November outlining a proposal for a new pay and performance scheme. A new post has been created within HR which will focus on organisational development
2.	There have been a number of governance issues identified during 2016/17 within planning. The Council is currently at risk of designation by the Secretary of State to improve planning performance.	The LGA and the Planning Advisory Services will support the Council in reviewing arrangements and agreeing an action plan	A Planning Peer Review was undertaken in September and a Service Improvement Plan will be developed to ensure recommendations to improve planning performance are addressed.
3.	Elements of the Constitution are out of date and need to update.	The Council's Constitution will be fully reviewed in 2017/18.	The Constitution is currently being reviewed by the Head of Legal & Democratic Services

**AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE
23 NOVEMBER 2017**

Annual Governance Statement: Significant Governance Issues (Cont)

No.	Issue	Agreed Action	Progress to date (November 2017)
4	<p>The Council has moved from debt free to external borrowing of up to £80m for property.</p> <p>This increases the Council’s financial risk and there needs to be a robust approach in place when purchasing property and developing new service models.</p>	<p>A Working Group is in place to review the establishment of a Trading Company and review all future property purchases. The Property Investment Strategy will be regularly reviewed.</p> <p>Procedures are in place and will be further developed to ensure adequate provisions for investment property have been established to set-aside amounts for future voids/maintenance</p>	<p>The new trading company is operational. The three underlying principles of the Property Investment Strategy which was approved by Council, include investment criteria, risk management and the governance arrangements. The prudential indicators will be regularly reviewed.</p> <p>Individual purchases will be subject to specific requirements and controls within the investment criteria matrix.</p>
5	<p>The robustness of IT governance, data recovery and disaster recovery arrangements need to be reviewed to ensure that all IT projects are properly managed and data can be recovered.</p>	<p>A specialist IT Review is currently being completed and an action plan will be developed as part of an overall review of the current arrangements to ensure IT meets the Council’s business needs.</p>	<p>The Council is exiting its shared arrangement with Elmbridge Borough Council at the end of Nov and internal resources are being strengthened within infrastructure area.</p> <p>Arrangements for interim support are in place and a new IT Strategy will be developed by the new Chief Operating Officer. A report on the Council’s Datacentre will go to S&R in November</p>

**AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE
23 NOVEMBER 2017**

Residual Risks from Audit Findings for Epsom and Ewell Borough Council – Progress

No.		Issue	Priority	Progress to date (November 2017)
1.	Related Party Disclosure	It was noted that the arrangements for disclosure of related parties did not include the senior management team.	Medium	The senior leadership team will be requested to complete annual related party declarations. This action has been added to the finance team’s closing timetable, to ensure it is completed annually. Responsibility - Chief Accountant (March 18)
2.	Year End Creditors	Five cost centres did not contain valid creditors as they related to grant income where they conditions had been met in the prior year	Medium	All year-end balances relating to grant income will be recorded appropriately at the year-end. This action has been added to the finance team’s closing timetable, to ensure it is completed annually. Responsibility - Chief Accountant (March 18)
3.	Explore whether the NDR system can provide detailed NDR prepayments information	As reported previously the Academy system is unable to provide a listing of all NDR prepayments as at 31 st March 2017. The system can calculate the total value of NDR prepayments but not individual breakdown.	Medium	This has been a previous recommendation and Academy have now confirmed they are unable to provide this for the Council and other users. The auditors are aware that this recommendation cannot be implemented
4.	Resilience within the Finance Team	Increase resilience within the Finance Team to support the early closure of the accounts in 2018	Medium	All posts are now filled with permanent staff and the Acting Director of Finance & Resources has reviewed the skills required to meet the new requirements to close the accounts earlier in 2018.

RISK MANAGEMENT FRAMEWORK ANNUAL REPORT

Report of the: Head of Corporate Governance
Contact: Gillian McTaggart
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:
Annexes/Appendices (attached): **Annexe 1 - Leadership Risk Register**
Other available papers (not attached):

REPORT SUMMARY

This report enables the Committee to meet its responsibilities for monitoring the development of the Council's risk management arrangements.

RECOMMENDATION (S)

That the Committee:

- (1) Considers the contents of the report and confirms that it is satisfied with the arrangements in place for risk management.**
- (2) Reviews the Leadership Risk Register and determines if there are any risks they wish to raise with the Leadership Team.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Effective risk management is an integral part of ensuring that services are delivered.

2 Background

- 2.1 This Committee receives an annual report on the Council's risk management framework. The role of the risk management framework is to provide a focus on good practice and to facilitate, guide and train. Many risks are timeless and are managed on a daily basis through internal controls and policies. The risk management framework covers both operational and strategic risks. It incorporates insurable risks, emergency planning and business continuity, health and safety risks and the council's risk registers.

- 2.2 This Committee approved the Risk Management Strategy at its meeting of the 15 November 2016 which clarifies the integrated approach and the roles and responsibilities for risk management.
- 2.3 The risk management framework continues to be embedded within the Council and the Leadership Team (consisting of the Chief Executive and Heads of Service) continue to receive the Leadership Risk Register and the Service Risk Registers. The Leadership Team now receive quarterly health & safety reports. The Heads of Service and key officers receive regular training on business continuity, emergency planning and major incidents.

3 Risk Management

- 3.1 Since the tragic recent events of Grenfell Tower and terrorist attacks, the Council has been reviewing its arrangements for handling business continuity, emergency planning and major incidents. The Council is a Category 1 provider with responsibility under the Civil Contingency Act to be prepared for an emergency. As such we must maintain a number of plans and have regard to internal and external risks when developing business continuity plans. An exercise around a major incident was held in July involving both the Leadership Team and a number of key officers and a post implementation review was reported to the Leadership Team. Further awareness training is being held in November through the One Team meetings for all staff, to ensure more staff are trained and aware of the plans in place.
- 3.2 The Council are part of the Surrey Local Resilience Forum and participates in training and events to ensure that we can provide assurance on our arrangements.
- 3.3 To reduce risks the Council have reviewed and updated all fire risk assessments and action will be taken to address any gaps identified. These will be reviewed in January 2018 to ensure all actions are implemented. Internal training was held to ensure all Fire Wardens were up to date with procedures.
- 3.4 The London Borough of Sutton (who manage the Council's insurable risks) and ourselves received an award from the Association of Local Authority Risk Managers (ALARM) for partnership working. This related to work we have undertaken to reduce the insurance cost of tree claims by having a unified approach and implementing a risk based methodology.
- 3.5 Our risk management arrangements were last audited in February 2017 and given reasonable assurance.

4 Leadership Risk Register

4.1 The Leadership Risks are essentially the top ten risks at senior leadership level. These risks are refreshed at least twice yearly. The Leadership Risks cover both risks that effect the Borough (such as a major disruption) and internal risks. The Leadership Risk Register is attached as **Annexe 1**. It was last reviewed by the by the Leadership Team in October. The Top Ten Leadership Risks are as follows:-

L1	Continue delivering further efficiency savings through the efficiency plan, income generation plan and manage changes to funding for SCC services	High
L2	Lack of an appropriate Pay and Performance structure	Medium
L3	Develop commercialisation to transform the organisation	High
L4	IT stability, systems and support, and governance structure to deliver IT agenda and managing the split of the shared service.	High
L5	Compliance with the new GDPR by May 2018 and IG legislation and best practice.	High
L6	Managing the debt from external borrowing to fund property acquisitions and manage any risks to the Council	High
L7	Delivering and implementing the Local Plan	High
L8	Monitoring the Plan E Project Plan.	High
L9	Quality of decision making in planning putting the Council at risk of special measures by the DCLG	High
L10	Impact of welfare reforms including the homeless reduction act.	Medium

5 Service risks

5.1 The service risks, identified by the Heads of Service for each of their areas were also reviewed by the Leadership Team in October. Of the 57 risks, 25 were identified as high risks. Any significant risks (particularly those affecting several areas such as staff or IT issues) were escalated into the Leadership Risk Register.

6 Financial and Manpower Implications

6.1 There are no specific manpower implications for the purpose of this report.

6.2 **Chief Finance Officer's comments:** Effective risk management is an integral part of ensuring that services are delivered, and the Council's Risk Management Strategy provides Members with an understanding of key risks and issues of concern and the actions proposed to mitigate risk, including financial risks to the Council.

7 Legal Implications (including implications for matters relating to equality)

7.1 The Council has a duty under the Civil Contingency Act 2004 as a category 1 provider. Therefore we have a responsibility to plan and maintain plans to react in an emergency situation and have regard to both internal and external risks. The Council maintain a number of plans including an integrated emergency plan, rest centre plans, corporate business continuity plan, specific service business continuity plans and is part of the Major Incident Protocol produced by Surrey County Council.

7.2 **Monitoring Officer's comments:** It is an important part of our governance arrangements that members understand and oversee the risks faced by the Council and raise any issues of concern.

8 Sustainability Policy and Community Safety Implications

8.1 There are no community safety implications.

9 Partnerships

9.1 The Council works with the London Borough of Sutton to manage our insurable risk and improve operational risks.

9.2 The Council as part of the Surrey Local Resilience Forum which is a multi-agency made up of representatives from public services including emergency services, local authorities, NHS England and the Environment Agency.

10 Risk Assessment

10.1 Risk management is an integral part of delivering services to the Council particularly in improving strategic, operational and financial management. Specific risks are identified and recorded for projects and changes such as the establishment of a local authority trading company.

11 Conclusion and Recommendations




The Committee is asked to:



11.1 Consider the report and confirm they are satisfied with the arrangements in place


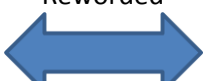
11.2 Consider the leadership risks and comment on any issues raised.



WARD(S) AFFECTED: (All Wards);

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Ref	Description of Risk/ Opportunity	Risk Level	Further Action required	Accountable Officer	Accountable Group	Corporate Priorities 2016-20	Assurance level of controls (1 to 5)	Direction of Travel
L1	Continue delivering further efficiency savings through the efficiency plan, income generation plan and manage changes to funding for SCC services	High	Manage agreed savings plan. Identification of new sources of revenue	Director of Finance & Resources with efficiencies being delivered by Heads of Service	Statutory Officers & Leadership Team	Managing Resources – Delivering further efficiency savings and cost reductions	4	Reworded 
L2	Lack of an appropriate Pay and Performance structure	Medium	Reward, recognition and performance have been reviewed and staff consulted. A proposal will be going to committee in November.	Leadership Team and Head of HR & Org Dev.	Leadership Team	Managing Resources – Developing multi skilled & motivated staff & delivering further efficiency savings and cost reductions	3	Reduced to a Medium Risk 
L3	Develop commercialisation to transform the organisation	High	Continue to review skills and resources. Build into Service Plans for 18/19. Review Digital Strategy in line with IT Strategy.	Leadership Team and Head of HR & Org Dev.	Leadership Team/ HR Panel	Developing multi skilled & motivated staff	3	Unchanged 

Ref	Description of Risk/ Opportunity	Risk Level	Further Action required	Accountable Officer	Accountable Group	Corporate Priorities 2016-20	Assurance level of controls (1 to 5)	Direction of Travel
L4	IT stability, systems and support and governance structure to deliver IT agenda and managing the split of the shared service.	High	Complete the separation of the shared service and agree arrangements for the Datacentre. Strengthen staffing resources and external support for infrastructure Review of DR requirements and business continuity arrangements in IT.	Acting Head of IT	Leadership Team	Underpinning all Corporate Priorities.	3	Updated 
L5	Compliance with the new GDPR by May 2018 and IG legislation and best practice	High	An action plan is being agreed for implementing GDPR and a new post of Information Governance Officer is being created to ensure that the Council will be compliant by May 2018	Head of Legal/Head of Corporate Governance	Statutory Officer	Providing services digitally	2	New
L6	Managing the debt from external borrowing to fund property	High	Ensure provisions are made for investment property to have an established set aside for future voids and	Property Investment Group & Acting Director of	S&R	Underpinning all Corporate Priorities.	4	No change 

Ref	Description of Risk/ Opportunity	Risk Level	Further Action required	Accountable Officer	Accountable Group	Corporate Priorities 2016-20	Assurance level of controls (1 to 5)	Direction of Travel
	acquisitions and manage any risks to the Council		maintenance. Review and update the Property Investment Strategy and ensure governance arrangements followed for purchase of property and future developments	Finance & Resources				
L7	Delivering and implementing the Local Plan	High	An updated timetable has been agreed for the implementation of the Local Plan with the pre submission consultation partial review of the core strategy to be completed by 31st March.	Leadership Team	L&PPC	Underpinning all Corporate Priorities. Statutory requirement.	3	Updated 
L8	Monitoring the Plan E Project Plan and assess impact.	High	Monitor the Project Plan with SCC as work has commenced. Communicate information on works and clarify the wider economic implications to the public and businesses	Head of Place Dev	Leadership Team & S&R	Managing Resources	2	Reworded 

Ref	Description of Risk/ Opportunity	Risk Level	Further Action required	Accountable Officer	Accountable Group	Corporate Priorities 2016-20	Assurance level of controls (1 to 5)	Direction of Travel
L9	Quality of decision making in planning putting the Council at risk of special measures by the DCLG	High	Agree an improvement plan from the Planning Peer Review and implement Training to be agreed.	Head of Place Dev	Leadership Team	Statutory requirement	2	Unchanged 
L10	Impact of welfare reforms including the homeless reduction act	Medium	No of households in temporary accommodation are reducing. In additional properties are being purchased to reduce costs and the Private Sector Leasing Scheme is now operational. The implications of the act are being assessed. as part of targets	Head of Housing & Community & Director of Finance & Resources	S&R/ C&W	Supporting and enabling the delivery of affordable homes. Supporting those at risk of homelessness	4	Unchanged 

ADDED

L5 –GDPR &Information Governance

REMOVED

L5 –Simply Weekly Recycling

AMENDMENTS

L1- Delivering Further efficiency savings - reworded

L2- lack of an appropriate pay &performance structure – reduced from High to Medium

L4–ICT infrastructure, systems and resilience - amended

L6 – Increased debt from borrowing – reworded

L7- Delivering the Local Plan – updated

L8 – Plan E- reworded

Defined Strategic Risk Levels

	Low	Medium	High
<u>Impact of risk materialising</u>			
Finance –	Budget pressures < £100,000	Budget pressures between £100,000 and £200,000	Budget pressures > £200,000
Reputation	Loss of confidence and trust in the council felt by a small group or within a small geographical area	A limited loss of confidence and trust in the council within the local community	A major loss of confidence and trust in the council within the local community and wider with national interest
Service delivery	Disruption to a council service	Some disruption to more than one service across the council or severe disruption to one service	Severe wide spread disruption to services across the council
Health and Safety	Minor injury or illness requiring minimal intervention or treatment	Moderate injury or illness requiring professional intervention / multiple minor injuries	Extensive and multiple injuries including possible loss of life
Likelihood of risk materialising	Remote / low probability	Possible / medium probability	Almost certain / highly probably

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

Assurance levels of the controls scored 1 to 5

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

Reported to Leadership Team 23 October 2017

Reported to Audit Crime & Disorder and Scrutiny Committee – 23 November 2017

CORPORATE PLAN: PERFORMANCE REPORT ONE 2017 TO 2018

<u>Report of the:</u>	Head of Corporate Governance
<u>Contact:</u>	Adama Roberts
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1 – Performance Report One 2017 to 2018 Annexe 2 – Overview of Key Priority Performance Targets Reported under Phase One
<u>Other available papers</u> (not attached):	Corporate Plan 2016 to 2020

REPORT SUMMARY

This report provides an update against our Key Priority Performance Targets for 2017 to 2018, under our new Corporate Plan.

RECOMMENDATION (S)




- (1) That the Committee considers the performance reported in Annexe 1 and identifies any areas of concern.**
- (2) That the Committee considers the actions that have been proposed or taken where performance is currently a concern as shown in table 3.1.**
- (3) That the Committee notes the overview of the Key Priority Performance Targets in Annexe 2**

1 Background

- 1.1 The Council has a four-year Corporate Plan for the period 2016 to 2020.
- 1.2 The Corporate Plan sets out the Council's vision together with its four Key Priorities. The four Key Priorities are underpinned by 19 Key Priority Objectives and measured against 66 Key Priority Performance Targets.
- 1.3 The delivery of the Corporate Plan will be captured in the performance reports, which are based around Committee cycles and details what will be done, what the targets are and how these will be measured. The desired key outcomes have also been outlined in the Corporate Plan. An annual year-end report will be produced to highlight delivery against the Corporate Plan.

2 Corporate Plan: Delivery against Key Priority Performance Targets set

2.1 This report tracks the progress against the Key Priority Performance Targets previously agreed by the Committee. On the whole performance is good as shown in the table below. Consideration should be given to any Key Priority Performance Target where performance is currently a concern as shown in table 3.1.

Performance status		
Key to reporting status		Number
	On track/achieved	49
	Slightly off track not a major concern or slippage	10
	Off track or unlikely to be achieved for projected year	3
Information indicators	These indicators are for information only	4
Total		66

3 Actions identified for the Key Priority Performance Target where performance is currently a concern

3.1 Red Key Priority Performance Target and remedial actions identified below.

Not achieved	Actions identified
Supporting businesses and our local economy Support the Business Partnership to develop a proposal for a Business Improvement District (BID) with the intention of holding a Ballot	This target has slipped and the ballot will be held on the 13 th December.
To agree and implement a scheme for the allocation of the neighbourhood portion of Community Infrastructure Levy (CIL) (15%)	A further report on the introduction of a Local Projects scheme go before S&R Committee during November 2017.
No more than ten per cent of major planning applications allowed at appeal (using the two-year rolling assessment period defined by the government)	We conducted a peer review with the LGA in September. A preliminary report on findings was presented to key groups. A detailed report and action plan to follow by end of October. This will address concerns on how this target could be achieved.

4 Financial and Manpower Implications

4.1 **Chief Finance Officer's comments:** None for the purposes of this report

5 Legal Implications (including implications for matters relating to equality)

5.1 **Monitoring Officer's comments:** There are no legal implications arising from this report. The implications around each individual target are considered as those targets are considered and action is taken.

6 Sustainability Policy and Community Safety Implications

6.1 There are no particular community safety implications for the purpose of this report.

7 Risk Assessment

7.1 Actions have been identified for those Key Priority Performance Targets where performance is currently a concern.

8 Conclusion and Recommendations

8.1 The Committee is requested to consider the performance reported and identify any areas of concern.

8.2 The Committee is requested to note the overview of the Key Priority Performance Targets

8.3 The Committee is requested to consider the actions that have been proposed where performance is currently of concern.

WARD(S) AFFECTED: (All Wards);

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Corporate Plan: Key Priority Performance Targets for 2017 to 2018 – Phase One

Keeping our borough clean and green	Supporting our community	Managing our resources	Supporting businesses and our local economy
<p>Providing quality parks, nature reserves and other public spaces that are safe, pleasant, and well maintained:</p> <ul style="list-style-type: none"> Maintain external accreditation to recognise the quality of: (C&WC) <ul style="list-style-type: none"> Alexandra Recreation Ground 31 March Ewell Court Park 31 March Rosebery Park 31 March Produce an Operational Management Plan for: (C&WC) <ul style="list-style-type: none"> Rosebery Park; Ewell Court 31 March Local Biodiversity Action Plan (LBAP): <ul style="list-style-type: none"> Undertake the scoping exercise for a Borough-wide veteran tree survey 31 October 2017 Complete inspections and compile the data on veteran trees for two wards by 31 March Complete refurbishment of: (C&WC) <ul style="list-style-type: none"> Rosebery Park pond 31 March Tennis courts in Alexandra Recreation Ground 30 Sept Basketball courts in Alexandra Recreation Ground 30 Sept <p>Accommodating sustainable development whilst protecting the green belt in accordance with Policy: (L&PPC)</p> <ul style="list-style-type: none"> Complete issues and options consultation on the partial review of the Core Strategy by 30 September Issue the pre-submission consultation for the Partial Review of the Core Strategy by 31 March <p>Introducing a premium weekly waste and recycling service as standard for all residents and encouraging more household waste to be recycled: (EC)</p> <ul style="list-style-type: none"> Implement the new simply weekly recycling service to all residents by 30 July 2017 Recycle 53% domestic waste by 31 March Promote household recycling by holding: <ul style="list-style-type: none"> 20 road shows, and 3 school events 31 March Over the year at least 99% of bins to be collected on average each week 31 March <p>Keeping the streets and open spaces clean and tidy: (EC)</p> <ul style="list-style-type: none"> Twice yearly street cleansing survey based on a random selection of 113 areas achieving a cleanliness rating of Grade B or above in 65% of all selected streets <ul style="list-style-type: none"> Phase 1 (Apr to Aug) to be reported in September Phase 2 (Sept to Mar) to be reported at year-end Fly tips: <ul style="list-style-type: none"> Investigate all fly-tips within five working days of being reported to Operational Services Remove 95% of all fly-tips on Council owned land (with the exception of hazardous waste) within five working days of being reported to Operational Services 31 March <p>Taking action to reduce graffiti, littering, flyposting, illegal advertising and dog fouling: (EC)</p> <ul style="list-style-type: none"> To identify options for future enforcement action and report to Committee 31 March 	<p>Supporting and enabling the delivery of affordable homes: (C&WC)</p> <ul style="list-style-type: none"> Secure two additional residential properties to be used as temporary emergency accommodation and ensure occupation within one month of completion or after works completed 31 March <p>Helping those at risk of homelessness: (C&WC)</p> <ul style="list-style-type: none"> At least 15 households accommodated through the private sector leasing scheme by 31 March Have no more than 50 households living in emergency nightly paid temporary accommodation per month 31 March <p>Promoting healthy and active lifestyles, especially for the young and elderly: (C&WC)</p> <ul style="list-style-type: none"> Leisure development strategy: <ul style="list-style-type: none"> Deliver Epsom & Ewell entry into the Surrey Youth Games 31 July 2017 Community & Wellbeing Centre: <ul style="list-style-type: none"> To obtain approval for a programme of refurbishment work at the Community & Wellbeing Centre and carry out the works by 31 March Increase membership by a further 55 by 31 March Promote increased use by under 55s by holding at least three taster sessions/activities 31 March Implement new FlexiRoute system by 28 February 2018 To establish a health and wellbeing officer group by 30 June 2017 which will: <ul style="list-style-type: none"> Conduct a workforce health and wellbeing gap analysis by 30 August 2017 Health and well-being strategy with agreed targets reported and approved by the committee 31 January 2018 Implement the 2017/18 targets in our Health and Wellbeing Strategy by 31 March To adapt the Wellbeing Centre to accommodate a high-needs day care facility for eight clients 31 March <p>Encouraging and supporting volunteering initiatives: (EC)</p> <ul style="list-style-type: none"> Support at least three community/volunteer clean up campaigns by 31 March Introduce a programme for raising awareness of volunteering initiatives in Epsom & Ewell by 31 March 	<p>Developing multi-skilled and motivated staff: (S&R)</p> <ul style="list-style-type: none"> Present proposals for a revised pay structure to HR Panel and S&R Committee by 31 October 17 Present proposals for a revised appraisal scheme to the Leadership Team and HR Panel by 31 December 17 Hold three Managers Huddle's to support the development of all EEBC managers by 31 March To consult with staff on a range of initiatives including management competencies, revised HR policies including the Attendance Management and Capability, and the appraisal process by 31 March <p>Providing services digitally:</p> <ul style="list-style-type: none"> Complete phase 2 of the website by 31 December 2017 (S&R) Develop the Customer Experience Strategy and report to S&R by 31 March Introduce new pay machines with contactless payment facilities as part of a refurbishment programme in: (EC) 31 March <ul style="list-style-type: none"> Depot Road car park; Upper High Street car park 100% of all housing clients to complete applications digitally by 31 March (S&R) <p>Identifying new sources of revenue and maximising our existing income:</p> <ul style="list-style-type: none"> At least 98.4% of Council Tax collected (S&R) At least 99.0% of Business Rates to be collected (S&R) Process new Housing Benefit claims within an average time of 28 days (31 March) (S&R) Process Housing Benefit change of circumstances within an average time 11 days (31 March) (S&R) Increase the catering income from Bourne Hall café and Playhouse bar by an additional £50,000 net (31 March) (S&R) Secure a combined lettings income from Bourne Hall, Community & Wellbeing Centre, Playhouse and Ewell Court of £462,000 by 31 March (S&R) Generate £8,000 income from pest control referral service by 31 March (S&R) Epsom Cemetery extension: (S&R) <ul style="list-style-type: none"> Conduct ecological and ground water risk assessment by 31 July 2017 Submit the planning application by 31 December 2017 To produce a proposal in regards to income generation plan to accompany the Medium Term Financial Strategy by 20 February 2018 (S&R) <p>Delivering further efficiency savings and cost reductions: (S&R)</p> <ul style="list-style-type: none"> E-Tendering system implemented by 31 Oct 2017 Submit a capital bid and, identify a replacement system for the CRM which meets our business needs, is affordable and sustainable 30 September 2017 Playhouse: (C&WC) <ul style="list-style-type: none"> Complete a service review and submit report to Audit, Crime and Disorder and Scrutiny Committee by 23 November 2017 and Community and Wellbeing Committee by 23 January 2018 <p>Maximising returns from properties and other investments: (S&R)</p> <ul style="list-style-type: none"> To support economic regeneration utilise the Commercial Property Acquisition Fund to purchase a minimum two additional commercial investment properties generating no less than 5% return on investment by 31 March 2018 To produce a proposal in regards to an Asset Management Strategy and Ten year maintenance plan 31 March 2018 Review options for establishing a local authority trading company through a Member / Officer Working Group and report to S&R by 31 December 2017 	<p>Supporting a comprehensive retail, commercial and social offer:</p> <ul style="list-style-type: none"> Support the Business Partnership to develop a proposal for a Business Improvement District (BID) with the intention of holding a Ballot in Dec 2017 (S&R) To agree and implement a scheme for the allocation of the neighbourhood portion of Community Infrastructure Levy (CIL) (15%) by 31 Aug 2017 (S&R) At least 90% of premises licence application determined within 21 days from the end of the statutory consultation period (L&PPC) 31 March Ten percent reduction of 0-2 food hygiene rated food businesses (EC) 31 March Completion of three storey Houses in Multiple Occupation (HMO) inspection due within the year (C&WC) 31 March To complete the refurbishment of 24 South Street, including one retail unit by 31 March (C&WC) <p>Maintaining strong links with local business leaders and representative organisations: (S&R)</p> <ul style="list-style-type: none"> To hold at least three business breakfasts by 31 March <p>Supporting developers to bring forward the development of town centre sites: (L&PPC)</p> <ul style="list-style-type: none"> Number of major planning applications received* Number of minor planning applications received* Number of other planning applications received* At least 75% of major planning applications determined within 13 weeks At least 80% of minor planning applications determined within 8 weeks At least 90% of other planning applications determined within 8 weeks No more than ten per cent of major planning applications allowed at appeal (using the two-year rolling assessment period defined by the government) <p>(* Note: Information only indicator)</p> <p>Delivering an affordable Economic Development Strategy: (S&R)</p> <ul style="list-style-type: none"> Plan E (Phase 1): <ul style="list-style-type: none"> Finalise and agree the design for the Market Place improvements in partnership with Surrey County Council (SCC) by 31 October 2017 Complete a review of the benefits/disadvantages of establishing a Joint Local Committee and report to S&R by 31 March <p>Promoting our Borough as an excellent place to do business:</p> <ul style="list-style-type: none"> Develop the business case for a business hub and report to S&R by 28 November 2017 Conduct a review of the groups that we contribute to in relation to promoting Epsom and Ewell as a place to do business and evaluate the benefits and effectiveness

from participating in these arrangements by 31 December 2017

- To carry out a corporate review of all marketing and promotions to agree an overall strategy by 31 October **(S&R)**
- To produce and up to date marketing strategy and action plan for **(C&WC)**:
 - Ewell Court House 31 December 2017
 - Bourne Hall 31 December 2017



Corporate Plan: Key Priority Performance Targets
Audit, Crime & Disorder and Scrutiny Committee
Performance Report One 2017/2018




Supporting our Community

We will do this by:

- Supporting and enabling the delivery of affordable homes
- Helping those at risk of homelessness
- Promoting healthy and active lifestyles, especially for the young and elderly
- Encouraging and supporting volunteering initiatives

KEY OUTCOMES	KEY SUCCESS MEASURES
Increase supply of homes to meet local needs	Delivery of affordable homes
Residents supported from becoming homeless	Long term empty properties brought back into use
Implement the Leisure Development Strategy	Reduction in homelessness Increase our supply of temporary accommodation
	Deliver the targets within the Leisure Development Strategy

Community & Wellbeing Committee

Performance status		
Key to reporting target status		Number
	On track/achieved	14
	Slightly off track not a major concern or slippage	2
	Off track or unlikely to be achieved for projected year	0
Total		16




Keeping our Borough Clean and Green

We will do this by:

- Providing quality parks, nature reserves and other public spaces that are safe, pleasant and well maintained
- Accommodating sustainable development whilst protecting the green belt in accordance with Policy
- Introducing a premium weekly waste and recycling service as standard for all residents and encourage more household waste to be recycled
- Keeping the streets and public spaces clean and tidy
- Taking action to reduce graffiti, littering, flytipping, flyposting illegal, advertising and dog fouling

<p>KEY OUTCOMES</p> <ul style="list-style-type: none"> • Management plans for all major parks and public spaces • Premium weekly recycling and waste service as standard for all residents introduced from Spring 2017 • Recycling clubs with local schools 	<p>KEY SUCCESS MEASURES</p> <ul style="list-style-type: none"> • External accreditation for our major parks and public spaces • Delivery of the Biodiversity Action Plan • Increase in recycled household refuse • Street cleanliness assessment
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Environment Committee

Performance status		
Key to reporting target status		Number
	On track/achieved	7
	Slightly off track not a major concern or slippage	4
	Off track or unlikely to be achieved for projected year	0
Total		11






Licensing and Planning Policy Committee

Performance status		
Key to reporting target status		Number
G	On track/achieved	4
A	Slightly off track not a major concern or slippage	1
R	Off track or unlikely to be achieved for projected year	1
Information Indicators	These indicators are for information only	4
Total		10



KEY OUTCOMES	KEY SUCCESS MEASURES
An Organisational Development Strategy which drives culture change, build capacity and delivers a skilled workforce for the future	Core values embedded into our performance management framework
A new improved website enabling services to be delivered digitally	Increase digital accessibility of our services
Asset Management Plan for major assets	Return generated from property and other investments
Balanced budget each year	Agreed savings delivered

Strategy & Resources Committee

Performance status		
Key to reporting target status		Number
	On track/achieved	24
	Slightly off track not a major concern or slippage	3
	Off track or unlikely to be achieved for projected year	2
Total		29


Keeping our borough clean and green – Key priority

Community & Wellbeing Committee:

Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Providing quality parks, nature reserves and other open spaces that are safe, pleasant and well maintained	Local Biodiversity Action Plan (LBAP): <ul style="list-style-type: none"> Undertake the scoping exercise for a Borough-wide veteran tree survey Complete inspections and compile the data on veteran trees for two wards 	Mark Berry Head of Place Development	31 October 2017 31 March 2018	<p>April to Sept: Progress with veteran tree/Heritage Asset mapping is as follows: the desk or scoping exercise is approx. two thirds completed. The exercise has shown that there are hundreds of trees to check right across the borough. A significant amount of officer time will be needed to investigate and determine the status of the currently mapped possible veteran trees. The reason that we chose just two Wards is that we knew from the start that the whole borough was likely to take several years and the scoping exercise is confirming that it's a bigger task than predicted.</p> <p>Oct to Dec:</p> <p>Jan to March:</p>	 A


Keeping our borough clean and green – Key priority

Environment Committee:

Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Introducing a premium weekly waste and recycling service as standard for all residents and encouraging more household waste to be recycled	Recycle 53% domestic waste	Ian Dyer Head of Operational Service	31 March 2018	<p>April to Sept: As at July 51% has been recycled, this figure is provisional. First month of full Simply Weekly Recycling (SWR) system at houses.</p> <p>The introduction of SWR has resulted in a big rise in dry recycling, up from 573 tonnes last July to 615 tonnes this July, and food waste has risen from 167 tonnes last July to 179 tonnes this July. But garden waste continues to lag, with 562 tonnes last July but only 420 tonnes this July. This has served to continue to depress the overall recycling figure.</p> <p>Hopefully the wet weather in July and early August will provide a boost to garden waste recycling in August.</p>	
				Oct to Dec:	
				Jan to March:	


Keeping our borough clean and green – Key priority


Environment Committee:

Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	
Taking action to reduce graffiti, littering, flyposting, illegal advertising and dog fouling	To identify options for future enforcement action and report to Committee	Ian Dyer Head of Operational Service	31 March 2018	April to Sept: No action taken to date however, a report will be brought to Committee in January outlining the options available.	
				Oct to Dec:	
				Jan to March:	

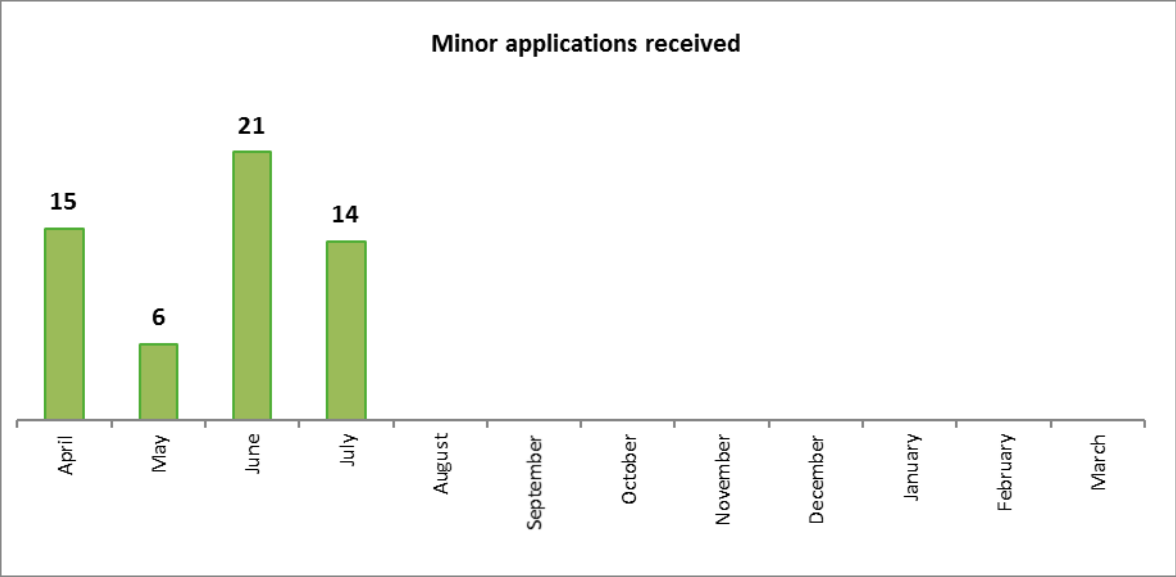
Supporting our Community – Key priority

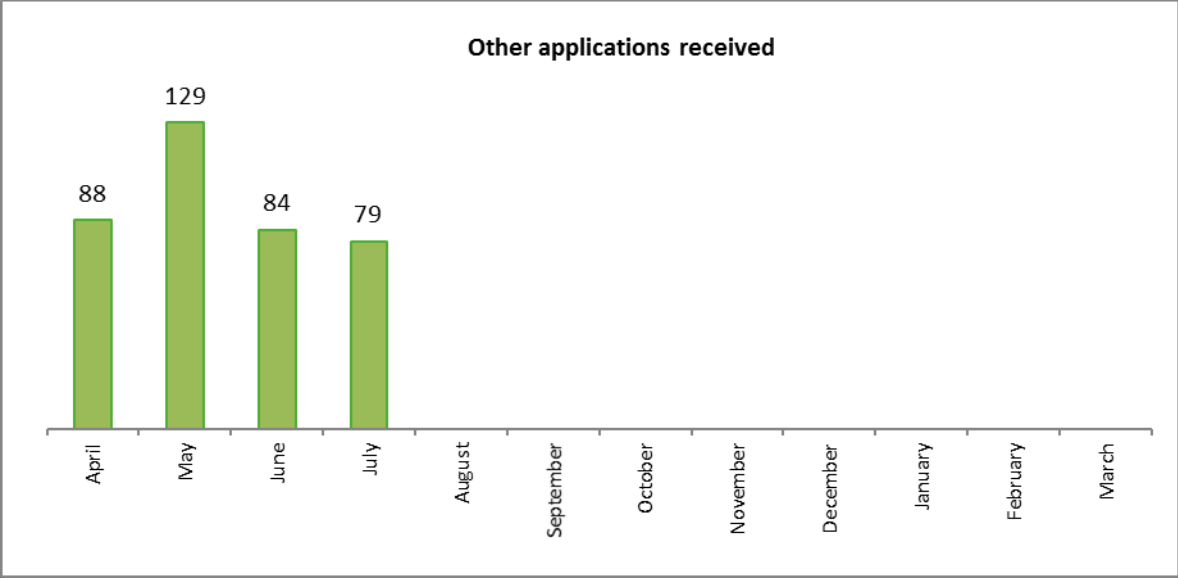
Community & Wellbeing Committee:

Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Promoting healthy and active lifestyles, especially for the young and elderly	To establish a health and wellbeing officer group (by 30 June 2017) which will: <ul style="list-style-type: none"> • Conduct a workforce health and wellbeing gap analysis • Health and well-being strategy with agreed targets reported and approved by the committee • Implement the 2017/18 targets in our Health and Wellbeing Strategy 	Rod Brown Head of Housing & Environmental Services	30 August 2017	April to Sept: A health and wellbeing officer group has been established and an initial meeting was held on 06/06/17. Gap analysis underway and it's likely to be completed later this year.	
			31 January 2018		
			31 March 2018		
				Oct to Dec: Jan to March:	

Supporting our community – Key priority					
Environment Committee:					
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Encouraging and supporting volunteering initiatives	Support at least three community/volunteer clean up campaigns	Ian Dyer Head of Operational Service	31 March 2018	April to Sept: Supply of litter picking packs to WERRA For two community events. Litter picking arranged and kits supplied to Councillor Wormington and Town Ward Residents Association.	
				Oct to Dec:	
	Jan to March:				
	Introduce a programme for raising awareness of volunteering initiatives in Epsom & Ewell	Gillian McTaggart Head of Corporate Governance	31 March 2018	April to Sept: Work has not commenced on this project however, a project scope will be drafted and a project working group established in October.	
Oct to Dec:					
Jan to March:					


Supporting businesses and our local economy – Key priority																										
Licensing and Planning Policy Committee:																										
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:																					
Supporting developers to bring forward the development of town centre sites	Number of major planning applications received	Mark Berry Head of Place Development	31 March 2018	April to July: As at July, we have received six major planning applications	N/A (information only indicator)																					
				Oct to Dec:																						
				Jan to March:																						
				<p style="text-align: center;">Major applications received</p> <table border="1"> <caption>Major applications received</caption> <thead> <tr> <th>Month</th> <th>Number of Applications</th> </tr> </thead> <tbody> <tr><td>April</td><td>2</td></tr> <tr><td>May</td><td>1</td></tr> <tr><td>June</td><td>1</td></tr> <tr><td>July</td><td>2</td></tr> <tr><td>August</td><td>0</td></tr> <tr><td>September</td><td>0</td></tr> <tr><td>October</td><td>0</td></tr> <tr><td>November</td><td>0</td></tr> <tr><td>December</td><td>0</td></tr> <tr><td>January</td><td>0</td></tr> <tr><td>February</td><td>0</td></tr> <tr><td>March</td><td>0</td></tr> </tbody> </table>		Month	Number of Applications	April	2	May	1	June	1	July	2	August	0	September	0	October	0	November	0	December	0	January
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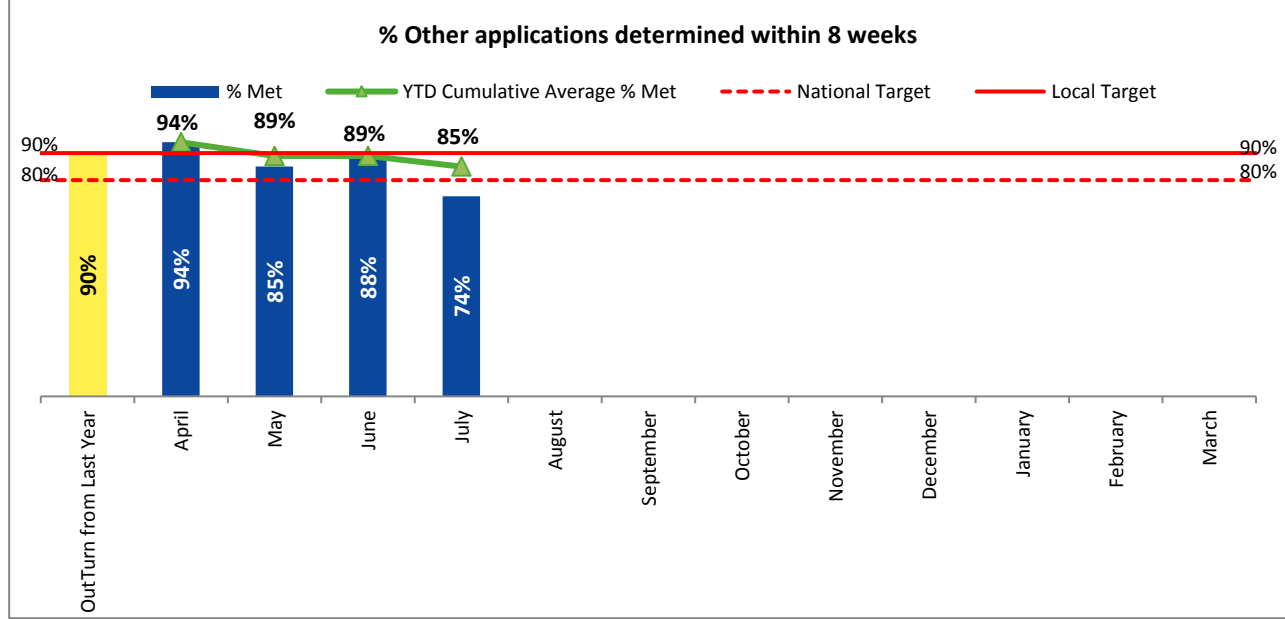
Supporting businesses and our local economy – Key priority																											
Licensing and Planning Policy Committee:																											
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:																						
Supporting developers to bring forward the development of town centre sites	Number of minor applications received	Mark Berry Head of Place Development	31 March 2018	April to July: As at July, we have received 56 minor applications.	N/A (information only indicator)																						
				Oct to Dec:																							
				Jan to March:																							
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June	21																										
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August	0																										
September	0																										
October	0																										
November	0																										
December	0																										
January	0																										
February	0																										
March	0																										


Supporting businesses and our local economy – Key priority																											
Licensing and Planning Policy Committee:																											
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:																						
Supporting developers to bring forward the development of town centre sites	Number of other planning applications received	Mark Berry Head of Place Development	31 March 2018	April to July: As at July, we have received 380 other planning application	N/A (information only indicator)																						
				Oct to Dec:																							
				Jan to March:																							
				 <table border="1"> <caption>Other applications received</caption> <thead> <tr> <th>Month</th> <th>Number of Applications</th> </tr> </thead> <tbody> <tr><td>April</td><td>88</td></tr> <tr><td>May</td><td>129</td></tr> <tr><td>June</td><td>84</td></tr> <tr><td>July</td><td>79</td></tr> <tr><td>August</td><td>0</td></tr> <tr><td>September</td><td>0</td></tr> <tr><td>October</td><td>0</td></tr> <tr><td>November</td><td>0</td></tr> <tr><td>December</td><td>0</td></tr> <tr><td>January</td><td>0</td></tr> <tr><td>February</td><td>0</td></tr> <tr><td>March</td><td>0</td></tr> </tbody> </table>		Month	Number of Applications	April	88	May	129	June	84	July	79	August	0	September	0	October	0	November	0	December	0	January	0
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Supporting businesses and our local economy – Key priority

Licensing and Planning Policy Committee:

Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Supporting developers to bring forward the development of town centre sites	At least 90% of other planning applications determined within 8 weeks	Mark Berry Head of Place Development	31 March 2018	April to July: Overall the year to date average is 85%. We slightly missed this target by 5%. It's worth noting that except for July, we are exceeding the national target for other planning applications.	
				Oct to Dec:	
				Jan to March:	



Supporting businesses and our local economy – Key priority					
Licensing and Planning Policy Committee:					
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Supporting developers to bring forward the development of town centre sites	No more than ten per cent of major planning applications allowed at appeal (using the two-year rolling assessment period defined by the government)	Mark Berry Head of Place Development	31 March 2018	<p>April to July: At present 14% of planning applications have been allowed at appeal. We are slightly over by 4%.</p> <p>Year to date one major and one minor or other have been allowed at appeal. A peer review is being conducted in September to map out how we can meet this target.</p>	
				<p>Oct to Dec:</p>	
				<p>Jan to March:</p>	

Supporting Businesses and our Local Economy – Key priority Strategy & Resources Committee:					
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Supporting a comprehensive retail, commercial and social offer	Support the Business Partnership to develop a proposal for a Business Improvement District (BID) with the intention of holding a Ballot	Mark Berry Head of Place Development	31 October 2017	April to Sept: This target has slipped slightly. BID ballot to take place during November 2017. Note: Since the S&R Report has been published this target has slipped further to December.	
				Oct to Dec:	
	Jan to March:				
	To agree and implement a scheme for the allocation of the neighbourhood portion of Community Infrastructure Levy (CIL) (15%)	Mark Berry Head of Place Development	31 August 2017	April to Sept: During July 2017 Members of Epsom & Ewell’s Joint Infrastructure Group (comprised of Borough Members and County Joint Committee Members) received a report setting out how CIL monies could be allocated to neighbourhood level schemes. Members confirmed the proposed new Civic Investment Fund (CIF) style scheme and agreed that a further report on the introduction of a Local Projects scheme go before S&R Committee during November 2017.	
Oct to Dec:					
Jan to March:					

Supporting Businesses and our Local Economy – Key priority					
Strategy & Resources Committee:					
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:
Delivering an affordable Economic Development Strategy	Complete a review of the benefits/disadvantages of establishing a Joint Local Committee and report to S&R	Simon Young Head of Legal & Democratic Services	31 March 2018	April to Sept: Not yet started however, it is anticipated that this target will be achieved by year end.	
				Oct to Dec:	
				Jan to March:	
Promoting our Borough as an excellent place to do business	Develop the business case for a business hub and report to S&R	Mark Berry Head of Place Development	28 November 2017	April to Sept: A business case is being prepared for submission to the Local Enterprise Partnership (LEP) to establish the availability of funding for the acquisition of an Epsom office building.	
				Oct to Dec:	
		Mark Shephard Head of Property	Jan to March:		

Managing our resources – Key priority						
Strategy & Resources Committee:						
Key priority objective. We will do this by...	Key priority performance target for 2017/18	Responsible officer	Achieved by:	Latest progress:	Status:	
Identifying new sources of revenue and maximising our existing income	Epsom Cemetery extension: <ul style="list-style-type: none"> • Conduct ecological and ground water risk assessment • Submit the planning application 	Rod Brown Head of Housing & Environmental Services	31 July 2017	April to Sept: Ground Water Risk Assessment was received in August and although subject to Environment Agency approval looks promising. Other assessments are needed and being pursued. Obtaining results of all extensive pre-application assessments may delay submission of planning application.		
			31 December 2017			Oct to Dec:
						Jan to March:

WORK PROGRAMME 2017/18

Report of the: Head of Legal and Democratic Services
Contact: Margaret Jones
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:
Annexes/Appendices (attached): **Annexe 1 – Work Programme 2017/18**
Other available papers (not attached):

REPORT SUMMARY

This report updates the Committee on its work programme 2017/18

RECOMMENDATION (S)

That the Committee:

- (1) agrees to receive a report in April 2018, which looks at how best the Committee can scrutinise the local CSP in future;**
- (2) notes the current position of its work programme 2017/18 attached at Annexe 1.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 Implications vary across the different items agreed for inclusion in the work programme. Specific implications are considered by the Committee before undertaking any individual investigation.

2 Background

2.1 Paragraph 1 of the Overview and Scrutiny Procedure Rules requires the Committee to approve an annual Overview and Scrutiny Work Programme including the programme of any sub-committees or panels.

2.2 The Committee agreed its 2017/18 work programme in June 2017. **Annexe 1** shows the current position of the Committee's work programme. Four changes have been made since the last meeting:

- 2.2.1 The report outlining progress made on implementing internal audit recommendations, originally scheduled for November 2017, will now be brought in February 2018.
- 2.2.2 The half yearly report on the Community Safety Partnership (CSP) has not been presented to this meeting; there is no marked change on which to update the Committee since the last report was considered in June 2017. As a report was considered in June 2017, the Committee has met its responsibility regarding frequency of meetings as set out in the Crime and Disorder (Overview and Scrutiny) Regulations 2009. Section 3 below provides further information regarding CSP scrutiny.
- 2.2.3 The follow up report on the Scrutiny Review of the Arrangements for Publicising and Determining Planning Applications will now be presented to the February 2018 meeting of this committee, to enable actions from the Planning Improvement Plan to be put in place.
- 2.2.4 The report on the overview and scrutiny provisions of the Constitution has been postponed until April 2018.

3 CSP Scrutiny

- 3.1 The first formal meeting of the Crime & Disorder Committee was held in October 2009. At that meeting the Committee considered how it might work in practice. As a stand-alone Committee it agreed that it should meet twice a year. In June/July it would receive an end of year performance report on the CSP, and in November/December it would receive a half year monitoring report on the CSP. This half yearly report was to scrutinise the performance of the action plan of the Epsom & Ewell CSP, which at that time was fully resourced through its own income and expenditure. The Epsom and Ewell CSP now no longer exists.
- 3.2 On the merger of the Crime & Disorder Committee with the Scrutiny Committee in 2014, the practice of receiving an annual and half year report was continued. However, a number of changes have been made within the crime and disorder field. These include the creation of Police and Crime Commissioners, Police and Crime Panels, and the Epsom and Ewell CSP becoming part of the East Surrey CSP (first meeting attended as a full member of the East Surrey CSP was March 2017). The East Surrey CSP works strategically across 3 Surrey Police divisions and the County, as opposed to having a focus on the District and Borough level.
- 3.3 As a result of these and other changes, it is considered that it would be beneficial for officers to review how scrutiny of the CSP at Epsom & Ewell Borough Council can best operate in the future, and to present recommendations on this to the Committee in April 2018.

4 Proposals

- 4.1 It is proposed that the Committee agree to receive a report in April 2018, which looks at how best the Committee should scrutinise the CSP in the future.
- 4.2 It is also proposed that the Committee notes the current position of its 2017/18 work programme attached at **Annexe 1**.

5 Financial and Manpower Implications

- 5.1 Any financial considerations arising in relation to items included in the work programme will be set out as appropriate in the individual reports prepared for consideration by the Committee.
- 5.2 The Committee's work programme has workload implications for both its members and the Scrutiny Officer. In depth scrutiny reviews undertaken by task groups require more intensive input from members as well as the Scrutiny Officer for specific time periods.
- 5.3 ***Chief Finance Officer's comments: None for the purpose of this report.***

6 Legal Implications (including implications for matters relating to equality)

- 6.1 The work programme attached at **Annexe 1** has been designed to meet the Committee's responsibilities set out in legislation and its Terms of Reference.
- 6.2 ***Monitoring Officer's comments: None for the purpose of this report.***

7 Sustainability Policy and Community Safety Implications

- 7.1 Scrutiny of the Community Safety Partnership is a responsibility of the Audit, Crime & Disorder and Scrutiny Committee.

8 Partnerships

- 8.1 The Committee has the ability to make reports or recommendations on matters which affect the authority's area or the inhabitants of that area.

9 Risk Assessment

- 9.1 Maintenance of an annual work programme helps ensure the Committee meets its responsibilities both statutory and local. It enables the Committee to manage its workload across the year, identifying priorities and rescheduling work according to risk/need.

10 Conclusion and Recommendations

- 10.1 Under its Terms of Reference the Audit, Crime & Disorder and Scrutiny Committee is responsible for setting its own work programme. The Committee approved its work programme 2017/18 in June 2017.
- 10.2 It is recommended that the Committee note the latest version of its work programme which encapsulates changes made to date. It is also recommended that the Committee agree to receive a report in April 2018, which looks at how best it can scrutinise the local CSP in future.

WARD(S) AFFECTED: (All Wards);

Overview and Scrutiny Work Programme 2017/18

MEETING DATE	ITEMS FOR CONSIDERATION BY FULL COMMITTEE	ITEMS FOR CONSIDERATION BY APPOINTED TASK GROUP(S)
20 June 2017	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2016/17 • Internal Audit Assurance Report 2016/17 • Annual Governance Statement 2016/17 • External Audit • Performance Management • Community Safety Partnership 2016/17 – End of Year Report • Use of Delegated Powers - Annual Report • Work Programme 2017/18 	<ul style="list-style-type: none"> • Service Review of Venues <p>Epsom Playhouse (January 2017 – November 2017)</p> <p>Ewell Court House (TBC)</p>
23 Nov 2017	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2017/18 • Annual Governance Statement and District Auditor's Audit Findings – Progress Against Action Plans • Risk Management Framework Annual Report • Performance Management • Review of Epsom Playhouse • Work Programme 2017/18 	
8 Feb 2018	<ul style="list-style-type: none"> • Internal Audit Monitoring Report 2017/18 • Progress on the Implementation of Internal Audit Recommendations • External Audit • Performance Management • Review of CCTV (Compliance with Surveillance Camera Code of Practice) • Regulation of Investigatory Powers Act 2000 - Annual Report • Review of the arrangements for publicising and determining planning applications • Work Programme 2017/18 	

MEETING DATE	ITEMS FOR CONSIDERATION BY FULL COMMITTEE	ITEMS FOR CONSIDERATION BY APPOINTED TASK GROUP(S)
<p>19 April 2018</p>	<ul style="list-style-type: none"> • Internal Audit Strategy 2018/19 • Internal Audit Monitoring Report 2017/18 • External Audit • Performance Management • Review of Constitution: Overview and Scrutiny Provisions • Review of Ewell Court House (TBC) • Routecall: Review of rebranded service (Transport from Home) • Audit, Crime & Disorder and Scrutiny Committee Annual Report 2017/18 	