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To: MEMBER OF THE AUDIT & SCRUTINY COMMITTEE  
Councillors Langton (Chair), Allen (Vice-Chair), Bloore,  
Crane, Davies, Dennis, Flower, Gray, O'Driscoll and  
C.White

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Substitute Councillors: Botten, Cooper, Pursehouse and  
N.White

C.C. All Other Members of the Council

22 September 2021

Dear Sir/Madam

## **AUDIT & SCRUTINY COMMITTEE THURSDAY, 30TH SEPTEMBER, 2021 AT 6.30 PM**

The agenda for this meeting of the Committee to be held in the Council Chamber - Council Offices is set out below. If a member of the Committee is unable to attend the meeting, please notify officers accordingly.

Should members require clarification about any item of business, they are urged to contact officers before the meeting. In this respect, reports contain authors' names and contact details.

If a Member of the Council, not being a member of the Committee, proposes to attend the meeting, please let the officers know by no later than noon on the day of the meeting.

Yours faithfully,

David Ford  
**Chief Executive**

### **AGENDA**

- 1. Apologies for absence (if any)**
- 2. Declarations of interest**

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:

- (i) any Disclosable Pecuniary Interests (DPIs) and/or
- (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or her staff prior to the meeting.

- 3. Minutes of the meeting held on the 8th July 2021 (Pages 3 - 8)**
- 4. To deal with any question submitted under Standing Order 30**

- 5. To deal with any issues 'Called In' under Part F of the Council's constitution**
- 6. External Audit Update**

To provide a verbal update on the current position of the final accounts
- 7. Internal Audit Progress Report - August 2021** (Pages 9 - 30)
- 8. Internal Audit Annual Report & Opinion 2020/21** (Pages 31 - 50)
- 9. Forensic review and fact finding investigations into a potential budget gap for 2020/21 and implications for 2021/22**
  - 9.1 Grant Thornton report (Pages 51 - 64)
  - 9.2 TDC response to the Grant Thornton report (Pages 65 - 78)
- 10. Annual Governance Statement 2020/21** (Pages 79 - 112)
- 11. Complaints update** (Pages 113 - 120)
- 12. Policy Committees' Quarter 1 21/22 Exception Performance Report** (Pages 121 - 126)
- 13. Any other business which, in the opinion of the Chair, should be considered as a matter of urgency**

## TANDRIDGE DISTRICT COUNCIL

### AUDIT & SCRUTINY COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 8<sup>th</sup> July 2021 at 7.30pm.

**PRESENT:** Councillors Langton (Chair), Allen (Vice-Chair), Bloore, Crane, Davies, Dennis, Flower, Gray, O'Driscoll and C.White

**ALSO PRESENT:** Councillors N.White and Gillman

#### **77. MINUTES OF THE MEETING HELD ON THE 30TH MARCH 2021**

The minutes of the meeting were confirmed and signed by the Chair.

#### **78. MINUTES OF THE MEETING HELD ON THE 27TH MAY 2021**

The minutes of the meeting were confirmed and signed by the Chair.

#### **79. INTERNAL AUDIT PROGRESS REPORT (2020/21)**

Natalie Jerams presented a report which provided an overview of:

- (i) audit activity against assurance work completed in accordance with the approved audit plan for 2020/21; and
- (ii) outstanding management actions.

The Chief Finance Officer also presented a short status report of the £920k anomaly and Grant Thornton work.

The subsequent discussion included reference to the following issues:

- It was noted that the Council was actively developing a full disaster recovery plan alongside the 2019/20 audit. The Council already had a business continuity plan in place. A follow up audit review had also been completed to report on the outstanding actions relating to disaster recovery which was yet to be concluded;
- Clarity was provided by SIAP in respect of assurance terminology provided within the internal audit report;
- It was confirmed that the Grant Thornton will report to the Committee following the completion of their investigation. The Chair explained a meeting had been set up to agree the respective remits of Strategy & Resources and Audit & Scrutiny Committees in addressing the eventual GT findings and asked that an early meeting of Members with GT be arranged;

- It was confirmed that the Planning Advisory Service report has been received and Members or the Committee would receive an update on its contents. The report will be supplied to SIAP to assess. Development Management had already been reintroduced into the 2021/22 audit;
- A programme and project management review would take place during the current audit which would cover in part the Customer First process;
- An overview of the audit process and how the audit plan was agreed by the Committee and subsequently managed during the course of the year was provided in response to a question regarding whether Councillors were consulted before an audit plan was varied or amended. As a result of the discussion it was agreed that SIAP would bring a paper to a future Committee that would outline the standards that SIAP had to comply with in respect of internal audit planning and the role that the Committee has in that process. Further consideration would be given by the Chair and Vice Chair in respect of how revisions to due dates could be reviewed by the Committee.
- Project management was noted by the Committee as being a recurring issue with ongoing Council projects and that there was a need to continue to improve this aspect. The Committee would pursue this issue.
- Questions were raised in respect of the IT Assets Register and missing IT equipment to which it was agreed that Officers would provide responses to after the meeting.

***R E S O L V E D*** – that the report be noted.

## **80. COUNTER FRAUD - COUNCIL TAX FRAUD REPORT**

The Committee considered a report which provided a detailed review of the Council Tax fraud discovered in December 2019. The report included details of the actions taken and controls put in place to reduce the risk of a similar fraud occurring in the future.

The subsequent discussion included reference to the following issues:

- That all controls and measures that had been introduced to reduce the risk of fraud had been implemented across all relevant areas of the Council. Such measures included the requirement for supporting audit trails across all areas;
- Further explanation was provided in respect of the controls and measures that had been introduced to reduce the risk of fraud;
- Questions were raised by the Committee in respect of the cost of the fraud to the Council and whether management failures had allowed the fraud to take place and, if so, whether there had been any accountability of these failures. It was noted that the sophisticated nature of the fraud, including creation of evidence for management to check, had meant that the fraud had remained undetected. However, it was acknowledged that anti-fraud controls were not working properly or had not been in place at the time and these issues had now been rectified;
- Advice would be sought from the Legal Department in respect of whether the case papers from the criminal investigation could be circulated;

- It was noted that the an assessment of fraud and risk would be reported to the Committee twice a year and that a further review of the Anti-Fraud Policy may be require in light of the findings of this investigation. It was also noted that the 2021/22 internal audit would include a review of the Anti-Fraud and Corruption Policy which would be brought to the Committee.

It was requested that the TDC Anti-Fraud Policy be circulated.

**RESOLVED** – that the report be noted.

## **81. EXTERNAL AUDIT PLAN UPDATE**

Michelle Hopton of Deloitte presented an update on the current status of the external audit for 2020/21

It was acknowledged that the 2020 audit was still ongoing and it was the intention to have this signed off as soon as possible. Members had been sent the notes of a Wash-Up meeting that had been held between Deloitte and the Finance Team to address the issues identified during the 2019/20 audit process. The current plan had not changed since it was last presented to the Committee in March 2021. The Grant Thornton report was mentioned as a significant change since the last committee meeting. This report would be considered when completed to see if it impacts the value for money opinion.

It was noted that the audit for 2021 would be starting on 12 July 2021. A detailed plan for the audit had been shared with the Finance team. The Council and Deloitte were working together to achieve the September signing deadline. In response to a question concerning whether the previous issue of a lack of man power and resources allocated to the audit would be resolved for current audit, Ms Hopton confirmed that Deloitte had a fully resourced team and plan with built in contingencies should any issues arise. The Chief Finance Officer stated that there were still capacity constraints within the Council which would not be resolved until the start of the transformation phase of the joint working arrangements with Surrey County Council. It was noted that two additional team members would be drafted in from County to cover the Summer holiday period.

When asked when the 2021 audit would be completed Ms Hopton stated that the national deadline for completion is the end of September and a meeting of the Committee had been arranged to receive the external audit report. The Chief Finance Officer also stated that Deloitte intended to have the 2019/20 accounts signed off by 31 July 2021. It was noted that the Grant Thornton report would not impact the signing off of the 2019/20 accounts.

The Committee asked for clarification as to which Officers and/or Councillors had the power to sign off accounts. It was thought that the current Chair of the Committee could sign the accounts but clarification would be sought in advance of the sign off at the end of July.

**RESOLVED** – that the report be noted.

## 82. COMPLAINTS UPDATE

A report was presented about the Council's approach to managing complaints and to update on the Complaints Policy which had recently been revised to make it simpler and more effective. The complaints process was now split into three stages:

Stage 1 – Resolution

Stage 2 – Review

Stage 3 – Local Government and Social Care Ombudsman

It was noted that additional complaints handling training from the Local Government Ombudsman had also been provided to Officers. In addition, the complaints process was now administered through a new software system which would allow for improved scrutiny. In the future, quarterly complaints updates would be submitted to Committee, with an annual report each July.

The Committee noted that complaints often exposed a lack of resources and it appeared that Planning (including the pre-application service) and Planning Enforcement may have such an issue and that collaboration with other councils may have to be considered if the Council was unable to meet the required levels of service. The Head of Corporate Resources acknowledged that resources were stretched and there were high workloads across the Council and there were no financial resources to remedy this issue. The delivery and prioritisation of services would be reviewed over the course of the year.

A concern was raised in respect of Customer Services etiquette when dealing with complaints. It was noted that the LGO training had helped with how to deal with complaints when received and there was an intention to expand this training to more customer facing officers. It was also requested that Members direct any complaints to the Council so they can be investigated correctly.

**RESOLVED** – that the report be noted.

## 83. POLICY COMMITTEES' QUARTER 4 20/21 EXCEPTION PERFORMANCE REPORT

An exception performance report was presented which set out the performance and risk headlines from the performance and risk reports which had already been reported to the four main policy committees earlier in the committee cycle. The Committees views were sought in respect of presentation of the report and the criteria for highlighting a report headline as a risk.

The Chair underlined that it is an important part of the A & S remit to review exceptions having significant consequences and to send them back to their respective Committee if the actions already in place are not having the required effect.

The subsequent discussion included reference to the following issues:

- It was requested that the report include a reference to the steps that each policy committee decided to take in response to a risk being identified. If such actions had not yet been included in the policy committee minutes, then this could be provided by way of a verbal update to Committee;

- It was noted that items would be included in the report if targets had been missed for two consecutive quarters. The item will stay on the exception report and will only be removed once the target has been met;
- It was requested that the report quantify the financial exposure for each of the missed targets to assist the Committee in focusing on the issues which have the greatest economic risk or impact to the Council;
- It was noted that the Committee should be made aware of high risk issues as soon as possible to allow steps to be taken to avoid reputational damage to the Council;
- A concern was raised in respect of the target of the percentage of establishments with a rating of 3 or better under the food hygiene rating scheme being missed by 10%. This issue was mainly caused by the current pandemic and not being able to carry out face to face site visits;
- It was confirmed that measures had been put in place to address the issue of illegal activities taking place in public toilets and further detail was contained in the report to Community Services;
- In response to a question raised in respect of the risk of cyber-attacks, it was confirmed that the cyber audit had been completed and this would start to be actioned over the coming weeks and would form part of the next audit update to Committee;
- It was suggested that if the Committee had questions relating to specific targets not being met, these should be raised once the agenda is published so the report author could collate answers in advance of the meeting. Future Audit & Scrutiny meetings will focus more on reviewing specific exceptions.

**RESOLVED** – that the policy committees' performance and risk exceptions for Quarter 4 2020/21 be noted.

## **84. VERBAL UPDATE FROM SURREY POLICE ON CRIME LEVELS AND ANTI-SOCIAL BEHAVIOUR IN THE TANDRIDGE DISTRICT**

The Chair and Vice Chair had requested a statement from Surrey Police relating to the current crime levels in the District. A statement from Borough Commander Karen Hughes was read out by the Head of Corporate Resources.

The subsequent discussion included reference to the following issues:

- The introduction of a dedicated antisocial behaviour car and the impact of the dispersal order in Oxted was welcomed;
- It was the view of the Committee that residents would welcome an increase in visibility of the Police in the District both on patrol and in respect of traffic policing;

- Cllr Gillman mentioned that he had been appointed to the Police Commissioners Committee. The PCC would be meeting with all Local Council representatives over the coming weeks to prepare for her time in office. Cllr Gillman was happy for any policing issues that the Council had to be directed to him to raise at the PCC meeting. In response to this offer, the issues of catalytic convertor theft and instances of assault/violent crime in Coldstream Road and Oxted Morrisons Car Park were asked to be referred to the PCC;
- That high level Police performance metrics be requested by the Committee from Surrey Police for consideration at the next Committee;
- Local speed watch groups were suggested by the Committee as a possible method of attempting to tackle speeding in the District. It was noted that Surrey Police are happy to support such groups.

Members were reminded of the Police workshop on 20 July on Anti-Social Behaviour.

Rising 10.30 pm



## Internal Audit Progress Report (August 2021)

### Audit & Scrutiny Committee – Thursday 30 September 2021

Report of: Neil Pitman – Head of Southern Internal Audit Partnership  
[Neil.pitman@hants.gov.uk](mailto:Neil.pitman@hants.gov.uk)

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Purpose: For information

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Publication status: Unrestricted

Wards affected: All

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#### **Executive summary:**

This report provides an overview of internal audit activity against assurance work completed in accordance with the approved audit plan (2021-22) and to provide an overview of the outstanding management actions.

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**This report supports the Council's priority of:** Building a better Council

**Contact officer** Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer [ADAlessandro@tandridge.gov.uk](mailto:ADAlessandro@tandridge.gov.uk)

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#### **Recommendation to Committee:**

That the Committee notes the Internal Audit Progress Report – August 2021

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#### **Reason for recommendation:**

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee

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## **Introduction and background**

- 1 Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
  - ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
  - undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.
- 2 In accordance with proper internal audit practices (Public Sector Internal Audit Standards), the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee, summarising:
  - The status of 'live' internal audit reports (outstanding management actions);
  - an update on progress against the annual audit plan;
  - a summary of internal audit performance, planning and resourcing issues; and a summary of significant issues that may impact on the Chief Internal Auditor's annual opinion.
- 3 Appendix A summarises the activities of internal audit for the period up to August 2021.
- 4 The progress report provides a clear and transparent articulation of internal audit activity, performance, and outcomes during the period to August 2021.

## **Key implications**

### **Comments of the Chief Finance Officer**

The Progress Report on Internal Audit provides the Council an important insight into areas of risk for the Council where its key processes are not functioning effectively, and their improvement must be prioritised. There are however no direct financial implications of this report.

### **Comments of the Head of Legal Services**

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

The Progress Report on Internal Audit is intended to ensure that effective systems of internal control are in place. This protects the Council and its Officers and provides an assurance to stakeholders and residents regarding the security of the Council's operations.

## **Equality**

In consideration of impacts under the Public-Sector Equality Duty the proposal within this report do not have the potential to disadvantage or discriminate against different groups on the community.

## **Climate change**

There are no environmental / sustainability implications associated with this report.

## **Appendices**

Appendix 'A' – Internal Audit Progress Report – August 2021

## **Background papers**

None.

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**Internal Audit Progress Report**

**August 2021**

**Tandridge District Council**



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**Southern Internal  
Audit Partnership**

**Contents:**

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7-14
6.	Planning and resourcing	15
7.	Rolling work programme	15-16
8.	Adjustments to the Plan	17
	Annex 1 – Previous TDC Assurance Opinions	18

## 1. Role of Internal Audit

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

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

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

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

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

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

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

## 2. Purpose of report

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

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

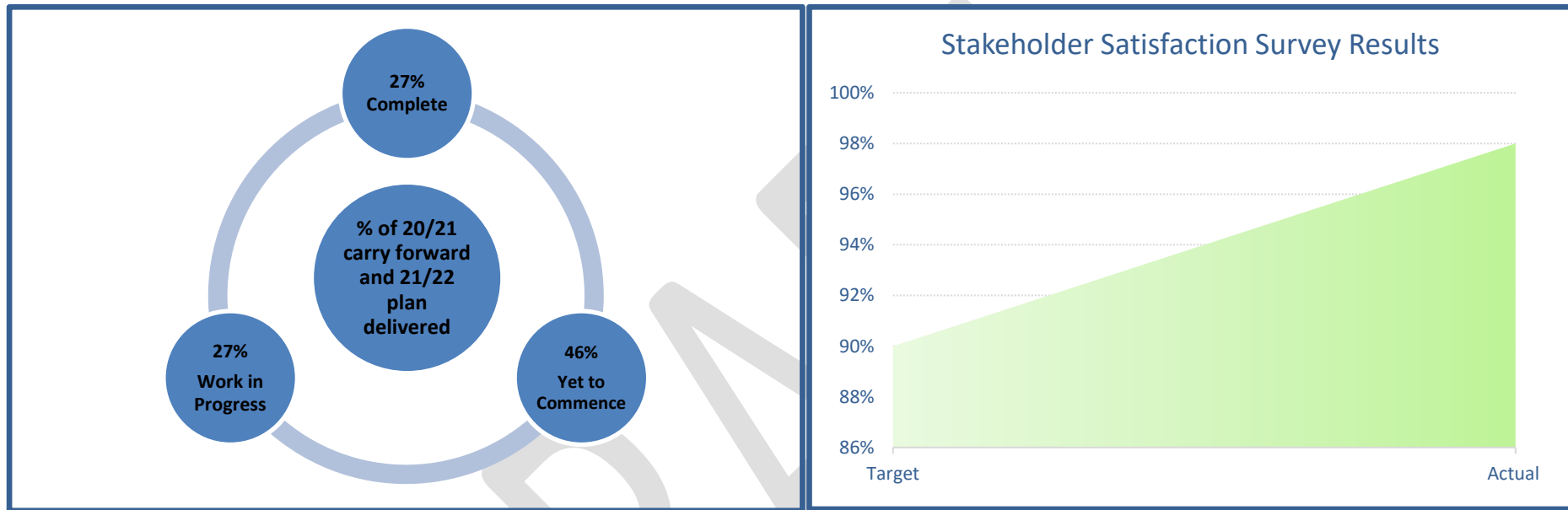
Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as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

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

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



### 3. Performance dashboard



Page 17

#### Compliance with Public Sector Internal Audit Standards

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

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


## 4. Analysis of 'Live' audit reviews


Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due*	Complete *	Overdue		
							L	M	H
HR – Policies and Procedures	04.06.20	EHofCR	Limited	5(5)	0(0)	0(0)			5
IT Disaster Recovery & Business Continuity	06.07.20	EHofCR	No Assurance	11(11)	0(0)	7(7)			4
Council Tax	02.10.20	EHofC	Adequate	5(2)	1(0)	4(2)			
NNDR	20.10.20	EHofC	Limited	7(3)	1(0)	4(3)		2	
Accounts Receivable & Debt Management	26.10.20	EHofCR & EHofC	Limited	29(11)	0(0)	23(10)		5	1
Customer First	17.02.21	EHofCR	No Assurance	18(11)	0(0)	8(8)		7	3
Human Resources & OD	22.04.21	EHofCR	Reasonable	5(5)	0(0)	4(4)			1
Procurement	18.05.21	HofL	Reasonable	3(0)	1(0)	2(0)			
IT Asset Management	14.06.21	EHofCR	Limited	9(0)	8(0)	1(0)			
Cyber Security	01.07.21	EHofCR	Limited	10(4)	4(2)	4(0)			2
Housing Benefits	21.07.21	EHofCR	Reasonable	10(2)	4(0)	4(2)		2	
Building Control	28.07.21	CPO	Limited	19(12)	11(6)	6(4)			2
Treasury Management	30.07.21	CFO	Limited	5(2)	2(0)	3(2)			
Information Governance	11.08.21	EHofCR	Limited	14(7)	9(5)	5(2)			
Grants Register	18.08.21	EHofC & CFO	No Assurance	5(5)	5(5)	0(0)			
Health & Safety	27.08.21	EHofCR & EHofC	No Assurance	26(17)	23(16)	3(1)			
<b>Total</b>				<b>181(97)</b>	<b>69(34)</b>	<b>78(45)</b>	<b>0</b>	<b>16</b>	<b>18</b>


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





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

There have been six new reports published concluding a “limited” assurance opinion since our last progress report in July 2021.

Cyber Security		
Audit Sponsor	Assurance opinion	Management Actions
Executive Head of Corporate Resources		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; border: 1px solid black;"> <b>Low</b> 0         </div> <div style="background-color: yellow; color: black; padding: 5px; border: 1px solid black;"> <b>Medium</b> 6         </div> <div style="background-color: red; color: white; padding: 5px; border: 1px solid black;"> <b>High</b> 4         </div> </div>
<p><b>Summary of key observations:</b></p> <p>This audit focused on the processes and procedures put in place to ensure an adequate level of cyber security awareness across all staff within the organisation.</p> <p>It was confirmed that cyber security notification emails were received from Microsoft and MacAfee and disseminated to key personnel providing early warning of vulnerabilities or attacks and enabling the IT team to mitigate risks or warn staff.</p> <p>However, responsibility for cyber security within the IT team was not assigned to a role and although the IT Specialist received and distributed emails on the subject there was no formal training for members of the team.</p> <p>It was pleasing to observe some examples of staff forwarding suspected phishing emails and details of suspicious calls and messages to the IT Service Desk. However, whilst the Acceptable Use Policy (AUP) includes a section titled 'Understanding Security Incidents and Breaches', the only guidance regarding reporting incidents was for personal data breaches and did not instruct users to contact the IT Service Desk if they suspect an IT security incident has occurred or provide guidance on cyber security risks.</p> <p>Additionally, staff had not been provided with cyber security awareness training. As staff make up the first line of defence against common cyber security threats such as phishing and social engineering it is important that all staff have a good understanding of the associated risks.</p> <p>There had been no proactive measures undertaken to gauge the level and effectiveness of cyber security awareness. A common practice among similar organisations is to run a campaign of fake phishing emails across the organisation, analyse the results, and provide remedial education where required.</p>		


Building Control		
Audit Sponsor	Assurance opinion	Management Actions
Chief Planning Officer	 Limited	<div style="display: flex; justify-content: space-around;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 1</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 6</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 12</div> </div>
<p><b>Summary of key observations:</b></p> <p>Tandridge District Council host the Southern Building Control Partnership (SBCP) which consists of three Partner Councils. In October 2020 an independent review was commissioned and presented to The Joint Partnership Board at their meeting in October 2020. The independent review examined the Inter Authority Agreement (IAA). The scope of this audit review has looked at controls beyond the IAA to minimise duplication.</p> <p>For Tandridge District Council we confirmed building control applications were accurately processed and Central Government returns were submitted in a timely manner. We further confirmed that fees were appropriately invoiced, and that completion certificates were appropriately administered.</p> <p>However, there was a lack of clarity with regard accountability within Tandridge District Council to whom the Joint Partnership Board advise. Additionally, there were no minutes evident from the meetings of the Joint Management Team.</p> <p>In their capacity as the host authority TDC provide ‘support services’ to the partnership, however, there was no detail available to articulate what was incorporated within ‘support services’ and subsequently the cost implications for the Council. Additionally, there was no ‘variation’ to the IAA evident to support the re-negotiation and consequent reduction of support costs confirmed by the SBCP Business Manager during the review.</p> <p>Debt recovery was found to be sporadic and undertaken outside of the Central Debt Recovery Team.</p> <p>An action plan for a review of the Partnership Business Plan was drafted and presented at the Joint Partnership Board in December 2020, however although responsibility for actions had been recorded, no deadline dates had been indicated.</p> <p>The IT application supporting the delivery of the Partnership was not backed up regularly or supported by a Disaster Recovery Plan. There was no record of either of the issues on the Partnership’s ICT Risk Register.</p> <p>Of the 15 KPI’s produced for six whilst performance metrics were captured, they were not reported against set targets.</p> <p>There are some procedures available for the different tasks in the Southern Building Control Partnership Business Support Team, however these were in need of updating as some processes have been revised.</p>		

Treasury Management		
Audit Sponsor	Assurance opinion	Management Actions
Chief Finance Officer	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;">Medium 3</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 2</div> </div>
<p><b>Summary of key observations:</b></p> <p>There was found to be a Treasury Management Strategy in place that was aligned to the prudential indicators (in accordance with CIPFA guidance) and had been appropriately endorsed by Members. Additionally, the authority was found to convene investment sub-committee meetings at regular intervals to report on activities of the Treasury Management function and to observe compliance with borrowing and investment activities as well as prudential indicators.</p> <p>The audit review highlighted that access to the Institutional Cash Distributors (ICD) portal had been granted to personnel to purchase and redeem, however no financial limits had been set, and transactions were not subject to stewardship or authorisation. Additionally, although there was a Word document on the day to day operating of the ICD portal, there was no approved policies and procedures outlining individual roles and responsibilities for the treasury department.</p> <p>Financial Regulations stipulated that the Chief Finance Officer (S151 Officer) has delegated responsibility for the administration and approval of Treasury Management transactions, however they were not part of the Treasury Management process in any day-to-day capacity. There was no other document which set out roles, responsibilities, and authorisation expectations.</p> <p>Rates were found to be recorded on the trade sheet, but there was no evidence that these were the best rates for the day. Furthermore, there was no evidence that the recommendation for new investments had been subject to review or approval prior to the transaction being actioned.</p> <p>The Deputy Section 151 Officer confirmed that they authorised NCR (No Cash Required) vouchers which set out details of the counterparty and the amount of the transaction. This was then processed through accounts payable to ensure that transactions were correctly accounted for. The Deputy Section 151 Officer did not have any other supporting documentation, such as the trade sheet, or proof of money transfer to substantiate the NCR voucher.</p> <p>There was no requirement for Cashflow forecasts to be reviewed. Cashflow forecasting was recorded on the “Trade Sheet”, which was a spreadsheet maintained by the Finance Business Partner. We were advised by the Deputy Section 151 Officer that the Trade Sheet should be peer reviewed by senior members of the Accountancy Team. From review of a sample of trade sheets, we observed that there was no evidence of review other than from the preparer.</p>		


Information Governance				
Audit Sponsor	Assurance opinion	Management Actions		
Executive Head of Corporate Resources & Head of Legal	 Limited	 Low 2	 Medium 5	 High 7
<b>Summary of key observations:</b>				
<p>The Freedom of Information (FOI), Data Protection Act (DPA), Subject Access Request (SAR) and Environmental Information Regulation (EIR) processes were found to provide guidance to staff and management on the procedures to be followed. Additionally review of a sample of Subject Access Requests confirmed they were completed within required timeframes.</p> <p>Testing provided assurance that Officers and Councillors had undertaken initial training and refresher training regarding GDPR within the last year. We also confirmed with HR that there is an effective central monitoring process, and that outstanding training is appropriately escalated.</p> <p>The Legal Specialist &amp; Data Protection Officer confirmed that there is no named Deputy DPO, and although there are arrangements in place for the DPO's planned leave, there are no formal arrangements in place to cover any unplanned leave of the holder of this statutory role.</p> <p>We reviewed a sample of FOI requests received during 2020/21. These were not consistently completed within required Council and ICO timeframes. The monitoring of outstanding FOI requests was undertaken via monthly performance reports to Executive Leadership team (ELT), and quarterly reports to Strategy &amp; Resources Committee. The Head of Communications raises overdue FOIs at fortnightly Senior Leadership Team (SLT) meetings, however, the Information Governance Management Team did not receive information regarding FOI processing.</p> <p>Since the inception of GDPR (May 2018), the ICO have recommended that Local Authorities should maintain an Information Asset Register to help ensure that the council knows what information it holds, where it is, and which Information Asset Owner (IAO) is responsible for it. At the time of the review, an Information Asset Register was still being developed and therefore there was no central record for the recording of all the Council's information assets, in line with ICO expectations. Without this key document, the DPO has no overview of the categories of data held by the Council, where this is, and is also not able to effectively monitor whether security and disposal expectations are being met.</p> <p>The Record Retention and Disposal Schedule was not dated, did not show a date for review nor contain a version control history. Our review of the document found that it listed data owners, but the roles recorded were out of date. The DPO also advised that there is no log of disposed/destroyed documents/data in line with ICO expectations.</p> <p>We sought to determine disposal arrangements for documents held electronically on SharePoint, and we were advised that SharePoint at the Council has not been configured with a document deletion policy; therefore, there was nothing to highlight to data owners that documents may be due for disposal.</p>				

Although data breaches were recorded, the authority did not maintain an inventory/log in line with expectations set out by the Information Commissioner. An improved log could help with monitoring and reporting requirements.

Whilst it was positive to confirm that the Council had an Information Management Governance Team (IMGT) that met regularly, review of the minutes identified that, aside from reviewing Information Breaches they had not undertaken any performance review to ensure compliance with their strategy which is one of the key tasks / roles detailed within the Information Governance Management Policy. The DPO further confirmed that there were currently no performance indicators set to help the group with their monitoring function.

Grants Register		
Audit Sponsor	Assurance opinion	Management Actions
Executive Head of Communities & Chief Finance Officer	 No	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; border: 1px solid black;">Low 0</div> <div style="background-color: yellow; color: black; padding: 5px; border: 1px solid black;">Medium 0</div> <div style="background-color: red; color: white; padding: 5px; border: 1px solid black;">High 5</div> </div>
<p><b>Summary of key observations:</b></p> <p>This review was commission by the Chief Finance Officer to ensure adequate oversight and accountability was maintain over grants received across the organisation, including but not limited to, those received for the purposes of COVID-19.</p> <p>Analysis confirmed that the council did not maintain a complete and comprehensive grant register.</p> <p>Throughout our review a register was being compiled in respect of COVID-19 related grants and as of June 2021 it was approximately 80% complete. This did not include details of any other grants.</p> <p>We established that the grant register was being compiled retrospectively and, as such, did not contain information pertaining to grant funding bids not awarded, and therefore the register could not be utilised to learn lessons related to unsuccessful bids.</p> <p>There were no policy, procedures, or guidance in place to indicate how the register should be used, what it should include, and there are no established roles and responsibilities for maintenance, monitoring, or quality assurance.</p> <p>Current Government guidance suggests that grants of more than £100K or monies related to novel, contentious or repercussive should be subject to risk management consideration and this should be documented, there is no indication that high risk funding streams are currently subject to any risk management process.</p> <p>It should be noted that whilst this review focused on the maintenance of a grants register, an internal audit for the Distribution of Business Support Grants (BSG) was included in the 2020/21 Internal Audit Plan to review the grants awarded and timeliness of Central Government reporting on the BSG spend. This review concluded with Reasonable Assurance.</p>		



Health and Safety		
Audit Sponsor	Assurance opinion	Management Actions
Executive Head of Communities & Executive Head of Corporate Resources	 No	<div style="display: flex; justify-content: space-around;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 1</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 8</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 17</div> </div>
<p><b>Summary of key observations:</b></p> <p>The review focused on the Council’s oversight and management of its H&amp;S obligations. Assurances were sought to ensure H&amp;S practices comply with internal, regulatory, and legislative requirements.</p> <p>We acknowledge in conducting this review that the Council has recognised its H&amp;S activities required improvement and had engaged an external Competent Person (ETS) to consult and review existing practices.</p> <p>Some areas of good practices were highlighted during the course of our audit including the Procurement Strategy, contractors’ standard Terms and Conditions and Contract Standing Orders requiring adequate contractor H&amp;S provisions to be included and monitored. Additionally, a Clients of Concern register was maintained and disseminated to staff to help ensure their safety when working with external parties. Regular fire alarm, equipment, and evacuation testing also occurred at the Council’s main offices, including adequate first aid provisions being in place</p> <p>However, the H&amp;S Policy and many of its accompanying procedures had not been updated for several years. It was acknowledged that a revised set of draft procedures had been partially drafted in early 2020 by the Council’s external Competent Person for H&amp;S, but these remained incomplete and had not been approved nor disseminated to staff.</p> <p>Roles and responsibilities for H&amp;S were unclear. At the point of audit testing, senior appointments had not been made to drive the H&amp;S agenda. Current policies and procedures referred to roles and positions that no longer exist.</p> <p>H&amp;S training compliance was monitored at a departmental level but not corporately. Based on departmental expectations for H&amp;S training at the time of the review, we tested a sample of 29 employees and found that 66% had outstanding H&amp;S training requirements, including managers in need of NEBOSH (National Examining Board in Occupational Safety) / IOSH (Institute of Occupational Safety and Health) certification to evidence competency for managing H&amp;S related activities across the Council.</p> <p>All staff training, including H&amp;S, is contained in a single Human Resources training budget and is not specifically earmarked for H&amp;S related training. The Head of Operational Services advised that currently, training budgets are not based upon an understanding of departmental H&amp;S training need, and therefore there is a risk that the training budget may not be sufficient to meet all departmental training requirements.</p>		

A single repository of H&S risk assessments was not maintained, and the Council did not monitor that these were complete and up to date, as per its legal duty. At the time of audit testing many risk assessments were overdue for review, including fire, asbestos and Portable Appliance Testing. There was also a void in those trained and qualified to carry out such assessments.

The H&S Management Committee, responsible for strategic H&S direction and compliance, did not meet between 2018-2019. The Committee reformed and reportedly met four times during 2020, albeit minutes were only available from two of those meetings.

An Annual Statement of H&S is not currently produced at the Council, as per its legal duty, and shared with elected members.

Accident and incident statistics were not being corporately reported or monitored. Review of the Accident Management System (AMS) found that 99% of accidents/incidents recorded between 01/01/20-08/03/21 were not closed off in the system. From a sample of five incidents recorded on AMS, one should have been reported under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) to the Health and Safety Executive (HSE) under Regulation 4, but there was no evidence that this had been done.

An audit of Corporate H&S was carried out during 2019 by the Council's Competent Person (ETS) and issues and recommended actions were reported to the Council in December 2019 with further information provided in January 2020. We could not evidence any reporting or monitoring of progress against any of the recommendations; the Head of Operational Services, who sits on the Health & Safety Management Committee, was unaware of the audit report or its action plan.

We were advised by the Executive Head of Communities that this document is still considered to be in 'draft' and therefore not progressed nor disseminated to staff. However, we note that a Corporate Improvement Plan update was provided to the Strategy and Resources Committee in November 2020 with an ongoing H&S action to 'implement action plan', along with 'ongoing implementation of recommendations'.

Although the Competent Person has prepared a draft H&S action plan, the Council does not have a H&S strategic plan or any corresponding performance measures in place to enable them to effectively measure and report on progress being made towards meeting its corporate H&S legal obligations and objectives.

## 6. Planning & Resourcing

The internal audit plan for 2021/22 was presented to the Executive Leadership Team and the Audit & Scrutiny Committee in March 2021.

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

## 7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>2020/21 Reviews</b>								
<b>Corporate Governance</b>								
Health & Safety	EHofCR / EHofC	✓	✓	✓	✓	✓	No Assurance	
Financial Resilience	CFO	✓	✓	✓				On hold pending Grant Thornton review.
Information Governance	EHofCR / HofL	✓	✓	✓	✓	✓	Limited	
Housing Benefit	EHofC	✓	✓	✓	✓	✓	Reasonable	
Treasury Management	CFO	✓	✓	✓	✓	✓	Limited	
Grants Register	EHofC / CFO	✓	✓	✓	✓	✓	No Assurance	
Cyber Security	EHofCR	✓	✓	✓	✓	✓	Limited	
Building Control	CPO	✓	✓	✓	✓	✓	Limited	
<b>2021/22 Reviews</b>								
<b>Corporate Governance</b>								
Human Resources & Organisational Development	EHofCR	✓	✓	✓				
Safeguarding	EHofCR							Q3

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Financial Resilience	CFO							Q4
Contract Management	HofL	✓	✓	✓				
Risk Management	EHofCR	✓	✓	✓				
Fraud & Irregularities	CFO	✓	✓	✓				
Business Continuity & Emergency Planning	EHofCR							Q4
Annual Governance Statement	HofL	✓	✓	✓				
Programme/Project Management	EHofCR							Q3
<b>Financial Management</b>								
Housing Rents	EHofC	✓						
Accounts Payable	CFO							Q4
Accounts Receivable/Debt Management	CFO							Q4
Main Accounting	CFO							Q4
Income Collection	CFO							Q4
<b>Information Technology</b>								
IT Governance	EHofCR							Q4
Data Management	EHofCR							Q3
<b>Service Reviews</b>								
Waste, recycling & street cleansing	EHofC							Q3
Development Management	CPO							Q3

Audit Sponsor					
ACE	Acting Chief Executive	CFO	Chief Finance Officer	HofL	Head of Legal
EHofCR	Exec Head of Corporate Resources	EHofC	Exec Head of Communities	CPO	Chief Planning Officer

**8. Adjustment to the Internal Audit Plan**

There have been no amendments to the plan to date.

DRAFT

**Tandridge District Council Assurance Opinions (Pre 2020-21)**

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

## Internal Audit Annual Report & Opinion 2020-21

### Audit & Scrutiny Committee – Thursday 30 September 2021

Report of: Neil Pitman – Head of Southern Internal Audit Partnership  
[Neil.pitman@hants.gov.uk](mailto:Neil.pitman@hants.gov.uk)

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Purpose: For information

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Publication status: Unrestricted

Wards affected: All

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#### **Executive summary:**

The purpose of this paper is to provide the Audit & Scrutiny Committee with the Chief Internal Auditors opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance for the financial year 2020/21.

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**This report supports the Council's priority of:** Building a better Council

**Contact officer** Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer [ADAlessandro@tandridge.gov.uk](mailto:ADAlessandro@tandridge.gov.uk)

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#### **Recommendation to Committee:**

That the Committee notes the Internal Audit Annual Report & Opinion 2020/21

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#### **Reason for recommendation:**

In accordance with proper internal audit practices, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the framework of governance, risk and control and to assist in producing the Annual Governance Statement.

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## **Introduction and background**

- 1 The Annual Report for 2020/21 (attached at Appendix 1) provides the Chief Internal Auditor's opinion on the effectiveness of the framework of governance, risk and control and summarises audit work from which that opinion is derived for the year 2020/21.
- 2 The Audit & Scrutiny Committee's attention is drawn to the following points:
  - Internal audit was compliant with the Public Sector Internal Audit Standards during 2020/21;
  - The internal audit plan for 2020/21 has been substantially delivered; and
  - The Council's framework of governance, risk management and management control are considered to be 'Limited'.
- 3 Where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, corrective actions and a timescale for improvement were agreed with the responsible managers.

## **Key implications**

### **Comments of the Chief Finance Officer**

The Annual Report & Opinion provides the Council an important insight into areas of risk for the Council where its key processes are not functioning effectively, and their improvement must be prioritised.

### **Comments of the Head of Legal Services**

There are no direct legal implications of the report. The Accounts and Audit Regulations (England) 2015 require that the findings of the audit review be considered by Council or one of its committees. The Audit and Scrutiny Committee is the designated committee for this purpose.

The Council has set out in the annual governance statement how it plans to address any areas for improvement.

### **Equality**

In consideration of impacts under the Public-Sector Equality Duty the proposal within this report do not have the potential to disadvantage or discriminate against different groups on the community.



## **Climate change**

There are no environmental / sustainability implications associated with this report.

## **Appendices**

Appendix 'A' – Internal Audit Annual Report & Opinion 2020/21

## **Background papers**

None.

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**Annual Internal Audit Report & Opinion**

**2020-21**

**Tandridge District Council**



**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

# Contents

Section	Page
1. Role of Internal Audit	3
2. Internal Audit Approach	4
3. Internal Audit Opinion	5
4. Internal Audit Coverage and Output	6-7
5. Key Observations	8-12
6. Quality Assurance and Improvement	13
7. Disclosure of Non-Conformance	13
8. Quality control	14
9. Internal Audit Performance	14
10. Acknowledgement	15
Annex 1 – 2020/21 Audit Reviews and Opinions	16

Page 36

**1. Role of Internal Audit**

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

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

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

Page 37



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

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

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

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

## 2. Internal Audit Approach

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

The approach to each review is determined by the Head of the Southern Internal Audit Partnership and will depend on the:

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

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

The impact of COVID-19 during the year has had a significant impact on the way we have worked and interacted. The enforced central government directive ‘if you can work from home, you must do so’ has required the Southern Internal Audit Partnership to adopt a revised operating model and innovative approach to virtual auditing.

Work contributing to my 2020/21 annual opinion has all been undertaken virtually, optimising technology and virtual platforms to share, monitor and observe operations to substantiate our findings.

I am confident that the revised operating model has not compromised quality or SIAPs ability to complete assurance work throughout the year or the conclusion drawn. I would wish to extend my appreciation to Council officers with whom we have worked during the year for their support, cooperation, and seamless transition to the virtual audit approach without which the delivery of an annual opinion would not have been possible.



Page 38

### 3. Internal Audit Opinion

The Head of the Southern Internal Audit Partnership is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

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

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

#### *Annual Internal Audit Opinion 2020-21*

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

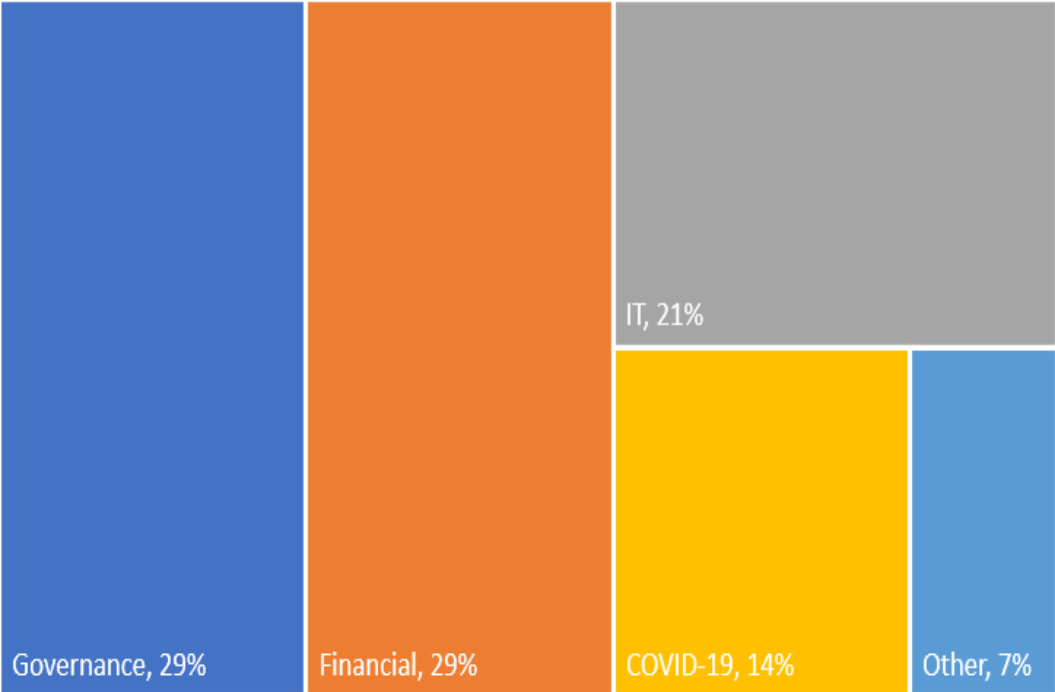
*In my opinion, Tandridge District Council's framework of governance, risk management and control is 'Limited'.*

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

4. Internal Audit Coverage and Output

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council’s activities and to support the preparation of the Annual Governance Statement.

Audit Reviews by Theme



Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the internal control system is operating effectively.

The 2020-21 Internal audit plan, approved by the Audit & Scrutiny Committee in September 2020, was informed by internal audits own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation.

The scale of COVID-19 coupled with the speed of its impact and the wide-ranging challenges presented has necessitated new and different ways of working across the Council. Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate. The plan has remained fluid throughout the year to maintain an effective focus.

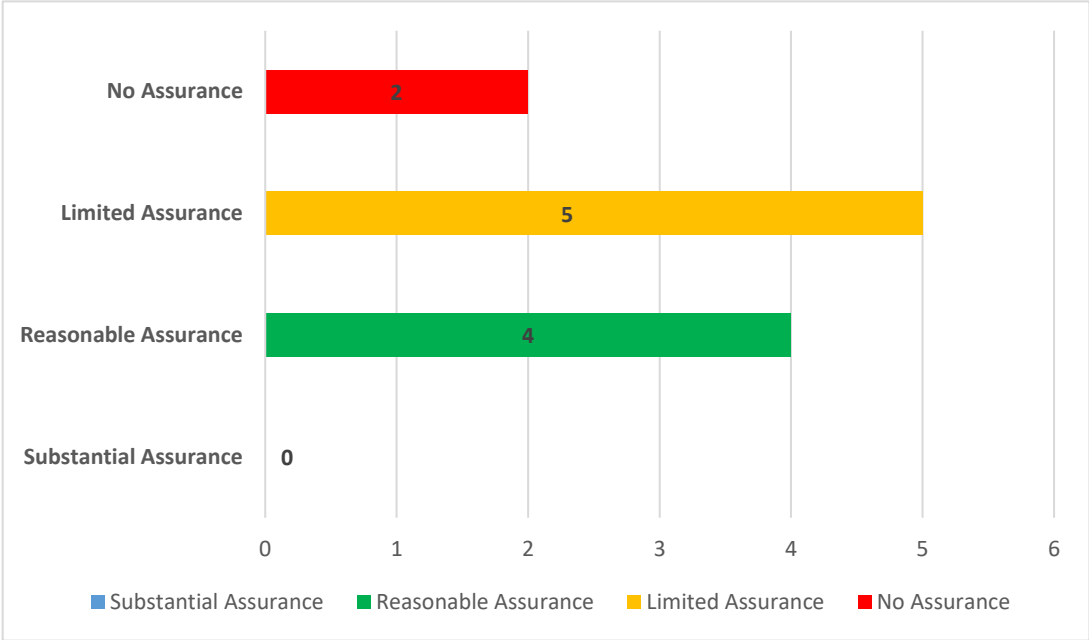
In delivering the internal audit opinion internal audit have undertaken 14\* reviews during the year ending 31 March 2021.

Page 40



The 2020-21 internal audit plan has been fully delivered except for the audit of Financial Resilience. This review was put on hold pending the conclusion and outcome of the commissioned 'Forensic review and fact-finding investigation into a potential budget gap for 2020/21 and its implications for 2021/22'.

Page 41



**Substantial** –A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**Reasonable** - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

**Limited** - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

**No** - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

\*2 reviews did not culminate in an audit opinion as one related to a review of the Local Government Compensation Scheme claims and another was a follow up review of IT Disaster Recovery.

A list of the 2020-21 assurance reviews undertaken and their respective opinions is provided in Annex 1.

## 5. Key Observations

### Health and Safety (No)

The H&S Policy and many of its accompanying procedures had not been updated for several years. It was acknowledged that a revised set of draft procedures had been partially drafted in early 2020 by the Council's external Competent Person for H&S, but these remained incomplete and had not been approved nor disseminated to staff.

Roles and responsibilities for H&S were unclear. At the point of audit testing, senior appointments had not been made to drive the H&S agenda. Current policies and procedures referred to roles and positions that no longer exist.

Based on departmental expectations for H&S training at the time of the review, testing of 29 employees found 66% had outstanding H&S training requirements, including managers in need of NEBOSH (National Examining Board in Occupational Safety) / IOSH (Institute of Occupational Safety and Health) certification to evidence competency for managing H&S related activities across the Council.

A single repository of H&S risk assessments was not maintained, and the Council did not monitor that these were complete and up to date, as per its legal duty. At the time of audit testing many risk assessments were overdue for review, including fire, asbestos, and Portable Appliance Testing. There was also a void in those trained and qualified to carry out such assessments.

The H&S Management Committee, responsible for strategic H&S direction and compliance, did not meet between 2018-2019. The Committee reformed and reportedly met four times during 2020, albeit minutes were only available from two of those meetings.

An Annual Statement of H&S is not currently produced at the Council, as per its legal duty, and shared with elected members.

From a small sample of five incidents recorded on AMS, one should have been reported under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) to the Health and Safety Executive (HSE) under Regulation 4, but there was no evidence that this had been done.

### IT Asset Management (Limited)

The IT Asset Register was found to be inaccurate and did not reflect the current IT equipment estate in the Council. Audit testing observed that several fields in the asset register were blank, and some assets were not recorded. Testing of network hardware assets held in the data centre found that 30% of the sample reviewed were not recorded on the register. Additionally, there has been no IT equipment stocktake completed as required by the IAU Policy.

### Information Governance (Limited)

The Legal Specialist & Data Protection Officer confirmed that there is no named Deputy DPO, and although there are arrangements in place for the DPO's planned leave, there are no formal arrangements in place to cover any unplanned leave of the holder of this statutory role.

A review of FOI requests found they were not consistently completed within required Council and ICO timeframes.

Since the inception of GDPR (May 2018), the ICO have recommended that Local Authorities should maintain an Information Asset Register to help ensure that the council knows what information it holds, where it is, and which Information Asset Owner (IAO) is responsible for it. At the time of the review, an Information Asset Register was still being developed and therefore there was no central record for the recording of all the Council's information assets, in line with ICO expectations.

Our review of the Record Retention and Disposal Schedule found that it listed data owners, but the roles recorded were out of date. The DPO also advised that there is no log of disposed/destroyed documents/data in line with ICO expectations.

We sought to determine disposal arrangements for documents held electronically on SharePoint, and we were advised that SharePoint at the Council has not been configured with a document deletion policy; therefore, there was nothing to highlight to data owners that documents may be due for disposal.

Whilst it was positive to confirm that the Council had an Information Management Governance Team (IMGT) that met regularly, review of the minutes identified that, aside from reviewing Information Breaches they had not undertaken any performance review to ensure compliance with their strategy which is one of the key tasks / roles detailed within the Information Governance Management Policy. The DPO further confirmed that there were currently no performance indicators set to help the group with their monitoring function.

**IT Cyber Security (Limited)**

Responsibility for cyber security within the IT team was not assigned to a role and although the IT Specialist received and distributed emails on the subject there was no formal training for members of the team.

It was pleasing to observe some examples of staff forwarding suspected phishing emails and details of suspicious calls and messages to the IT Service Desk. However, whilst the Acceptable Use Policy (AUP) includes a section titled 'Understanding Security Incidents and Breaches', the only guidance regarding reporting incidents was for personal data breaches and did not instruct users to contact the IT Service Desk if they suspect an IT security incident has occurred or provide guidance on cyber security risks.

Additionally, staff had not been provided with cyber security awareness training. As staff make up the first line of defence against common cyber security threats such as phishing and social engineering it is important that all staff have a good understanding of the associated risks.

There had been no proactive measures undertaken to gauge the level and effectiveness of cyber security awareness.

**Treasury Management (Limited)**

There was found to be Treasury Management Strategy in place that was aligned to the prudential indicators (in accordance with CIPFA guidance) and had been appropriately endorsed by Members.

However, the audit review highlighted access to the Institutional Cash Distributors (ICD) portal had been granted to personnel to purchase and redeem, however no financial limits had been set, and transactions were not subject to stewardship or authorisation. Additionally, although there was a Word document on the day to day operating of the ICD portal, there was no approved policies and procedures outlining individual roles and responsibilities for the treasury department.

Financial Regulations stipulated that the Chief Finance Officer (S151 Officer) has delegated responsibility for the administration and approval of Treasury Management transactions, however they were not part of the Treasury Management process in any day-to-day capacity. There is no other document which set out roles, responsibilities, and authorisation expectations.

Rates were found to be recorded on the trade sheet, but there was no evidence that these were the best rates for the day. Furthermore, there was no evidence that the recommendation for new investments had been subject to review or approval prior to the transaction being actioned.

Page 44

**Building Control (Limited)**

For Tandridge District Council we confirmed building control applications were accurately processed and Central Government returns were submitted in a timely manner. We further confirmed that fees were appropriately invoiced, and that completion certificates were appropriately administered.

Tandridge District Council host the Southern Building Control Partnership (SBCP) which consists of three Partner Councils, however, there is a lack of clarity with regard accountability within Tandridge District Council to whom the Joint Partnership Board advise. Additionally, there were no minutes evident from the meetings of the Joint Management Team.

In their capacity as the host authority TDC provide 'support services' to the partnership, however, there was no detail available to articulate what was incorporated within 'support services' and subsequently the cost implications for the Council. Additionally, there was no 'variation' to the IAA evident to support the re-negotiation and consequent reduction of support costs confirmed by the SBCP Business Manager during the review.

Debt recovery was found to be sporadic and undertaken outside of the Central Debt Recovery Team.

An action plan for a review of the Partnership Business Plan was drafted and presented at the Joint Partnership Board in December 2020, however although responsibility for actions had been recorded, no deadline dates had been indicated.

The IT application supporting the delivery of the Partnership was not backed up regularly or supported by a Disaster Recovery Plan. There was no record of either of the issues on the Partnership's ICT Risk Register.

Of the 15 KPI's produced for six whilst performance metrics were captured, they were not reported against set targets.

## Grants Register (No)

This review was commissioned by the Chief Finance Officer to ensure adequate oversight and accountability was maintained over grants received across the organisation, including but not limited to, those received for the purposes of COVID-19.

Analysis confirmed that the council did not maintain a complete and comprehensive grant register.

Throughout our review a register was being compiled in respect of COVID-19 related grants and as of June 2021 it was approximately 80% complete. This did not include details of any other grants.

We established that the grant register was being compiled retrospectively and, as such, did not contain information pertaining to grant funding bids not awarded, and therefore the register could not be utilised to learn lessons related to unsuccessful bids.

There were no policy, procedures, or guidance in place to indicate how the register should be used, what it should include, and there are no established roles and responsibilities for maintenance, monitoring, or quality assurance.

Current Government guidance suggests that grants of more than £100K or monies related to novel, contentious or repercussive should be subject to risk management consideration and this should be documented, there is no indication that high risk funding streams are currently subject to any risk management process.

## Other Sources of Assurance

During the year Grant Thornton were commissioned by the Council to undertake a '*Forensic review and fact-finding investigation into a potential budget gap for 2020/21 and its implications for 2021/22*'. The subsequent report was finalised on 7 September highlighting a number of recommendations to address weaknesses in the control environment contributing to actions resulting in a £920,500 budget gap in 2020/21 and 2021/22.

## 6. Quality Assurance and Improvement

The Quality Assurance and Improvement Programme (QAIP) is a requirement within ‘the Standards’.

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

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

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

In considering all sources of evidence the external assessment team concluded:

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

## 7. Disclosure of Non-Conformance

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

**‘the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards’**

There are no disclosures of Non-Conformance to report.

**8. Quality control**

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2020-21 through the following internal processes:

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

**9. Internal Audit Performance**

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

Performance Indicator	Target	Actual
Percentage of internal audit plan delivered	95%	93%
Positive customer survey response <ul style="list-style-type: none"> <li>• SIAP – all Partners</li> </ul>	90%	98%
Public Sector Internal Audit Standards	Compliant	Compliant

*Customer satisfaction was collated for SIAPs EQA and is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date May 2020).*

Page 48



**10. Acknowledgement**

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

Neil Pitman  
Head of Southern Internal Audit Partnership  
September 2021

Page 49

2020-21 Audit Reviews and Opinions

Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance
	<ul style="list-style-type: none"> <li>• Human Resources &amp; Organisational Development</li> <li>• Procurement</li> <li>• Distribution of Business Grants</li> <li>• Housing Benefit</li> </ul>	<ul style="list-style-type: none"> <li>• IT Asset Management</li> <li>• Building Control</li> <li>• Information Governance</li> <li>• Treasury Management</li> <li>• Cyber Security</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Grants Register</li> </ul>

\*2 reviews did not culminate in an audit opinion as one related to a review of the Local Government Compensation Scheme claims and another was a follow review of IT Disaster Recovery.

Page 50

# Tandridge District Council

## **REPORT ON THE FORENSIC REVIEW AND FACT-FINDING INVESTIGATION INTO A POTENTIAL BUDGET GAP FOR 2020/21 AND ITS IMPLICATIONS FOR 2021/22**

**7 SEPTEMBER 2021**

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Tandridge District Council  
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For the attention of:  
Anna D'Alessandro – Chief Finance Officer

7 September 2021

Dear Anna

**FORENSIC REVIEW AND FACT-FINDING INVESTIGATION INTO A POTENTIAL BUDGET GAP FOR 2020/21 AND ITS IMPLICATIONS FOR 2021/22**

We have pleasure in enclosing a copy of our report in accordance with our Engagement Letter dated 16 June 2021. This document (the **Report**) has been prepared by Grant Thornton UK LLP (**Grant Thornton**) for Tandridge District Council (the **Addressee** or the **Council**) in connection with the forensic review and fact-finding investigation of potential budget gap for 2020/21 and its implications for 2021/2022 (the **Purpose**).

We stress that the Report is strictly private and confidential and prepared for the Addressee only. We agree that an Addressee may disclose our Report to its professional advisers in relation to the Purpose, or as required by law or regulation, the rules or order of a stock exchange, court or supervisory, regulatory, governmental or judicial authority without our prior written consent but in each case strictly on the basis that prior to disclosure you inform such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) to the fullest extent permitted by law we accept no responsibility or liability to them or to any person other than the Addressee.

The report should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, such consent will only be given after full consideration of the circumstances at the time. These requirements do not apply to any information, which

is, or becomes, publicly available or is shown to have been made so available (otherwise than through a breach of a confidentiality obligation).

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Addressee for our work, our Report and other communications, or for any opinions we have formed. We do not accept any responsibility for any loss or damages arising out of the use of the Report by the Addressee(s) for any purpose other than in relation to the Purpose.

## **PERIOD OF OUR FIELDWORK**

Our fieldwork was performed in the period between 16 June 2021 and 10 August 2021. We have not performed any fieldwork since 10 August 2021 and, our Report may not take into account matters that have arisen since then. If you have any concerns in this regard, please do not hesitate to let us know.

## **SCOPE OF WORK AND LIMITATIONS**

Our work focused on the areas set out in our Engagement Letter. Our assessment of the affairs of the Tandridge District Council does not constitute an audit in accordance with Auditing Standards and no verification work has been carried out by us and consequently we do not express an opinion on the figures included in the Report.

The scope of our work has been limited both in terms of the areas of the business and operations which we have assessed and the extent to which we have assessed them. There may be matters, other than those noted in the Report, which might be relevant in the context of the Purpose and which a wider scope assessment might uncover.

We would like to draw attention to the fact that we requested to have access to the Council's former Interim Chief Finance Officer, however we have had no contact with him and we have not been able to interview this individual. This is a limitation of scope.

## **FORMS OF REPORT**

For your convenience, the Report may have been made available to you in electronic as well as hard copy format, multiple copies and versions of the Report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

## **GENERAL**

The Report is issued on the understanding that the management of the Tandridge District Council have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our Report up to the date of signature of this Report. Events and circumstances occurring after the date of our Report will, in due course, render our Report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out-of-date report.

Additionally, we have no responsibility to update this Report for events and circumstances occurring after this date.

Notwithstanding the scope of this engagement, responsibility for management decisions will remain solely with the directors of the Council and not Grant Thornton. The directors should perform a credible review of the recommendations and options in-order-to determine which to implement following our advice.

Yours faithfully

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

## **OVERVIEW**

- 1.1 In April 2021 the Council's finance team identified an error in the 2020/21 budget that had been approved by Council in February 2020. The error resulted in an unplanned and unmitigated cost pressure of £920,500, which is a significant figure. We have been informed by Council finance officers that the budget gap may have arisen due to potentially incorrect accounting entries made during the budget preparation in 2020/21. This has potential implications for the accuracy of the 2021/22 budget, approved by Council in February 2021.
- 1.2 In accordance with our Engagement Letter, we have undertaken the investigation to identify the events that led to the budget gap for 2020/21 and describe the financial impact and implications for the budget position in both 2020/21 and 2021/22. We have also considered why the error was not mitigated by the Council's system of internal financial control, identified applicable control deficiencies relevant to the error, assessed the residual risk posed by these deficiencies and made recommendations which may to help prevent similar errors occurring in future (identified solely as result of performing our work under this engagement).
- 1.3 It should be noted that the findings set out in this Report are based on the documents made available for review, with key context provided by interviews of selected members of the finance team. Also, we requested to have access to the former Interim Chief Finance Officer, however we have had no contact with this individual.

## **KEY FINDINGS - FINANCIAL IMPACT**

- 2.1 We have identified that there was an unfunded revenue deficit of £920,500 within the 2020/21 outturn position, that was not detected and reported during the year. The implications of this are that the Council's outturn position is £920,500 less favourable than had been expected, and the Council will have to fund this from corporate surpluses or reserves and adjust the opening reserves position for 2021/22, accordingly. For illustration, this deficit represents over 8.7% of the £10,559,732 net budget for 2020/21.
- 2.2 It also appears that this error was not identified during the 2021/22 budget setting process and was therefore rolled forward as part of the baseline budget for 2021/22, that was approved by Council in February 2021. This means that its impact will continue to be relevant for the general fund in each financial year, until it is resolved.
- 2.3 We note that the rolled forward General Fund Reserve level for 2021/22 was £3.4 million (excluding capital and reserves earmarked for specific uses). This was projected to increase to £4.8 million by the end of the financial year 2021/22. Therefore, the financial impact of these errors on the Council's ongoing financial resilience is potentially significant. An assessment of the Council's ongoing financial resilience is outside the scope of this report.

## KEY FINDINGS – CHRONOLOGY OF KEY EVENTS

- 2.4 On 3 February 2020 the Council set a draft Budget of £11,264,732 for 2020/21 which was approved (subject to ratification by the full Council) by the Strategy & Resources Committee on 3 February 2020. This contained business rate income of £2.687m, an increase of £0.629m compared with the prior year's budget of £2.058m.
- 2.5 The increase was not identified or explained in a report setting out the Council's proposed budget for 2020/21, which was provided to the Strategy & Resources Committee on 3 February 2020. The Interim Chief Finance Officer was asked<sup>1</sup> why budget business rate income had increased against the prior year during a meeting of the Strategy & Resources Committee on 3 February 2020. He was unable to fully explain the increase.
- 2.6 The 2020/21 budget was prepared approximately between September 2019 and January 2020. During this period, a decision was made to re-state the way that figures were presented in the Medium-Term Financial Strategy (MTFS). We have not been able to confirm whether this was initiated by the Interim Chief Finance Officer or his predecessor. This period coincided with the departure of the incumbent Chief Finance Officer and the S151 Officer in November 2019, and the appointment of the then Interim Deputy Chief Finance Officer as the Interim Chief Finance Officer.
- 2.7 The restatement of the MTFS was questioned during the 3 February 2020 meeting<sup>2</sup>. Our work has shown that the restatement was not done correctly, resulting in an overstatement of income of £705,000, and a corresponding error in the total net budget. A restated MTFS working paper was used to underpin the draft 2020/21 budget presented to the Strategy and Resources Committee on 3 February 2020. At that stage the budget figures for business rate income were challenged by a member of that Committee, however the draft budget was then approved<sup>3</sup> subject to ratification by Full Council.
- 2.8 In the days following the 3 February Strategy and Resources Committee, the Interim Chief Finance Officer and his team reviewed the figures and made a correction to the budget, reducing business rate income in the draft budget by £705,000. The Interim Chief Finance Officer sent an email to members on 7 February 2020 to address this (and other changes) to the 2020/21 budget. The email referred to a "*review of the very latest forecasts*" but did not attach the forecasts or provide any further explanation for the change.

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<sup>1</sup> By Councillor Kevin Bourne

<sup>2</sup> By Councillor Kevin Bourne

<sup>3</sup> Four Councillors voted against the budget



- 2.9 This correction created a funding gap in the budget that needed to be resolved before the budget was presented to full council on the 13 February 2021.
- 2.10 Between 3 February and 13 February 2020, selected cost lines appear to have been removed from the pensions related budgets to the value of £920,500. This had the effect of funding the £705,000 shortfall of income from business rates noted above and reducing the planned draw on reserves by £215,000.
- 2.11 The pensions 'cost' lines which appear to have been removed from the budget related to notional technical accounting entries and were directly related to a series of other 'income' lines which together netted off to zero. The removal of only the 'cost' side of these corresponding entries should not have occurred, as it had the effect of leaving in £920,500 of 'income' budget for which no real cash inflow could be obtained.
- 2.12 We have been advised that the relationship between the 'cost' and 'income' entries was not directly apparent in a list of cost centres used in the financial system and monitoring reports. Our interviews with finance officers, including the business partner responsible for the pensions budgets, indicated that the nature of these budget lines was not properly understood, following a number of changes in roles and key personnel within finance. There was an understanding that these lines were 'notional' budgets that were not required within the revenue budget, but this had become confused with them being 'unused' budgets that provided what seemed to be an opportunity to remove costs from the budget.
- 2.13 A revised budget of £10,559,732 was prepared based on the draft budget with two alterations<sup>4</sup> to business rate income and pensions, as explained in a report to Full Council dated 13 February 2020. The revised budget was approved by Full Council on this date. The fact that adjustments had been made to business rate income, pension costs and reserves was disclosed to members in the report. The report explained that the reduction in forecast business rate income was based on "*the latest information*" but did not explain what additional or revised information had been applied to merit the change in the budget. During our review, the finance team was not able to identify what the reference to new information referred to, however the change in forecast business rate income appears to have been necessary because of the mathematical errors that had been identified in the MTFS.
- 2.14 We note that the reason for the reduction in pension costs given in the report to members on 13 February referred to a reduction in pension strain liabilities. Prior to the 13 February report, email correspondence dated 7 February 2020 between the former Interim Chief Finance Officer and members shows that the reduction in pension costs was linked to notification from the Surrey County Council pension fund.

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<sup>4</sup> The change in the use of General Fund Reserves being a balancing figure

- 2.15 The audio recording of the meeting on the 13 February, shows that, in response to questioning<sup>5</sup>, the Interim Chief Finance Officer spoke to justify the changes to the budget made since 3 February 2020, and in particular, that the adjustment to pensions was due to information provided by the Surrey County Council pension fund.
- 2.16 We have reviewed the letter from the Surrey County Council pension fund as well as other related financial information. The notification when considered in conjunction with other evidence does not provide justification for the reduction in pension fund costs of £920,500. Whether the letter from the Surrey County Council pension fund justified an ongoing reduction in annual costs was questioned<sup>6</sup> on 13 February 2020 in a meeting of the full Council. The budget for 2020/21 was then approved.
- 2.17 The removal of pensions costs and the corresponding shortfall of budgeted pensions income of £920,500 was not detected as part of the budget monitoring process throughout 2020/21. This was because, as had been the convention in prior years, the budgeted notional pensions accounts were forecast to deliver to budget. As previously noted, the relationship between the 'cost' and 'income' sides of the notional pension entries was not clearly identifiable within the chart of accounts. Discussion with the finance team members involved in budget setting and monitoring during the period from 2019/20 and 2021/22, including the accountant with responsibility for these cost centres, indicates that these budget lines were not fully understood. While the entries netted off to zero, as they are said<sup>7</sup> to have done prior to February 2020, they had no impact on the budget. However, the finance team remained unaware that the removal of one side of the entries in the 2020/21 budget had changed this dynamic.
- 2.18 In June 2020, the Interim Chief Finance Officer left the Council and the current Chief Finance Officer was appointed on secondment from Surrey County Council. Based on interviews with finance officers, including the current Chief Finance Officer, it appears that detailed corporate knowledge of the adjustments that had been made to the 2020/21 budget that was vested in the Interim Chief Finance Officer was lost and/or was not directly passed on to the new Chief Finance Officer in the form of working papers or other means.
- 2.19 Between September 2020 and February 2021, the finance team prepared the budget for 2021/22. The lead officer preparing the budget was new to the Council, having been brought in on secondment from Surrey County Council in common with the current Chief Finance Officer. The lead officer and the Chief Finance Officer were not aware of the potential issues within the 2020/21 budget as they had not been directly involved, nor were they informed of the potential issue by existing members of the finance team, who

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<sup>5</sup> Councillor Kevin Bourne

<sup>6</sup> Councillor Kevin Bourne

<sup>7</sup> TDC has been unable to locate historic working papers which show precisely how TDC's budget was calculated

were also unaware of the problem at this point. The notional pensions 'income' lines had been reported with a forecast outturn equal to budget during the year, so the issue was not detected through this process.

- 2.20 The decision was therefore made by the Chief Finance Officer to use the 2020/21 budget as the starting point for the 2021/22 budget, as from the finance team's perspective, there was no reason to doubt the validity of the figures. The 2021/22 budget was duly prepared and approved by Full Council in February 2021. This budget also included the over estimation of income of £920,500 which had been carried forward.
- 2.21 In April 2021, the finance team started to prepare the 2020/21 year end outturn report and at this point it was noted that the pensions budget was £920,500 overspent. This had crystallised because in contrast to what had been forecast, by the end of the year there was no actual income to set against this notional 'income' budget.

## KEY LEARNING POINTS AND RECOMMENDATIONS

- 2.22 We have reviewed the circumstances surrounding the errors identified above from the perspective of the exercise of financial controls. The purpose of this section is to consider the extent to which effective controls were in place or were executed appropriately, and where this was not the case, to make recommendations for improvement that could help the Council to mitigate the risk of similar issues arising in future.
- 2.23 We found certain weaknesses in the financial control environment that contributed to the errors arising in the first place, and subsequently prevented them being detected until after the end of the financial year 2020/21. Our recommendations for improvement fall into four key categories and are outlined in the tables below:

### CONTROLS OVER THE PREPARATION OF THE BUDGET AND MTF5

No.	Recommendation
1	When the draft budget and MTF5 is being prepared, the opening budget baseline should be reconciled to the prior year's approved budget and any variances should be fully reconciled (e.g. to in year virements).
2	The current year proposed budget, and future projections in the MTF5, should be subject to analytical review at directorate and cost centre level, to ensure that all movements away from the baseline opening budget reconcile to known adjustments (e.g. savings and pressures).
3	Segregation of duties should be re-established between the calculation of all key budget items (such as business rates) with review and approval undertaken by the Chief Finance Officer.
4	The Council should ensure that the finance team includes or has appropriate access to sufficient skills and capacity to undertake key calculations, including calculation of business rates, to enable the Chief Finance Officer to function effectively in a review and approval role.
5	The Council should undertake a skills and training needs assessment of the finance team and provide targeted investment in staff development where it will have most impact. The Council should also consider whether skills gaps are best addressed through targeted recruitment.

### **THE BUDGET MONITORING PROCESS**

<b>No.</b>	<b>Recommendation</b>
6	We recommend that the monthly budget monitoring information provided to budget holders is improved to incorporate greater focus on comparison to the prior year budget and the expected profile of the budget throughout the year, with greater focus on documenting and challenging the basis by which budget outturn has been forecast.
7	Within the monitoring information, the inclusion of budget lines that have zero budget in the current year, but did have budget in the prior year should be considered as a failsafe measure. This could provide a useful reference point to monitor the impact budget changes may be having on current year variances. (Note that this could have highlighted the removal of one half of the £920,500 pensions costs, enabling it to be questioned early in 2020/21).

### **STRENGTHENING CORPORATE BUDGET RESPONSIBILITY**

<b>No.</b>	<b>Recommendation</b>
8	The list of cost centres should be reviewed to ensure that each one is assigned a responsible budget holder and Finance Manager, and that these responsibilities are fully communicated and understood by the named individuals. This can be augmented by asking budget holders to sign a written declaration that they have agreed and accept responsibility for their assigned cost centres (a Budget Accountability Statement).
9	The Council should make sure that the ownership of and responsibility for budgets, is fully enshrined in the Council's Constitution and Scheme of Delegation, so that individuals can clearly and directly be held accountable for budget management. To support this, the Council should consider the establishment of a separate Scheme of Financial Delegation that sets out the respective financial responsibilities of roles and grades in detail.
10	All budget holders and supporting finance business partners should review all the list of cost centres they are responsible for and ensure that the purpose and relevance of these is fully understood. Council policy should make clear that the onus is on the individual to make sure they have the level of understanding required.

No.	Recommendation
11	There are a number of ways that adjustments to the draft budget could have been subject to tighter financial control, where segregation of duties is difficult to maintain (for example, in regard to corporate items adjusted only at year end). We recommend, the implementation of a schedule of adjustments that requires dual sign-off by both Chief Finance Officer and Deputy Chief Finance Officer to confirm that all adjustments have been reviewed independently of the author (e.g. via an e-mail confirmation).
12	The Council should review its chart of accounts to make sure it properly reflects current operations and desired approach to financial control. In particular, we recommend that the list of cost centres is reviewed and unused or unnecessary cost centres are removed or rationalised as part of the 2022/23 budget setting process.
13	We recommend that within the next two years, the Council undertakes a targeted zero-based budgeting exercise to fully refresh the budget and its cost centres, to ensure they align to current needs and services, and to strengthen the ownership and responsibility among budget holders and responsible management accountants. This should initially focus on Strategy and Resources and Corporate budgets.

#### ***DEVELOPING A STONG FINANCIAL CULTURE***

No.	Recommendation
14	The Council should consider how it can strengthen the Council's financial culture, building characteristics such as professional scepticism, self-review and empowerment to challenge management, starting with the finance team.
15	The Council should review and update its Financial Regulations, with particular focus on embedding the control improvements recommended in this report. This should be supplemented by detailed documented financial procedures where appropriate.

## **NEXT STEPS**

3.1 The Council should consider the following next steps:

- Develop a strategy on the budget deficits identified in 2020/21 and 2021/22 can be mitigated, without depleting reserves to an extent that poses a risk to ongoing financial resilience.
- Consider whether the facts outlined in this report warrant further investigation or action and determine how this will be taken forward.
- Decide whether the design and implementation of the recommendations in this report require further support to deliver.
- In the context of the wider financial position and the financial impact of the removal of pensions budgets, consider whether a wider review of the Council's financial resilience is warranted.



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## Forensic Review and Fact Finding – TDC Response to the Report

### Audit & Scrutiny Committee 30<sup>th</sup> September

Report of: Chief Finance Officer (s151)

Purpose: To note the Council's response to the Grant Thornton Review into the Council's potential Budget Gap for 2020/21 and the Action Plan to address the outcomes at **Annex A**.

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Publication status: Unrestricted

Wards affected: All

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#### Executive summary:

- At Strategy & Resources (S&R) Committee on 8<sup>th</sup> June, Grant Thornton LLP UK (Grant Thornton) was commissioned to undertake a forensic review and fact finding into a potential budget gap for the Council in 2020/21 and the financial implications in 2021/22.
- Grant Thornton has now completed that work and has identified a number of recommendations for the Council to take forward, which the Council has accepted. This reports identifies the financial implications of the c£920k gap in 2020/21 to 2022/23.

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#### This report supports the Council's priority of:

- Creating the homes, infrastructure and environment we need
- Supporting economic recovery in Tandridge
- Becoming a greener, more sustainable district

**Contact officer** Anna D'Alessandro  
adalessandro@tandridge.gov.uk

#### Recommendation to Committee:

That the Committee notes the response to the Grant Thornton report and approves the proposals to address the recommendations in an Action Plan at **Annex A**.

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## **Reason for recommendation:**

It is important that Members of this Committee are appraised of the financial implications of the report and the Action Plan which addresses the findings of the review.

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### **1. Introduction and background**

- 1.1 On 8<sup>th</sup> June, it was agreed by Members of the Committee to commission Grant Thornton LLP UK to undertake a Fact Finding and Forensic Review into a potential budget gap for 2020/21, and the implications for 2021/22.
- 1.2 Grant Thornton has now completed this review and it was discussed at length at the Special Strategy & Resources Committee on 14<sup>th</sup> September.
- 1.3 Upon discovery of this potential gap of c£920k, a detailed internal investigation was carried out to determine whether there was a gap and its nature. The internal investigation left many questions unanswered due to its complex nature and as a result an independent review was commissioned.
- 1.4 The Grant Thornton Review is now complete and has identified that there was in fact a gap, resulting from the 2020/21 budget setting process and they undertook a rigorous process to come to this conclusion. They have set out 15 recommendations which ensure the Council has a better grip on its financial controls moving forward. The Council accepts all the recommendations proposed. Some of the recommendations have already been completed however the majority will be incorporated into the Tandridge Finance Transformation Programme (TFT), refer **Annex A** - the Action Plan. Addressing these issues will ensure we have a tighter grip on our internal controls. The detailed activities, sequencing and timeline of the Programme is currently being determined and an update will be provided to the next A&S Committee in November.

### **2. Proposals to close the budget gap 2020/21 to 2022/23**

#### **2.1 2020/21 Budget Gap**

- The 2020/21 Outturn Report was due to be presented to S&R in June 2021. This was put on hold pending the outcome of the Grant Thornton Review. Although the outturn has been largely completed, it has indicated a substantial surplus for the Council, whilst also taking into account the c£920k gap. Whilst it seems a positive outcome, this could underlie some further issues which need to be investigated. In order to ensure complete confidence in the numbers, it is prudent to commission a root and branch review of finances. This review will be coupled with a line-by-line review of every 2021/22 budget line and this will delay the publication of the outturn until later in the year. The extent of the delay will be determined once the Finance Review is

scoped. At this point we will have greater certainty over the outturn and hence future years.

- The implications of this delay will also impact the 2020/21 Annual Accounts as part of the value for money conclusion. Our external auditors have been informed and their update is on the same agenda.

## 2.2 2021/22 Budget Gap

- Given that the c£920k gap is a base budget issue (i.e. of an ongoing/permanent nature) the financial implications will manifest themselves as pressures in 2021/22 and 2022/23 (and possibly beyond).
- Given the potential significant underspend/surplus in 2020/21, it is proposed to undertake a line-by-line review of all budget lines to determine those budgets that can be permanently reduced in 2021/22. These reviewed budgets will then form the basis of 2022/23 Budget setting.
- At the time of setting the 2021/22 Budget (approved by Full Council in February 2021), the Budget proposed a build to the Council's reserves of c£1.3m. This mechanism was adopted to build the Council's reserves back up to pre-Customer First levels over the next 2-3 years. Although, this total is unlikely to be added to the General Fund reserves as a result of this gap, if this strategy had not been adopted for 2021/22 budget setting there would have had to have been a large call on existing Reserves.
- Once the budget line-by-line and root and branch Finance review has been undertaken and any surplus budgets established, the balance will then have to come from General Fund reserves. If the entire gap was required to be taken by General Fund reserves, they would be sufficient.
- The Council will also need to ensure that the £2.7m Savings Programme, set to balance the 2021/22 budget, and the Committee base budgets are delivered in full. Any non-delivery of the Savings Programme or overspends against base budgets will require a larger draw down of reserves. The opposite is true however that any underspends against base budgets implies that money can be put back in reserves to provide greater cushioning into the medium-term.

## 2.3 2022/23 Budget Gap

- As discussed above, this gap is of an ongoing nature and as such impacts all future years unless **permanent** reductions to cost or increases to income can be generated.
- The 2022/23 and MTFS budget setting process commenced in May 2021, significantly earlier than previous financial years. However, this work was also on hold pending the outcomes of the review. At the time, the anticipated Corporate budget gap was c£800k however the

2020/21 budget gap adds c£920k of pressure and takes the Corporate gap to c£1.7m. This is prior to Directorates adding in their own pressures. As the Council adopts a budget envelope approach, Directorates will then have to find compensating savings to close their gap. It is anticipated once all these pressures have been identified the **Council's overall gap is likely to rise to c£2m**. However, this gap may change given the outcomes of the reviews, however it is prudent to use this as a basis for closing the gap in 2022/23.

## **2.4 Action Plan to address Findings of the Review**

- The Grant Thornton Review set out 15 recommendations to provide us with a framework to create an environment of more robust financial controls in the future and potentially mitigate a recurrence of financial shortfalls or of this magnitude.
- The Council accepts all the recommendations proposed and has attached an Action Plan to address those findings at **Annex A**.
- A more precise timing of the implementation of the recommendations is currently being scoped and an update will be provided at the next A&S Committee in November

## **Key implications**

### **Comments of the Chief Finance Officer**

All financial comments have been included in the body of this report.

### **Comments of the Head of Legal Services**

The work commissioned by Grant Thornton is a significant activity and vital to ensure that any implications are understood by the Council and that Members are briefed of the recommendations.

The Council has a duty under S151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of error.

### **Equality**

None

### **Climate change**

None

### **Appendices**

**Annex A** – Action Plan to address controls over the preparation of the Budget & MTFS

**Background papers**

None

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## ANNEX A:

## ACTION PLAN TO ADDRESS CONTROLS OVER THE PREPARATION OF THE BUDGET AND MTFS

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
1	When the draft budget and MTFS is being prepared, the opening budget baseline should be reconciled to the prior year's approved budget and any variances should be fully reconciled (e.g. to in year virements).	<b>Complete</b>	Agreed. 21/22 Budget as set out in the Council Report (Feb 20) is now reconciled to Agresso budget to ensure both the detailed budget and Budget movements are clearly actioned. Any movements to budget lines in 2021/22 will be reported in monthly finance reports in a virements schedule
2	The current year proposed budget, and future projections in the MTFS, should be subject to analytical review at directorate and cost centre level, to ensure that all movements away from the baseline opening budget reconcile to known adjustments (e.g. savings and pressures).	<b>Complete</b>	Agreed. Budgets as set out in Council Papers are now reconciled to the Agresso budget to ensure both the detailed budget and adjustments (including pressures and savings) are correct
3	Segregation of duties should be re-established between the calculation of all key budget items (such as business rates) with review and approval undertaken by the Chief Finance Officer.	<b>Complete</b>	Agreed. The re-establishment of this segregation was undertaken as part of setting the 21/22 Budget with the secondment of a SCC Officer (Business Partner – Corporate) leading the budget process and the review of all assumptions was undertaken by the CFO
4	The Council should ensure that the finance team includes sufficient skills and capacity to undertake key calculations, including calculation of business rates, to enable the Chief Finance Officer to function effectively in a review and approval role.	<b>Technical validation – complete</b> Skills and Capacity to be included in TFT	Agreed. All assumptions which underpinned the 21/22 Budget setting process were reviewed by the CFO. For technically complex issues (such as business rates) professional support and advice

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
		delivered for April 2022	was sought to validate assumptions. Work on bolstering skills and capacity will be undertaken as part of the Tandridge Finance Transformation Programme (TFT) - discussed further below
5	The Council should undertake a skills and training needs assessment of the finance team and provide targeted investment in staff development where it will have most impact. The Council should also consider whether skills gaps are best addressed through targeted recruitment.	To be included in the TFT delivered for April 2022	Agreed. The Council is entering into a Joint Working Agreement with the County. As part of this the Council will be implementing a TFT. This programme includes a number of workstreams one of which is a new Target Operating Model (TOM) for Finance. As part of the new TOM, suitability for new roles will be tested against Behaviour, Skills and Knowledge criteria (including technical capability). This process will also determine key skills gaps which will be picked up by other workstreams within the TFT. Through the TFT and the joint agreement with the County, oversight in key (particularly) technical areas in Corporate Finance will be provided.



**THE BUDGET MONITORING PROCESS**

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
6	We recommend that the monthly budget monitoring information provided to budget holders is improved to incorporate greater focus on comparison to the prior year budget and the expected profile of the budget throughout the year, with greater focus on documenting and challenging the basis by which budget outturn has been forecast.	To be included in the TFT delivered for April 2022	Agreed. At Directorate level this detail this can be a helpful indicator. However, in 21/22 there has been significant realignment of posts (eg: Case Workers) across the Council and increased costs due to CV-19 that make comparisons less meaningful when comparing against 20/21 budgets. This will be picked up through the Business Partnering (Insights function) in the TFT as part of monthly budget monitoring for 22/23 (comparison of 22/23 with 21/22)
7	Within the monitoring information, the inclusion of budget lines that have zero budget in the current year but did have budget in the prior year should be considered as a failsafe measure. This could provide a useful reference point to monitor the impact budget changes may be having on current year variances. (Note that this could have highlighted the removal of one half of the £920,500 pensions costs, enabling it to be questioned early in 2020/21).	To be included in the TFT delivered for April 2022	Agreed. Items which move from a budget to a zero budget in-year will be included in budget monitoring and will not be dealt with on a variance basis. Rethinking monthly reporting; format, contents and key risks and variances will be included as part of the TFT

Page 73

**STRENGTHENING CORPORATE BUDGET RESPONSIBILITY**

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
8	The list of cost centres should be reviewed to ensure that each one is assigned a responsible budget holder and Finance Manager, and that these responsibilities are fully communicated and understood by the named	To be included in the TFT delivered for April 2022	Agreed. We see this work being undertaken in 2 phases

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
	individuals. This can be augmented by asking budget holders to sign a written declaration that they have agreed and accept responsibility for their assigned cost centres.		<p><b>Phase 1 – Roles &amp; Responsibilities and Training</b> Clarifying roles and responsibilities of budget holders and ensure they understand their responsibilities and are fully trained to manage their budgets</p> <p><b>Phase 2 - Budget Accountability Statements (BAS).</b> Produce BAS for 22/23 whereby budget holders agree and sign that they take responsibility for living within their budget envelope for both Revenue and Capital</p>
9	The Council should make sure that the ownership of and responsibility for budgets, is fully enshrined in the Council's Constitution and Scheme of Delegation, so that individuals can clearly and directly be held accountable for budget management. To support this, the Council should consider the establishment of a separate Scheme of Financial Delegation that sets out the respective financial responsibilities of roles and grades in detail.	To be included in the TFT delivered for April 2022	Agreed. As part of the TFT the Council will be reviewing its Scheme of Delegation and Financial Regulations which will be cascaded to all budget holders. This will be complete by end of March 2022 for monitoring against the 2022/23 budget
10	All budget holders and supporting finance business partners should review all the list of cost centres they are responsible for and ensure that the purpose and relevance of these is fully understood. Council policy should make clear that the onus is on the individual to make sure they have the level of understanding required.	To be included in the TFT delivered for April 2022	<p>Agreed. See responses under (8) with the following additions:</p> <p><b>Phase 1</b> – a mapping of cost centres to budget holders will be undertaken. In parallel with this a budget holder survey will be used to gauge budget holders current level of understanding and to inform training needs. Appropriate targeted education and training will be undertaken as part of the TFT.</p>

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
			Council policy will be updated to make clear budget holders' roles and responsibilities.
11	There are a number of ways that adjustments to the draft budget could have been subject to tighter financial control, where segregation of duties is difficult to maintain (for example, in regard to corporate items adjusted only at year end). We recommend, the implementation of a schedule of adjustments that requires the dual signature of both Chief Finance Officer and Deputy Chief Finance Officer to confirm that all adjustments have been reviewed independently of the author.	To be included in the TFT delivered for April 2022	Agreed. The current monitoring of Corporate Items ensures these items are subject to similar rigours as other Directorate/Committee budget lines. For the M6 all budget lines will be reviewed including Corporate Items and all adjustments to budget lines will be reported through monthly Finance Reports via a Budget Virements schedule. Virements will be reported in the same way whenever there is a change to budgets in-year.
12	The Council should review its chart of accounts to make sure it properly reflects current operations and desired approach to financial control. In particular, we recommend that the list of cost centres is reviewed and unused or unnecessary cost centres are removed or rationalised as part of the 2022/23 budget setting process.	To be included in the TFT delivered for April 2022	Agreed. A review of the entire Chart of Accounts and Financial Statement mapping is required to strengthen reporting and segregation between management and statutory/technical accounting. This will be undertaken as part of the TFT and implemented for 22/23.
13	We recommend that within the next two years, the Council undertakes a targeted zero-based budgeting exercise to fully refresh the budget and its cost centres, to ensure they align to current needs and services, and to strengthen the ownership and responsibility among budget holders and responsible management accountants. This should initially focus on Strategy and Resources and Corporate budgets.	To be implemented for 2023/24 Budget setting process	Agreed. Although we do agree that this will be a useful exercise to understand the true cost of services, this is a substantial piece of work. For 22/23 the TFT will focus on having a tighter grip on financial controls, reporting, roles/ responsibilities/ accountabilities, improved end-to-end processes (including automation where possible), capacity and capability. A zero-based budgeting exercise can be

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
			undertaken as part of the 23/24 budget setting process. In the meantime, a line-by-line review has been undertaken for all pay related cost centres for S&R and a full review of all 21/22 budgets will be undertaken for M6 reporting. This will form the basis for the roll-over of budgets for 22/23.

#### DEVELOPING A STONG FINANCIAL CULTURE

No.	Recommendation	Officer Responsible & Target Date	Mitigating Action
14	The Council should consider how it can strengthen the Council's financial culture, building characteristics such as professional scepticism, self-review and empowerment to challenge management, starting with the finance team.	To be included in the TFT delivered for April 2022	Agreed. This culture change will take some time but will be embodied as part of the Joint Working Agreement with the County and new TOM, ensuring that professional scepticism and curiosity and self-review, proactivity and peer challenge are encouraged and embraced. The TFT contains an Organisational Development workstream to build stronger financial management and accountability both within and outside of Finance.
15	The Council should review and update its Financial Regulations, with particular focus on embedding the control improvements recommended in this report . This should be supplemented by detailed documented financial procedures where appropriate.	To be included in the TFT delivered for April 2022	Agreed. We see this work being undertaken in 2 phases  <b>Phase 1:</b> As part of the TFT the Council will be reviewing its Scheme of Delegation and Financial Regulations which will be cascaded to all budget

			<p>holders. This will be complete by end of March 2022 for monitoring against the 2022/23 budget</p> <p><b>Phase 2:</b> Review of all financial procedures and communicated through but published is in one location. This would have to align to the Regulations and be completed after the Regulations have been approved</p> <p>All recommendations in this report will be taken into the TFT to ensure they are implemented.</p>
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*Note – the detailed activities and therefore timelines associated with the TFT are currently in development. The actions identified above which form part of the TFT will be monitored through the TFT Programme governance to ensure delivery.*

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## Annual Governance Statement 2020/21

### Audit & Scrutiny Committee Thursday, 30 September 2021

Report of: Head of Legal Services & Monitoring Officer

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Purpose: For information

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Publication status: Open

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Wards affected: All

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#### **Executive summary:**

The Council is required to prepare an Annual Governance Statement ('the Statement'), to be approved in advance of and accompany the annual statement of accounts. The Statement sets out the Council's governance arrangements, describing actions taken for the year April 2020 to March 2021 to improve the Council's governance and identifying further actions which the Council will take in the year 2021/22. The draft statement has been reviewed by the external auditor as part of their fieldwork on the annual accounts: no comments have been received. Best practice requires that the consideration of this Statement should be considered separately from the Statement of Accounts, although both are published together each year.

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**This report supports the Council's priority of:** Building a better Council

**Contact officer** Head of Legal & Monitoring Officer  
lharrison@tandridge.gov.uk

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#### **Recommendation to Committee:**

That the Committee consider and approve the annual governance statement set out in Appendix A

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## Reason for recommendation:

To ensure that the Council complies with its statutory duty to adopt an annual governance statement.

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### 1. Introduction and background

- 1.1. Regulation 6(b) of the Accounts and Audit Regulations 2015 requires that local authorities prepare an annual governance statement alongside the statutory annual statement of accounts.
- 1.2. This Committee has the responsibility of approving the Council's Annual Governance Statement ('AGS) each year.
- 1.3. The statement is a formal public report, setting out the extent to which the Council complies with its own code of governance, which should in turn be consistent with the good governance principles in the CIPFA/ SOLACE framework, Delivering good governance in local government (2016).
- 1.4. The Council would usually expect to bring the Statement to committee in July. However due to the additional investigative accounting undertaken by Grant Thornton, further time was required to process the key outcomes of this review, and thus enable the financial elements of this Statement to be as accurate as possible.
- 1.5. Last year's statement was also adopted later than usual, due to the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extending the deadline for the publication of the 2019/20 annual governance statement from 31st July to 30th November 2020. Consequently, repeating the same steps for the production of this Statement's was not felt to be necessary given the extensive work undertaken for the 2019/20 Statement (including a self-assessment against the CIPFA / SOLACE Framework),<sup>1</sup> and the reduced timings between the adoption of 2019/20 and the 2020/21 Statements.
- 1.6. The Council was required to provide the Statement in draft form to External Audit for review before its finalisation. At the time of writing this report, no comments had been received from External Audit.
- 1.7. The statement, which appears at Appendix A, sets out the Council's governance arrangements, describing actions taken in 2020/21 to improve the Council's governance and identifying further actions which the Council will take in the year 2021/22.

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<sup>1</sup> See "Agenda & Minutes of Audit & Scrutiny Committee - Thursday, 26th November, 2020 6.30 pm", Section 204, for last year's Annual Governance Statement: <https://tandridge.moderngov.co.uk/ieListDocuments.aspx?CId=147&MId=900&Ver=4> [Last accessed 08/09/21]. For the "self-assessment", see "Audit & Scrutiny Committee - Tuesday, 29th September, 2020 7.00 pm", Section 139: <https://tandridge.moderngov.co.uk/ieListDocuments.aspx?CId=147&MId=899&Ver=4> [Last accessed 08/09/21].



- 1.8. The AGS, as presented, has taken account of the Executive Leadership Team and Senior Leadership Team's own Statements of Assurance, in which they have reflected on their own view of the governance within their services during 2020/21.
- 1.9. A new approach to tracking the Statement's actions will be taken after this committee cycle, by incorporating outstanding actions into the Council's Corporate Improvement Plan (CIP). The CIP is due for an in-depth update considering recent audits and associated improvements, and also to reflect the Council's current priorities.
- 1.10. As such, progress reports on these actions will be reported to the Committee through the year. The AGS is therefore a means of giving the Committee, and the public, visibility on its governance arrangements. The audit activity across the Council is also reported to this Committee regularly.

## **2. Other options considered**

- 2.1. The drafting and publication of the Statement is a statutory requirement. The completion of the self-assessment has supported the Council to consider all relevant information.

## **3. Key implications**

### **3.1. Comments of the Chief Finance Officer**

The Chief Finance Officer is completely supportive of the Annual Governance Statement as identified in the attached. There are no direct financial implications.

### **3.2. Comments of the Head of Legal Services**

The Accounts and Audit Regulations 2015 require the Council to produce an AGS. Failure to comply would result in the Council not meeting its statutory requirements.

## **4. Equality**

- 4.1. The draft Annual Governance Statement references the Council's key HR policies and procedures relevant to equalities and diversity. The Statement's action plan includes actions to:
  - i) review the Council's Equality and Diversity Scheme
  - ii) regularly review and revise all HR policies and procedures

## **5. Climate change**

- 5.1. There are no Climate Change implications arising directly from the draft Annual Governance Statement.

## **6. Appendices**

- 6.1. Appendix 'A' - draft Annual Governance Statement

## **7. Background papers**

- 7.1. None.

----- end of report -----

# **Annual Governance Statement**

**Year ending 31 March 2021**

**Tandridge District Council**

## **1. Purpose**

Tandridge District Council is responsible for ensuring a sound system of governance, making sure its business is conducted in accordance with the law and proper standards, public money is safeguarded, properly accounted for and used, and it exercises its functions with regard to a combination of economy efficiency and effectiveness.

This statement sets out the Council's governance arrangements, describing actions taken in 2020-2021 to improve governance and identifying further actions which the Council will take in the year 2021-2022. In line with guidance issued by CIPFA in February 2021 "Application of the Good Governance Framework 2020-2021" this statement includes specific commentary around the impacts of the coronavirus pandemic on the Council's governance and financial arrangements.

The Financial Management Code (FM Code) sets out the principles by which authorities should be guided in managing their finances. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out.

2021-2022 will be the first full compliance year for the FM Code. Work on implementation of the code will be undertaken as part of the Tandridge Finance Transformation (TFT) Programme which is integral to the new Joint Working Agreement with the County. This review will consider how the Council's existing processes will meet the new FM code standards during 2021-2022.

The statement and attached action plan describe the actions taken in 2020-2021 to deliver corporate improvement, and the Council's response to Covid-19 which created additional significant challenges. It also includes the Council's annual internal audit opinion, which for this year is 'Limited'. This means significant gaps and areas for improvement have been identified. Clearly this result falls short of the standards the Council sets for itself, but does reflect the challenges it has faced over the last year. The following sections of this statement and the action plan, demonstrate how the Council is addressing its areas for improvement going forward.

The statement meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(b), which requires all relevant bodies to prepare an Annual Governance Statement alongside the statutory annual statement of accounts. The previous Statement was informed by a self-assessment which the Council carried out in September 2020 against the CIPFA / SOLACE Framework:

*Delivering good governance in local government* (2016).<sup>1</sup> Given that the assessment was comprehensive, the Statement agreed in November 2020, and that the associated action plan is updated in this report, a further self-assessment is not necessary at this time. A similar process will be undertaken as the new Programme Management Officer begins drafting a new Code of Corporate Governance for the Council in 2021-2022.

The Head of Legal Services, in her role as the Council’s Monitoring Officer, has been closely involved in the preparation, review and publication of this statement.

## 2. The Council and how it operates

The Council operates a committee system of governance and comprises of 42 Councillors across 20 wards. Since May 2021 the Leader of the Council is Councillor Catherine Sayer, who is also Chair of Planning Policy Committee.

Following elections in May 2021 the composition of the Council is:

Independents and OLRG Alliance	16
Conservative	14
Liberal Democrat	9
Independent	3

The Council is in No Overall Control, with a minority Independents and OLRG Alliance administration.

Before the May 2021 elections the composition of the Council was as follows:

Conservative	14
Independents and OLRG Alliance	13
Liberal Democrat	9
Independent Group	3

During 2020-2021 the Council had the following committees:

- Community Services
- Housing
- Licensing
- Overview and Scrutiny / Audit and Scrutiny
- Planning
- Planning Policy
- Standards
- Strategy and Resources

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<sup>1</sup> Tandridge District Council (2020) *Appendix B - Tandridge DC self-assessment against the CIPFA/ SOLACE framework, Delivering good governance in local government*, Audit & Scrutiny Committee 29<sup>th</sup> September. Online available: <https://tandridge.moderngov.co.uk/documents/s1545/Appendix%20B%20for%20Annual%20Governance%20Statement.pdf> [Last accessed 13/08/2021].

The committees are all politically balanced so there is cross-party involvement in decision-making. The committees are responsible for policy formulation and this is reflected in their terms of reference.

During 2020-2021 the Council spent £62m in running the services for which it is responsible, of which £14m was spent within the Housing Revenue Account. There was also £11m invested in a range of capital projects and programmes. These figures match those within the Statement of Account and Outturn. See Section 8 for more information on the Council's financial performance.

The Council is responsible for the administration of the election process at national, county, district and parish / village council level. Elections were not held in 2020-2021 due to the Coronavirus pandemic. However, they did take place in May 2021 which led to an intake of new Councillors. A comprehensive induction and training programme for new and returning Councillors is in progress and this will continued to be built upon throughout a Councillor's term, with various training sessions to ensure they are fully equipped to fulfil their roles. Democratic Services are involved in this and welcome the opportunity to provide targeted training for Councillors throughout the year.

During the period 2020-2021 the Acting Head of Paid Service (Chief Executive) was Elaine Jackson to October 2020, who was replaced by Jackie King (November 2020 – June 2021). Following an external recruitment process, we welcomed a new Chief Executive, David Ford, in June 2021.

The Chief Executive is the Council's chief policy adviser, with overall corporate management and operational responsibility. Along with the Executive Leadership Team (ELT), his role is to implement the plans and policies which support the strategic direction of the Council as set by Councillors. He leads the ELT, which includes:

- Executive Head of Corporate Resources
- Executive Head of Communities
- Chief Financial Officer & Section 151 Officer
- Chief Planning Officer
- Head of Legal Services & Monitoring Officer

The roles of the Chief Executive (as Head of Paid Service), the Section 151 Officer and the Monitoring Officer are defined within Section 4 of the Council's Constitution.<sup>2</sup> The Executive Role of Councillors is defined within Section 3 of the Council's Constitution.

Officers manage the day-to-day business of the Council, implementing decisions taken through committees, sub-committees and Full Council. New arrangements were put in place during 2020-2021 to ensure appropriate departmental, project and programme governance (see Section 5).

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<sup>2</sup> Tandridge District Council (2021) *Tandridge District Council Constitution – August 2021*. Online available: <https://www.tandridge.gov.uk/Portals/0/Documents/Your-council/Councillors-and-committees/How-the-Council-is-run/Constitution.pdf?ver=2021-08-09-155655-133> [Last accessed 13/08/2021].

During the period 2020-2021, the Council's "Strategic Plan: 2020/2021 – 2023/2024" was agreed.<sup>3</sup> The plan sets out the Council's key priorities over the coming period (see Section 12 below).

The Council's annual revenue and capital budgets are considered and approved by Full Council in February each year. This sets the level of council tax and capital investment for the forthcoming financial year.

### **3. The Council's governance framework – how we ensure arrangements are effective**

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Some of these procedures are required by law, while others are for the Council to determine. It also sets out decisions reserved to committees and those delegated to Officers. The Constitution includes:

- Contract standing orders and delegations and approval levels for financial matters.
- Councillors' Code of Conduct.
- Protocols for planning and the Councillor/ Officer Code of Conduct<sup>4</sup>

There is also an action in the plan below to consider an ongoing process of review of the constitution, potentially supported by a Councillor led Constitution Working Group.

Our committees each have distinct terms of reference. Meetings are held in public, apart from agenda items that are exempt under legislative guidance,<sup>5</sup> and members of the public may ask questions.

Our committee meetings are webcast and publicised on the Council's website. Zoom and Microsoft Teams were promptly rolled out in May 2020 to allow Officers and Councillors to communicate effectively. Council and Committee Meetings continued online until the 7 May 2021. The setting up of remote meetings was facilitated by the Council's IT and Democratic Services. This included Full Council in May 2020 to agree a series of changes to the Constitution and standing orders to allow committees to operate remotely.

While meetings were held remotely, the proceedings were livestreamed for public viewing via a link on the Council's website.

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<sup>3</sup> Tandridge District Council (2020) *Strategic Plan 2020/2021 – 2023/2024 (v1.0 July 2020)*. Online available: [https://www.tandridge.gov.uk/Portals/0/Documents/Your-council/Strategic%20Plan/Strategic\\_plan%20v1.0%20July%202020.pdf?ver=2020-09-04-105655-203](https://www.tandridge.gov.uk/Portals/0/Documents/Your-council/Strategic%20Plan/Strategic_plan%20v1.0%20July%202020.pdf?ver=2020-09-04-105655-203) [Last accessed 13/08/2021].

<sup>4</sup> At the time of writing, an updated Code of Conduct was being reviewed by the Executive Leadership Team.

<sup>5</sup> For confidentiality of proceedings, see Tandridge District Council (2021) *Tandridge District Council Constitution*, p. 13 'No. 16'. Online available: <https://www.tandridge.gov.uk/Portals/0/Documents/Your-council/Councillors-and-committees/How-the-Council-is-run/Constitution.pdf?ver=2021-08-09-155655-133> [Last accessed 17/09/2021].

There are internal controls in place to ensure the Council is operating effectively and that priorities/objectives are being achieved. At a corporate level, internal controls relate to our Internal Audit service (Section 10), performance and risk framework (Section 5) and Corporate Improvement Board.

Internal Audit and the Corporate Improvement Board identify the principal risks to the Council meeting its key priorities and actions to enhance governance. Resultant actions are corporately monitored via two action trackers: the internal audit management action tracker, and the Corporate Improvement Plan.

The Corporate Improvement Plan is in the process of being reviewed as responsibility has been transferred from external consultants to an internal Officer. The aims of the review are to align the plan with the internal audit tracker, reflect the Council's current priorities and incorporate actions from this statement.

This will serve to enhance the effectiveness of monitoring and reporting, and help underpin the robustness of the statements made within the Annual Governance Statement. It is also in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes robust challenge by the Council's Audit and Scrutiny Committee, Statutory Officers the Chief Executive, Monitoring Officer, Chief Financial Officer and the Executive Leadership Team.

The Council is required to appoint a **Monitoring Officer** (see section 9 below) to monitor and review the operation of the Constitution and to ensure its aims and principles are achieved. The Monitoring Officer keeps the Constitution under continual review, having delegated powers to make amendments arising from organisational changes and legal requirements and to correct errors. Other amendments are recommended by the Strategy and Resources Committee for decision by Full Council.

The Chief Executive, Head of Legal and Chief Financial Officer meet weekly as the statutory Officers to discuss services delivery improvements. Each carry a statutory responsibility to report issues to Full Council, if needed. As such, the posts remain pivotal to the Council's good governance. During the initial stages of the pandemic this group met also weekly to discuss any emergency decision making.

During 2020-2021 the **Audit and Scrutiny Committee**<sup>6</sup> had responsibility for the review and scrutiny of the decisions and performance of the Council

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<sup>6</sup> This committee was previously known as the Overview and Scrutiny Committee and its terms of reference were changed on 22/10/20 when Council ratified the relevant recommendation from the 30/07/20 Overview and Scrutiny meeting. The aim of the switch was to enable the committee to be more explicit regarding its 'overall responsibility for audit and governance frameworks'.

and audit arrangements. The Committee met five times and at its meetings considered:

- Changes to its terms of reference.
- External auditing of the Council's accounts.
- Internal audit plans, progress and charter.
- The Annual Governance Statement.
- The Council's finance improvement plan.
- Council's whistleblowing policy.
- Performance and risks of the policy committees.
- The Corporate Improvement Plan.
- Community safety.
- Anti-Fraud Bribery and Corruption Policy.

The Council does not currently have a code of corporate governance to set out all the elements of its governance systems, but this will be a priority for 2021-2022. In addition to those set out above, the following elements have been identified as being in place for the year 2020-2021:

- Internal and external audit, implementation of recommendations.
- Compliance with laws, regulations, internal policies and procedures.
- Medium Term Financial Strategy.
- Production of a statement of accounts.
- Complaints policy.
- Local Government Ombudsman reports.
- HR policies, procedures, conditions of service and Officer Code of Conduct.
- Equality and diversity scheme.
- Budgetary control.
- Procurement procedures and standard terms of contract.
- Whistleblowing and other countering fraud and bribery arrangements.
- Performance appraisal.
- Councillor and Officer induction and development programmes.
- Audit and Scrutiny Committee (acting as the local Crime and Disorder Committee).

Under the provisions of the Coronavirus Act 2020, temporary standing orders for remote meeting procedure rules were in place from May 2020 to 7 May 2021, and all Committee Meetings were held remotely during that period using video conferencing to run and livestream proceedings. The Council's annual meeting in 2020 was cancelled, with existing member appointments remaining in place until the annual meeting in May 2021.

The Council's **contract standing orders** (part D of the constitution, updated in January 2021) require that all contracts over £100,000 include consideration of wider social / wellbeing, environmental and economic benefits, in line with the Social Value Act 2012. A process of annual review of the standing orders has now been instigated. Leaving the European Union was largely overshadowed by the Covid-19 crisis. While the government outlined significant changes to public procurement regulations in the Queen's speech, these are unlikely to be enacted until 2022. The only substantive change was



to replace OJEU (Official Journal of the European Union) notices with 'Find a Tender Service' (FaTS) notices.

The Council's **complaints** processes were revised by the Communications and Customer Experience Team in 2019-2020. Complaint responses and times are now reviewed on a fortnightly basis by ELT and SLT. The number of complaints and FOIs (response times) are reported quarterly to the Audit and Scrutiny Committee.

If a complaint about an Officer was upheld following investigation, the Council would take action in line with the Disciplinary Policy, which forms part of the conditions of service. Compliance with mandatory staff training is monitored by the HR Team. The Council supports Officers health and wellbeing through occupational health services and the Employee Assistance Programme.

The Council fully supports the requirements to ensure that both Councillors and Officers have the necessary skill sets to fulfil their strategic role in the organisation. The Council continues to invest in development for Officers.

The draft Annual Governance Statement has been considered by the Council's Senior Management Team (ELT and SLT) assurances have been provided by them that any actions on the Action Plan will be completed and any further weaknesses will be identified and addressed. The Programme Management Officer will seek to enhance the arrangements in the coming year.

The Council recognises that effective governance requires both that appropriate processes are in place, and that there is an organisational culture which supports consistent understanding of and compliance with the principles and processes of good governance.

Through the development of values and behaviours for Councillors and Officers, and further training, the Council will continue to develop the organisational culture with this aim during 2021-2022.

#### **4. Partnership governance**

The Council continues to seek new partnership opportunities to support efficiency and effectiveness.

The Council has entered partnerships for the delivery of the following services in the District:

- **Environmental Health** – Mole Valley District Council and Tandridge District Council have operated a shared Environmental Health and Licensing service to protect residents and support businesses since April 2017. Mole Valley operates as the host authority for the delivery of the service. Each Council retains its licensing and regulatory committees and sub-committees. The Environmental Health Partnership is run through an inter-authority agreement which includes details of the Principles of the Shared Service, governance and monitoring. The Joint Partnership Board meets quarterly.

- **Building Control** – the Council hosts the Southern Building Control service, a partnership which includes Reigate and Banstead Borough Council and Mole Valley District Council. The partnership is governed by an inter-authority agreement, which is currently under review. A board, on which the councils are represented by Councillors and Officers, meets quarterly to review income, performance and risk.
- **Internal Audit** - the Southern Internal Audit Partnership has a key Stakeholder Board, in accordance with the Partnership Agreement. The Council’s Chief Financial Officer sits on this Board, which exists to discuss all areas of performance, professional practice, and sharing best practice.
- **Finance function** – in March 2021, the Strategy & Resources Committee approved the Joint Working Agreement with Surrey County Council for Tandridge’s Finance Function. This was to address the issues of recruitment of a new S151 Officer and enhancing the resilience of the Finance team. At the heart of this Joint Agreement is the Tandridge Finance Transformation Programme (TFT). The arrangement is comprised of three phases concluded through a gateway process. Phase 1 was due diligence and completed in June, phase 2 is the delivery of the TFT due to conclude in April 2022 and phase 3 is a key gateway which will determine future options.

The Crime and Disorder Reduction Act 1998 and the Anti-Social Behaviour, Crime and Policing Act 2014 requires “responsible authorities” to work together to reduce crime and disorder in their area. The Council was part of the East Surrey Community Safety Partnership until 2020. This partnership was formed of four councils – Epsom and Ewell, Mole Valley, Reigate and Banstead and Tandridge. It was mutually decided to separate and form district/borough specific community safety partnership board.

Tandridge Community Safety Partnership Board was formally established in January 2021 and meets quarterly. The board is attended by partner agencies including Surrey Police, Surrey Fire and Rescue, Police and Crime Commissioners office, Community Safety – Surrey County Council, Tandridge Voluntary Action, Surrey Heartlands CCG and a county Councillor. Priorities and an action plan have been agreed.

The Council chairs and administers the Tandridge Health and Wellbeing Board. The purpose of the Board is to provide a collaborative approach to improving the health and wellbeing of residents and reducing health inequalities across Tandridge. Following the April 2021 meeting the Board reviewed its terms of reference, objectives and membership. The Board looks to understand what residents would like and the key challenges for health, education and the local authority.

The Board’s objectives include monitoring and developing provision of local health and wellbeing services, escalating significant gaps in service and drawing out the local links, to the Surrey Health and Wellbeing Board and the Council’s own strategies. It also assesses, on an annual basis, the applications

and agrees funding for local health and wellbeing projects via the Tandridge Together Lottery and the Tandridge Small Grants Fund.

The Council made a commitment in February 2020 to establish its own Climate Change Action Plan, with targets to cut its environmental impact and steps to become carbon neutral by 2030.<sup>7</sup> The Council approved its action plan in November 2020,<sup>8</sup> and has since worked hard to progress key priority actions, despite limited resources. For example, the Council has committed to build net-zero (operational) new homes, to provide efficient heating systems in Council homes, report on its emissions, and scope installing electric vehicle charging points.

It is a core corporate priority for the Council. Officers work closely with the county council and the other Surrey districts and boroughs on climate change related issues, via an Officers group. The group explores opportunities to share data, resources and knowledge on specific climate change topics. The group is hosted by Surrey County Council and meets monthly.

## **5. Performance and risk management and reporting**

The Council utilises a corporate risk management framework to record identified risks and the mitigation that will be taken to manage them. Risks are regularly reviewed and there is an escalation process for the most significant risks, which ensures that senior management and Councillors are aware of those risks that pose the most serious threat to the Council and how they are being managed. All reports are published on the Council's website under each committee.

The performance framework entails the council monitoring a set of performance indicators across all its service areas. Service managers upload their performance data monthly/quarterly to a central repository, where the data is transferred to a central database from which performance charts can be generated. As part of their data submission, managers also provide short written commentaries to explain the figures in relation to set targets. Managers are asked to propose any changes to their indicators and/or targets annually during Quarter 3.

During 2020-2021, the policy committees (Planning Policy, Strategy and Resources, Community Services and Housing) received individual reports providing updates on the delivery of key service performance indicators and risks relevant to their committee. Each committee reviewed their standard of set key performance indicators in the Quarter 3 reports. Budget monitoring reports were also brought to the policy committees.

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<sup>7</sup> Tandridge District Council (2020) *Council Agenda 13<sup>th</sup> February 2020*, page 5. Online available: <https://tandridge.moderngov.co.uk/Data/Full%20Council/202002131930/Agenda/Council%20Book%2013%20Feb%202020.pdf> [Last accessed 13/08/2021].

<sup>8</sup> Tandridge District Council (2020) Agenda and minutes for Strategy & Resources Committee 24<sup>th</sup> Nov 2020, see S191 "Climate Change Action Plan Report". Online available: <https://tandridge.moderngov.co.uk/ieListDocuments.aspx?CIId=137&MIId=906&Ver=4> [Last accessed 13/08/2021].

In 2020-2021, departmental leadership team meetings started to meet again with a clear remit to regularly monitor and manage performance, budgets, risk and project/programme monitoring. The ELT receive monthly performance and corporate risk reports. As the performance and risk framework becomes more embedded in 2021-2022 the Chief Executive will hold each ELT member to account to deliver service performance to an acceptable standard. Furthermore, in 2021-2022 fraud risk assessments will be carried out and fraud and irregularity audited by SIAP.

Key performance indicators are benchmarked quarterly across Surrey districts and boroughs and shared with Surrey Chief Executives quarterly.

The Council conducts a biannual Residents' Survey, most recently in July and August 2021.<sup>9</sup> The findings of the previous survey, considered by Overview and Scrutiny Committee in November 2019, show 84% of respondents are satisfied with the area as a place to live and 59% with the way the Council runs things. 35% agree the Council provides value for money, while 34% neither agree nor disagree. 69% think the Council keeps them well informed and 56% trust the Council.

## 6. Managing the risk of fraud, bribery and corruption

The Council is committed to the proper accountability of public funds. Its **Anti-Fraud Strategy Statement** is included within the Constitution (Part F) and includes:

- The Council's expectations of Councillors and its employees.
- Definitions and relevant examples of fraud.
- The approach that should be taken to reporting and concerns or suspicions relating to fraudulent or corrupt activity (including reference to the confidential anti-fraud and corruption telephone line, operated in accordance with the Public Interest and Disclosure Act 1998).

The Council has additionally adopted a Housing Benefit/ Council Tax Support anti-fraud policy (2016), and Anti-Money Laundering guidelines (2017).

The Council has an Anti-fraud and Anti-Corruption Policy in place which sets out its arrangements for dealing with fraud and corruption. This was revised and updated in March 2021. The policy now strengthens and improve the Council's overall arrangements for the prevention, detection and investigation of fraud, bribery and corruption. The policy also provides guidance on how any individual can report any suspected fraudulent or corrupt activity.

The Council's Whistleblowing Policy, contained within Officers' conditions of service, was reviewed and updated in January 2021. The policy covers any

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<sup>9</sup> Tandridge District Council (2019) Residents' Survey 2019 Results, Overview & Scrutiny Committee 5<sup>th</sup> November. Online available: <https://tandridge.moderngov.co.uk/Data/Overview%20&%20Scrutiny%20Committee/201911051930/Agenda/O+S%20Cttee%20agenda%2005.11.19.pdf> [Last accessed 13/08/21].

malpractice or wrongdoing by any Councillor or employee of the Council, as well as any contractor, supplier, consultant or partner of the Council in the course of their work. The Monitoring Officer has a duty to write an annual report to update Councillors.

The Council's standard form of contract includes provisions to ensure compliance with the Bribery Act 2020. The Council provides an e-learning course on Fraud awareness, and the Internal Audit Plan for 2021/22 includes Fraud & Irregularity.

The **Officers' Code of Conduct** (2015, contained within Conditions of Service) states Officers may not accept money, loans or significant personal gifts from contactors and outside suppliers, residents or tenants or any other professional business contact.

Hospitality may only be accepted where council representation is required, subject to Chief Officer / Head of Service approval. Officers are also required to register any personal or financial interest which may result in a conflict. The Executive Team are in the process of reviewing the code, which once agreed will be shared with Officers.

## **7. Information governance and Freedom of Information**

Information governance is the overall process of analysing, evaluating, assessing and mitigating the impact of risks to the Council's information and information systems. This includes physical, personnel and information security.

Information governance policies and standards are in place which, if complied with by Officers and Councillors, provide the necessary assurance about the security of the Council's information assets and data handling procedures. In line with the Local Public Services Data Handling Guidelines 2008 and the Local Public Services Data Handling Guidelines 2012:

- The Monitoring Officer is the Senior Information Risk Owner (responsible for taking ownership of the Council's information governance policy and strategy).
- Executive Heads running each directorate are Information Asset Owners (responsible for understanding and addressing risks to the information they own and providing assurance to the Senior Information Risk Owner on the security and use of those assets).

The Council must comply with the General Data Protection Regulation 2016 and Data Protection Act 2018. The Information Commissioner's Office (ICO) has taken no enforcement action for non-compliance. No fines were imposed because of weak controls. We continue to improve and learn lessons from mistakes to protect the data that we use.

The Council ensures that Officers handling personal data are trained to an appropriate level in the use and control of personal data. All Officers must undertake e-learning on protecting information. While Covid has seen an increase in the support needed for support on Data Protection across the

Council, it has not impacted on the numbers of data breaches/incidents that meet the criteria for reporting to the ICO.

These remain low and anything previously reported has been closed by the ICO without action or penalty as there have been appropriate mitigating controls in place such as encrypted devices as well as a full process to report and review incidents. Regular reporting to the Senior Information Risk Officer is in place and there are regular reports to the Information Governance Board. This Board meets quarterly, chaired by the Data Protection Officer, to oversee the Council's work in relation to Information Governance and GDPR/data protection.

The Council has recently appointed a new Data Protection Officer who will help to establish some improved practices to ensure focus is placed on continuing improvement and learning.

The Council has a statutory duty to respond to all Freedom of Information (FOI) requests within 20 days. During 2020-2021, 638 FOI requests were received, 81% of which were responded to within the deadline.

Cyber-attack is recognised as a key risk to the Council. Revised guidance from the UK government now states this is amongst the biggest emerging threats to the UK and alongside terrorism and the pandemic is among the key dangers to UK security. The volumes of cyber-attack keep increasing and the cyber-attack capabilities are continually evolving, so this is an area which needs constant vigilance and a continuous improvement approach. The Council has agreed to an online cyber security training course, that would be compulsory for all Officers.

## **8. Chief Financial Officer Assurance Statement**

The post of Chief Financial Officer (CFO) and s151 is a statutory post, responsible for delivering and overseeing the financial management arrangements of the Council. The interim role has been held by Anna D'Alessandro since July 2020. The Council can confirm that it complies with the governance requirements of the CIPFA Statement on the role of the CFO in Local Government.

The CFO has been involved in reviewing the corporate governance arrangements of the Council and the preparation of this Statement. The CFO considers that the arrangements are working satisfactorily, subject to areas for improvement identified in the body of this report and in the action plan attached to this statement.

Over the last three financial years the Council has faced an increasingly challenging financial position with overspends and a constantly reducing level of General Fund Reserves. 2020-2021 is no exception. The Council has made a concerted effort to contain spend and considerable time and effort has been invested in gripping the Council's salary costs as they represent the largest component of the Council's budget. An HR and Finance Panel (the CFO and

the Executive Head of Resources<sup>10</sup>) meets weekly to assess requests regarding additional or continuation of agency/temporary posts.

At Month 11 the Council posted a surplus position. However, while undertaking work on the Outturn Report, it became apparent there was a significant imbalance in the 2020-2021 budget of c£920k. After a thorough internal investigation which did not provide the answers required, Grant Thornton LLP UK was engaged to undertake a forensic review.

The findings and the Council's response were reported to a Special Strategy & Resources Committee and a later meeting of the Audit & Scrutiny Committee in September.<sup>11</sup> As a result of this review the 2020-2021 Outturn has not yet been reported to Committee for approval. A surplus position is still anticipated for 2020-2021.

The budget for 2021-2022 was approved by Full Council in February 2021. The budget was balanced but was predicated on the delivery of a £2.7m savings programme. This, plus the delivery of base budgets across the Council, will be critical to ensuring the 2021-2022 budget is delivered as planned. This is even more critical given the potential budget gap discussed above.

As a result of the Customer First Programme the organisation, including the Finance team, has been working with considerably constrained capacity. The interim CFO/s151 is making improvements to the finance function and processes (largely through the TFT Programme, to take effect in 2021-2022) including financial reporting to senior management and Councillors.

During 2020-2021 the CFO put in place an ambitious Finance Improvement Plan to address in-year overspends and then set a balanced budget for 2021-2022 and into the medium-term. Delivery of these improvements have been critical to ensure the Council is financially resilient over the short to medium-term, without having to rely on a dangerously low level of reserves to balance the budget next year.

Key elements of the Plan (including arrangements for increased accountability for expenditure, greater clarity of reporting and oversight of internal audit reports) are reflected in the action plan which appears at the end of this statement.

The Council has approved a four year Capital and Investment Strategy which provides a framework of control within which capital investment plans are financed and delivered and supporting prioritised projects and programmes to enable delivery of the Council's strategic plan.

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<sup>10</sup> From August 2021 the CFO meets with the Chief Executive as the post of Executive Head of Corporate Resources was vacant from this date.

<sup>11</sup> See *Strategy & Resources Committee - Tuesday, 14th September, 2021 7.00 pm*. At the time of writing, agenda and reports available online:

<https://tandridge.moderngov.co.uk/ieListDocuments.aspx?CIId=137&MIId=1065&Ver=4>  
[Last accessed 17/09/2021].

This overarching strategy is aligned with the Commercial Property Investment Strategy for the acquisition and disposal of commercial property assets with the aim of producing a positive return for the Council. This framework sets out the governance, risk assessment, investment evaluation criteria and acquisition and disposal procedures.

The Council has also approved an annual Treasury Management Strategy which ensures that the cashflow of the Council is planned, that cash is available when needed and where surplus funds are available they are invested with counterparties or within instruments commensurate with the Council's low risk appetite. The Strategy also sets out the Council's approach to planning its borrowing to meet longer term capital spending obligations.

Gryllus Holdings Ltd, with its subsidiary companies Gryllus Housing Ltd and Gryllus Property Ltd, is a Local Authority Trading Company, the Council being the only shareholder. Gryllus' purpose is to acquire property, investment and development stock covering land, residential, retail, industrial and office premises to generate income and capital to support Council services.

The Council's shareholder function is delegated to the Treasury and Investment Sub Committee, which reports to the Strategy and Resources Committee. All decisions to purchase properties and commit funds for development are made by the Sub-Committee. The day-to-day business and affairs of the property company and any sub companies, joint ventures and/or special purpose vehicles are managed by and under the direction of the Board of Gryllus Holdings Ltd (the Council's Executive Head of Communities, the Lead Finance Specialist and Finance Specialist).

## **9. Monitoring Officer Assurance Statement**

The post of Monitoring Officer is a statutory post. The Monitoring Officer ensures that the Council acts within legal and statutory requirements. This is achieved through the provision of frontline legal advice to Council services on a daily basis, the active participation of the Monitoring Officer within the Executive Leadership Team (ELT) and the active participation of Legal Services in the preparation and consideration of legal implications arising from Committee reports for decision.

The Annual Governance Statement builds upon those of previous years. Although some progress has been made in dealing with some of the governance issues included in last year's statement, there are some actions that have not been implemented in accordance with the original timescales and this is an action that will continue to be monitored.

The Monitoring Officer is also responsible, among other things, for maintaining the register of Councillors' interests, dealing with complaints where Councillors have breached the Councillors' Code of Conduct and has a statutory duty to report findings of maladministration by the Local Government and Social Care Ombudsman (LGSCO) to the Council. LGSCO closed their service to new complainants at the beginning of the initial Covid-19 lockdown, to enable



councils the opportunity to deal with more urgent matters arising from the pandemic.

The LGSCO produces an Annual Review Letter in July each year for each council in which it publishes statistics relating to enquiries/complaints made about them to the ombudsman. This data is uploaded to an interactive map, which gives people the chance to see how their local authority is performing at the click of a button. The map collates the annual letters the ombudsman sends to each local authority, how often they have complied with ombudsman recommendations, the improvements they have agreed to implement, and published decisions all in one place.<sup>12</sup> In 2020-2021, 10 complaints were referred to the LGSCO, mainly in relation to housing and planning issues. Of these 1 was upheld, 1 was not upheld and 8 were closed after initial enquiries.<sup>13</sup> All decisions made by the ombudsman are published on the website.<sup>14</sup>

The Local Government Association published a Model Councillor Code of Conduct (the Model Code) in December 2020. While much of the substance contained in the Model Code had been captured in the Code of Conduct adopted by the Council in 2012 and revised since, the Council believed that a strong message to the public that Councillors were aspiring to best practice were worthwhile benefits for adopting the new Model Code. The Council agreed to adopt the Model Code on 17 March 2021. It is contained in Part F of the Constitution.

The Standards Committee is responsible for assessing and determining complaints against alleged breaches of the Code of Conduct. The role and function of the Committee, is amongst, other things, to promote and maintain high standards of conduct by Councillors and co-opted Councillors. The Standards Committee operated as expected throughout 2020-2021.

During 2020-2021 one investigation/ referrals was passed to Standards Committee in relation to the Code of Conduct for elected Councillors of the Council. From time to time the Monitoring Officer deals with other matters referred to her informally, following consultation with the Independent Person. The Monitoring Officer has continued to be available to give advice to individual Councillors regarding Councillor behaviour and conduct concerns and to provide Councillors with advice on possible conflicts of interest. Two deputy monitoring Officers have been recently appointed.

All Council business is conducted in public unless legislation deems it appropriate for it to be considered in private. All meetings of the Council (including the annual meeting) and its committees were postponed from 16 March 2020 until 7 May 2020.

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<sup>12</sup> See: LGSCO (2021) *Your council's performance*. Online available: <https://www.lgo.org.uk/your-councils-performance> [Last accessed 13/08/2021].

<sup>13</sup> See: Tandridge District Council (2021) *Complaints update, S82*. Online available: <https://tandridge.moderngov.co.uk/ieListDocuments.aspx?CIId=147&MIId=1007&Ver=4> [Last accessed 13/08/2021].

<sup>14</sup> LGSCO (2021) *Decisions*. Online available: <https://www.lgo.org.uk/decisions> [Last accessed 13/08/2021].

From 7 May 2020 until 6 May 2021 meetings have been held virtually in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Virtual meetings were instigated to ensure transparency and good governance while also facilitating extensive access to the public and press. Despite councils wishing to continue these in 2021-2022, emergency legislation was not extended beyond 7 May 2021. The Council held its first meeting in person on 27 May 2021.

One of the sources of assurance (Statement of Assurance) for the Annual Governance Statement should come from ELT/SLT responsible for the operation, management and monitoring of controls within their area of responsibility. The Statement of Assurance is intended to collect this assurance by covering operational, project and partnership responsibilities as well as the Bribery Act, Safeguarding, RIPA and frauds. The ELT/SLT Officer can highlight concerns and the necessary actions required to improve governance. Once completed their contents are used to inform the governance statement. The Statement of Assurance was circulated and shared with ELT/SLT.

## **10. Internal and External Audit**

The Council's internal (Southern Internal Audit Partnership – SIAP) and external auditors (Deloitte LLP) are the main independent sources of assurance on the operation of our governance framework and the Statement of Accounts.

SIAP operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient and effective use of resources. All audit reports are discussed at Executive Team meetings and the Corporate Improvement Board, whereby recommendations are agreed and outstanding actions are tracked. Councillors receive an annual report of internal audit activity and approve the annual audit plan for the forthcoming year.

The report of the Chief Internal auditor states that the Council's framework of governance, risk management and control for 2020-2021 is 'Limited'. The Council is disappointed with this result, as many improvements to internal controls have been implemented over the last year. However the Council recognises that there is still some way to go to reach its aim of achieving an overall opinion of 'Reasonable' next year.

As other sections of this statement underline, the Council is prioritising improvements to internal controls and addressing observations noted by SIAP's auditors, despite the external challenges of the last year and managing with very limited resources (both in terms of finance and people) to deliver its services. While the annual opinion is below the standards the Council sets for itself, it does have a clear blueprint to drive improvements over the coming

year. Further enhancements to the monitoring, delivery and communication of these actions within the ELT and Senior Leadership Team are also being implemented.

SIAP routinely present progress updates, on the management actions that follow from each audit to Audit & Scrutiny Committee. Each member of the Executive Leadership Team reviews audit reports that relate to their Directorate and since April 2021, they meet as a group to review the management actions at the newly instated Corporate Improvement Board (CIB).

The internal audit plan for 2021-2022 to 2023-2024 was agreed by Audit & Scrutiny Committee in March 2021. For the plan year 2020- 2021, the audits below have been completed and progress update will be provided as a separate item on the agenda for the Committee meeting:<sup>15</sup>

- Human Resources & Organisational Development - April 2021 [Reasonable]
- Procurement 2020-2021 – Follow Up - May 2021 [Reasonable]
- Financial Resilience (paused due to Grant Thornton review)
- IT Asset Management - June 2021 [Limited]
- Follow Up of Disaster Recovery & IT Business Continuity Audit - June 2021 [N/A]
- Distribution of Business Grants 2020-2021 - June 2021 [Reasonable]
- Cyber Security - July 2021 [Limited]
- Housing Benefit - July 2021 [Reasonable]
- Treasury Management - July 2021 [Limited]
- Building Control - July 2021 [Limited]
- Information Governance - August 2021 [Limited]
- Health & Safety – August 2021 [No]
- Grants Register 2020-2021 – August 2021 [No]

During 2020-2021, the Acting Chief Executive and other members of the Executive Leadership Team met with the Chief Internal Auditor and Assistant Head of Partnership monthly to review and action recommendations arising from internal audit reports. ELT is very cognisant of the number of limited assurance audits in 2020-2021 and is working to address these issues through prioritisation and realigning roles and responsibilities. Further discussions are being had as part of the budget setting process to address significant capacity issues in the Council

Internal Audit has also led on a review of the Annual Governance Statement which will enable Councillors of the Audit & Scrutiny Committee to review any next steps that will be needed to enhance the effectiveness of the Annual Governance Statement. Any recommendations will be taken further forward in 2021-2022.

Following a case of Officer fraud, SIAP carried out an audit of Council Tax during 2019-2020 and one of the observations raised within the report related

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<sup>15</sup> Audit opinions are listed in the brackets next to the dates.

to the processing of refunds and the risk exposure to the Council. Two management actions were put in place to help mitigate that risk in the future.

Our external auditors (Deloitte LLP) will issue their *External Audit Report ISA260 report* for 2020-2021 in September 2021 which will be considered by the Audit and Scrutiny Committee. The document will summarise their key findings in relation to their external audit of the Council for 2020-2021 and will contain an opinion on the Council's financial statements, the control environment in place to support the production of timely and accurate financial statements and the Council's significant risk areas

## **11. Corporate improvement programme**

Several corporate improvement initiatives have subsequently taken place, including those from a specific audit on the Customer First change programme. The actions that were completed in 2019-2020 and those listed in the "Annual Governance Statement action plan 2020-2021" can be viewed in the previous Annual Governance Statement.<sup>16</sup> In addition, SIAP provides quarterly progress updates on outstanding audit management actions to the Audit & Scrutiny Committee.

In March 2021 the additional capacity commissioned from the Local Government Association came to an end, and a new permanent role of Programme Management Officer (PMO) instated. The scope of the new PMO's role includes rationalising and embedding the various corporate improvement work at the Council, such as the actions resulting from the previous Annual Governance Statement and Corporate Improvement Plan and those arising from the Centre for Governance and Scrutiny report and internal audit reports. The PMO also oversees corporate performance and risk and programme and project management.

Many actions from the corporate improvement work from 2019-2021 to March 2021 have been completed, and some of the action plans have now been consolidated. Resultantly, the Council now has two key action plans that specifically relate to corporate improvement - the Corporate Improvement Plan and the Internal Audit Action Plan. The former will be reported to Strategy & Resources Committee and the latter is reported to Audit & Scrutiny Committee. Both are overseen by the internal Corporate Improvement Board (CIB), which meets monthly.

The outstanding actions from the previous Annual Governance Statement and its attached action plan, have been provided below.

A peer challenge is a supportive, but challenging critical friend approach to assist councils and their partners to identify what is going well and where improvements can be made. The Council's Development Management service

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<sup>16</sup> Tandridge District Council (2020) *Annual Governance Statement - Year ending 31 March 2020*. Online available: <https://tandridge.moderngov.co.uk/documents/s1945/Appendix%20A%20-%20Annual%20Governance%20Statement.pdf> [Last accessed 13/08/2021].

(Planning) has been peer reviewed by the Planning Advisory Service (PAS). The PAS report has been reviewed by senior Officers and Councillors and the Council has now appointed an Officer to lead on formulating improvement plans for the service.

## **12. The Strategic Plan**

During 2019-2020, each committee oversaw delivery of several projects and programmes, which had previously been considered and endorsed by Strategy and Resources Committee and agreed by Full Council.

The development of a Strategic Plan for the Council, setting out priority objectives for delivery which have been agreed by Councillors, was identified as a key action in the corporate improvement plan. The Strategic Plan was agreed by Strategy and Resources Committee in July 2020. As the Council's financial recovery plan is implemented, and the Medium-Term Finance Strategy developed, the Strategic Plan will be reviewed on an ongoing basis and further actions identified where possible to achieve priority outcomes. Work is underway to complete a People Plan which will support delivery of the Strategic Plan.

Strategy and Resources Committee oversees the delivery of the Strategic Plan, and it is now monitored by the new Programme Management Officer. Each policy committee received updates relevant to the actions within their remit as part of their quarterly performance and risk reports. An update report will be prepared for Strategy & Resources in 2021-2022.

## **13. The Council's response to Covid**

Specifically highlighted in the 2019-2020 Annual Governance Statement was the impact on Council services of the Covid-19 pandemic. This continued to be a significant risk throughout 2020-2021. Although business as usual had to change, core governance processes and functions have been maintained during the unprecedented shock of the Covid-19 pandemic.

The Covid-19 pandemic exacerbated the financial challenges of declining central government resources coupled with significant extra demand for services. In the financial year 2020-2021 the government provided additional support for the additional costs and income losses resulting from the impact of the pandemic. The Council maintained a log of all spending commitments and income losses to enable full accountability and reported this financial impact monthly to the Ministry of Housing, Communities and Local Government (MHCLG). The various committees received reports at all meetings in 2020-2021, monitoring the impact on Council finances against central government grants.

The pandemic and the resultant imposition of lockdowns have had a fundamental impact on the operation and financial performance of the Council's leisure facilities. Income has reduced and financial support has been required to keep facilities open.

But despite all the challenges and adaptations in 2020-2021, the Council has maintained consistent essential services for residents, while adapting to provide alternative virtual services wherever possible. The Council's strong collaborative approach has continued to be effective at achieving a unified response, working with key partners in the NHS, police and voluntary and community sectors. In fact, the response to the crisis enabled the Council to test the effectiveness of its business continuity plans, communications strategy and governance arrangements.

Additional demands were made on IT systems with most office-based Officers continuing to work remotely throughout 2020-2021. Changes to ways of working will need careful management as lockdown continues to ease in 2021-2022.

During the pandemic, some urgent decisions were taken by the Acting Chief Executive in consultation with Group Leaders. Each of these decisions was accompanied by both a report and a decision notice which was reported back to the relevant committee.

From May 2020 to October 2020 the Acting Chief Executive met with all the Group Leaders on a regular basis, to discuss key issues. Agendas and notes for these meetings were prepared.

In addition, weekly Covid-19 statistics demonstrating activity and progress were shared with all Councillors and Officers by the Communications and Customer Experience team. The Council produces a magazine twice a year which is delivered to all residents and businesses. During the pandemic the Council increased its online communication, providing more regular updates to residents and businesses.

The intensity of the Covid response did lessen towards the end of 2020-2021, but the Council's Covid-19 project team remains in place and added resilience to this team has been implemented via a change to relevant Officer reporting lines.

Internal Audit has also reported on the Council's response to the Covid pandemic from a human resources perspective. The assurance opinion was Reasonable, stating that "there is generally a sound system of governance, risk management and control in place". The actions from two observations made by the auditors have been input into the Council's Internal Audit Action Plan for progress monitoring.

#### **14. Regulation of Investigatory Powers Act (RIPA)**

The Council has a RIPA Policy which outlines the arrangements for undertaking covert surveillance to gather evidence of illegal activity and to ensure that it is only undertaken where it complies fully with all applicable laws. Roles and responsibilities are clearly defined and there is a nominated Lead Officer (a Solicitor in Legal Services), Senior Responsible Officer (Head of Legal) and Authorising Officer (ELT members) as stated within the Regulation of Investigatory Powers Act 2000. RIPA activity will be reported to Strategy and

Resources on an annual basis and a revised Policy was approved by the Committee in September 2020. No RIPA authorisations were requested in this financial year.

## 15. Conclusion

2020-2021 has been another turbulent period for the Council. During that period the Council progressed and completed many corporate improvements. However, several new improvement actions have been identified and some are yet to be completed from the last statement. Covid-19 did slow progress and has caused delays, as the already limited organisational capacity focused on this area of work. There will be an ongoing review of the financial impact, as well as the impact on procedures and processes relating to the emergency.

The sections above highlight how monitoring of governance actions is being enhanced over the next statement period and reporting will continue to be brought to Audit & Scrutiny Committee. On a day-to-day basis, improvement actions will continue to be monitored by the PMO and the Monitoring Officer.

Notwithstanding the annual opinion for this year (Section 10), assurance can be placed upon the adequacy and effectiveness of the Council's systems of internal control and governance. There are areas for further enhancement. As the demands of Covid lessen, new governance arrangements progress and become more embedded, and the Council pro-actively adapts to its limited resourcing and capacity, greater levels of corporate improvement are expected over 2021-2022.

The Council's 2021-2022 action plan (below) reflects both actions already completed in the previous Statement period, and those which will be progressed over the next year.

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### Certification

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and the arrangements as defined in this statement have been effectively operating during the year with the exception of those areas identified within the action plan.

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues and we will monitor their implementation and operation as part of our next annual review

**\*\*SIGNATURE\*\***

Councillor Catherine Sayer  
Leader of the Council

**\*\*SIGNATURE\*\***

David Ford  
Chief Executive



## 16. Action Plan Update

The first table in this section documents the actions completed against the 2020-2021 Plan set out in last year's AGS and the second table contains an Action Plan for 2021-2022 for those actions not completed in 2020-2021 and any new actions deemed necessary.

### Actions completed against the 2020-2021 Action Plan

Issue identified	Completed in 2020-2021
<p><b>Audit</b> Increased Member oversight and management control of audit recommendations</p>	<ul style="list-style-type: none"> <li>• A renewed focus on Internal Audit reporting into the newly constituted Audit and Scrutiny Committee and day-to-day reporting into the Chief Financial Officer.</li> <li>• Adopt an internal audit plan, with each item owned by the relevant ELT member and approved by Audit and Scrutiny Committee. Each meeting of ELT and Audit and Scrutiny Committee to receive a report on any audit reports giving no or limited assurance, with the relevant Officer reporting on management actions.</li> </ul>
<p><b>Complaints</b> Continuous improvement through learning from complaints</p>	<ul style="list-style-type: none"> <li>• Establish a process to prevent reoccurrence by recording root cause and actions taken.</li> </ul>
<p><b>Decision making</b> Appropriate information and engagement to inform decision-making</p>	<ul style="list-style-type: none"> <li>• Update processes for instructions to legal services to ensure all relevant information included.</li> <li>• Change processes for and publish Forward Plan to enable greater and earlier Councillor and public engagement in policy development.</li> <li>• Develop guidance and deliver Officer training to ensure that reports for Councillor decision meet their needs, including clearer information about implications and risks within financial monitoring reports.</li> <li>• Ensure all current committee decisions delegated to directors have appropriate authorisations in place to reflect new service structures.</li> </ul>

Issue identified	Completed in 2020-2021
<b>Financial control</b>	<ul style="list-style-type: none"> <li>• Ensure accountability and responsibility for spend sits with relevant budget managers through monthly Departmental Leadership Team DLT meetings and Budget Accountability Statements.</li> <li>• Establish a Business Partnering model to deliver a more strategic and value added service to the business and support managers to control their budgets.</li> <li>• Focus on getting the basics right, eg introduction of trackers (such as organisation- wide Savings), Risk and Opportunity Registers, timetables for monthly reporting and budgeting, baselining of 2020-2021 revenue and capital information.</li> <li>• Integrated process for setting 2021-2022 revenue and capital budget and Medium Term Financial Strategy.</li> <li>• Re-design financial reports to the Executive Leadership Team and Councillors including the frequency of reporting to ensure reports are transparent, easily understood and have had appropriate sign-off.</li> <li>• Create a register of all approved recruitments to enable detailed budget monitoring.</li> <li>• <b>Note:</b> any outstanding elements around financial control will be picked up as part of the Review by Grant Thornton and will be added to the TFT in 2021-2022.</li> </ul>
<b>Governance framework</b> Clarification and regular review of governance arrangements, appropriate oversight and controls of management activity	<ul style="list-style-type: none"> <li>• Establish Corporate Improvement Board.</li> <li>• Implement appropriate Officer governance structures to ensure agreed benefits are delivered from projects and programmes.</li> </ul>
<b>HR and data protection policies and procedures</b> Regular review and updating of protocols and	<ul style="list-style-type: none"> <li>• Complete reviews of:               <ul style="list-style-type: none"> <li>○ Whistleblowing policy</li> <li>○ Contract standing orders</li> </ul> </li> </ul>

<b>Issue identified</b>	<b>Completed in 2020-2021</b>
codes with associated training to ensure their effective operation	<ul style="list-style-type: none"> <li>• Undertake Data Protection Impact Assessments for each directorate.</li> <li>• Review and revise terms of reference for Information Governance Board.</li> <li>• Identify a designated Officer as IT Security Officer.</li> </ul>
<p><b>Member and Officer conduct</b> Regular review and updating of protocols and codes supported by appropriate training</p>	<ul style="list-style-type: none"> <li>• Standards Committee to take a proactive approach to the promotion and maintenance of high standards of conduct by Councillors.</li> <li>• Complete new set of protocols to ensure that roles and responsibilities are clear and information is shared appropriately.</li> <li>• Adopt Values and Behaviours for Councillors and Officers.</li> <li>• Produce guidance notes and training for Councillors on ethical standards.</li> <li>• Commence work to review Councillor Code of Conduct (in light of national Code, once published).</li> <li>• Commence work to implement response to Committee on Standards in Public Life recommendations.</li> <li>• Update procedure for investigation of complaints against Councillors.</li> <li>• Publish records of Councillor training on the website.</li> <li>• Consider proposals for Councillors to confirm annually their commitment to the Nolan principles.</li> </ul>
<p><b>Partnerships</b> Continue to explore opportunities to support efficiency and effectiveness</p>	<ul style="list-style-type: none"> <li>• Explore the potential for a form of local partnership with health, social care, business, voluntary and community sector partners to deliver shared objectives.</li> </ul>

<b>Issue identified</b>	<b>Completed in 2020-2021</b>
<b>Peer challenge</b> Taking steps to consider the leadership's own effectiveness, open to constructive feedback from peer review	<ul style="list-style-type: none"> <li>• Schedule Development Management Peer Challenge.</li> </ul>
<b>Performance and risk</b> Systematic and regular management and control	<ul style="list-style-type: none"> <li>• Implement ongoing programme of review of performance and risk by executive and directorate management teams.</li> <li>• Each service committee to review key performance indicators and risk relevant to their terms of reference and respective strategic plan actions.</li> <li>• Draft and adopt a risk management strategy.</li> </ul>
<b>Procurement</b> Actions to address recommendations from the Internal Audit of procurement	<ul style="list-style-type: none"> <li>• Deliver training for procurement Officers.</li> <li>• Update procurement strategy.</li> <li>• Revise Contract Standing Orders to make explicit the Council's expectations relating to use of Most Economically Advantageous Tender.</li> </ul>
<b>Transparency</b> Ensuring compliance and increasing openness	<ul style="list-style-type: none"> <li>• Review and revise ownership of and processes for Freedom of Information requests to ensure the Council publishes information in the public interest.</li> <li>• Make the Council's key strategies and policies easily accessible on the website.</li> </ul>

### **Action Plan for 2021-2022**

<b>Issue identified</b>	<b>Actions to be taken in 2021-2022</b>
<b>Capacity</b> Ensuring the Council has the capacity and capability to enable good	<ol style="list-style-type: none"> <li>1. Complete People Plan and staff development plan.</li> <li>2. Deliver training to ensure Councillors and Officers understanding and ownership of the principles and processes of good governance.</li> </ol>

<b>Issue identified</b>	<b>Actions to be taken in 2021-2022</b>
governance and the achievement of its objectives	<ol style="list-style-type: none"> <li>3. Explore the use of 360-degree tools and techniques to help build relationships and a more open culture for Councillors and Officers.</li> <li>4. Consider best approach to replacing the Executive Head of Corporate Resources who left the Council in August 2021.</li> <li>5. Recruit interim Head of Human Resources.</li> <li>6. Produce business case to ensure there is sufficient capacity in Planning following the release of the PAS report.</li> </ol>
<b>Financial control</b>	<ol style="list-style-type: none"> <li>7. Deliver Tandridge Financial Transformation (TFT). This is a comprehensive programme of work which commenced in June 2021 and will be completed by April 2022. It includes a number of workstreams covering people, process, technology and organisational development. This programme was approved by Strategy &amp; Resources Committee on 8 June and is subject to comprehensive governance arrangements comprising Councillors and Officers and Surrey County Council Officers.</li> <li>8. Ensure all legal instructions for lettings/lease renewals/property acquisitions or disposals are accompanied by appropriate evidence that the proposal represents best value eg openly marketed, or an independent valuation obtained, or in the case of community lettings, the in-house valuation is backed up by evidence (partially complete).</li> <li>9. Ensure compliance with mandatory training on fraud awareness through HR monitoring.</li> </ol>
<b>Governance framework</b> Clarification and regular review of governance arrangements, appropriate oversight and controls of management activity	<ol style="list-style-type: none"> <li>10. Adopt a Code of Governance, bringing together in one place all elements of the Council's governance system.</li> <li>11. Establish an ongoing process of review of the constitution, supported by a Councillor led Constitution Working Group.</li> <li>12. Review the governance arrangements of the Gryllus Holdings Ltd Board to ensure it is proportionate and reflects best practice for local authority property companies.</li> </ol>

<b>Issue identified</b>	<b>Actions to be taken in 2021-2022</b>
	<p>13. Deliver all Health &amp; Safety improvement actions due in 2021/22, as per the recent internal audit, and include a summary of Health &amp; Safety governance in the next edition of the annual governance statement.</p> <p>14. Implement management actions arising from the Customer First audit.</p>
<p><b>HR and data protection policies and procedures</b> Regular review and updating of protocols and codes with associated training to ensure their effective operation</p>	<p>15. Establish an ongoing programme to review and publish all key standard Officer principles and policies, informed by Legal Services and Internal Audit as appropriate).</p> <p>16. Complete reviews of:</p> <ul style="list-style-type: none"> <li>a. Equality and diversity scheme.</li> <li>b. Officer Code of Conduct.</li> <li>c. Process for Officer declarations of gifts and hospitality.</li> <li>d. Housing Revenue Account.</li> <li>e. Contract management.</li> </ul> <p>17. Commence review of scheme of delegation, including more detailed schemes of Officer delegation in line with new service structures.</p>
<p><b>Councillor and Officer conduct</b> Regular review and updating of protocols and codes supported by appropriate training</p>	<p>18. Further develop Councillor and Officer development programmes, including good governance principles.</p> <p>19. Hold annual training sessions for parish clerks to include Nolan principles, code of conduct, roles and responsibilities, complaints procedure handling.</p>
<p><b>Partnerships</b> Continue to explore opportunities to support efficiency and effectiveness</p>	<p>20. Work with other districts and boroughs to explore options for future governance in the county.</p> <p>21. Consider a proposal to join another council's sheltered housing alarm system.</p>

<b>Issue identified</b>	<b>Actions to be taken in 2021-2022</b>
<b>Peer challenge</b> Taking steps to consider the leadership's own effectiveness, open to constructive feedback from peer review	22. Schedule Corporate Peer Challenge.
<b>Performance and risk</b> Systematic and regular management and control	23. Publish the Council's corporate risk register on the Council's website.
<b>Public engagement</b> Develop organisational capability and practice	24. Promote the ability for members of the public to speak at meetings and submit petitions to the council (arising from review of full council meetings). 25. Continue to enable Councillors or the public to make presentations to Planning Committee via video. 26. Consider actions related to practice and training on consultation and engagement.
<b>Strategic Plan</b>	27. Chief Executive and Executive Team to review the Strategic Plan with Councillors to ensure it reflects the Council's priorities with respect to its resources and capacity.
<b>Transparency</b> Ensuring compliance and increasing openness	28. Establish processes to ensure consistent compliance with the Local Government Transparency Code.

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## Complaints and Freedom of Information requests update

### Audit & Scrutiny Committee Thursday 30 September 2021

Report of: Head of Legal Services & Monitoring Officer

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Purpose: For information

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Publication status: Open

Wards affected: All

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#### **Executive summary:**

This report provides an update about the Council's approach to managing complaints. Complaints are reported quarterly to the Audit and Scrutiny Committee and details about what has changed as a result of a complaint are published on the website.

In addition, this report includes details about the type of Freedom of Information requests received.

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**This report supports the Council's priority of:** Building a better Council

**Contact officer:** Giuseppina Valenza Head of Communications & Customer Experience, gvalenza@tandridge.gov.uk

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#### **Recommendation to Committee:**

The committee is asked to note and accept the report.

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## **Reason for recommendation:**

The Complaints Policy stipulates complaints should be reported quarterly to the Audit and Scrutiny Committee.

A robust complaints policy ensures customer service standards are sustained and improved. It also helps maintain the Council's reputation. An approach of continuous improvement gained by learning from complaints supports the priority of Building a better Council.

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## **Introduction and background**

1. The Council aims to provide an excellent experience every time a customer uses its services, but occasionally things do go wrong. When that happens, the Council would like the opportunity to put things right.
2. If a service falls below the expected standard, officers work with customers to resolve any issues as quickly as possible. Where this still does not resolve the issue, customers may want to make a formal complaint.
3. Complaints, comments and compliments from customers help the Council identify what has worked well and what could be better.
4. Comments and complaints are used to see where processes should be reviewed and improvements made. In addition, compliments are passed on to staff and shared internally.
5. The complaints policy has two stages. Stage 1 – Resolution. If customers are not satisfied with the service they receive, they can make a Stage 1 complaint. Where the customer is not happy with the response to their Stage 1 complaint, they can escalate it to Stage 2 – Review. The customer must clearly explain why they are dissatisfied with the Stage 1 investigation and what they think the Council needs to do to put matters right.

## **Timescales**

6. At both stages complaints:
  - Are acknowledged within 2 working days.
  - Are fully investigated and responded to within 10 working days. Where this is not possible the customer is contacted to let them know when they can expect a reply.
7. If customers are still not happy with the response they receive at Stage 2, they are referred to the Local Government and Social Care Ombudsman (LGSCO). The LGSCO investigates complaints about councils with the aim of putting things right if they have gone wrong.

## **Lessons learned**

8. We capture what lessons have been learned from complaints, with the aim of improving customer service.
9. As part of the Stage 1 investigations, team leaders review the process or practice used, to highlight where improvements could be made. Any changes are recorded in the system with a record of the action taken as a result, for example staff training, changes to a system or process etc.
10. At Stage 2 a member of the Senior Leadership Team reviews the response to Stage 1, to see if it could have been prevented from escalating to Stage 2.
11. In several cases, the way an issue was dealt with has been discussed by officers, with an emphasis on how it might have been handled differently to prevent a complaint being raised.
12. More complaints training is being made available to a broader range of officers to improve responses to customers across the organisation.

## **Number of complaints**

13. In the last quarter (1 April to 30 June) there were 69 complaints in total, as shown in the table below. Of these:
  - There were 31 complaints about recycling and waste, two referred to stage two. Most of these complaints were because of issues caused by the introduction of the new waste contract, while the others mostly related to the bins not being put back properly. This information has been fed back to Biffa, the contractor.
  - There were 14 planning complaints, of which 6 were referred to stage two. The complaints related to no access to pre-application advice, being unable to contact officers for information or updates and a lack of site visits. As part of the work to improve the planning service this information has been shared and customer service and complaints training is being recommended.
14. It should be noted this quarter is one of the Council's busiest in terms of sending out council tax and business rates bills, rent increase letters and other annual increases, which can often result in higher volumes of contact and complaint.

**Table A: Complaints 1 April to 30 June 2021**

<b>Service</b>	<b>Stage 1</b>	<b>Stage 2</b>
Benefits	1	
Business rates	1	
Community Surveyors	3	
Council tax	4	2
Elections	1	
Environmental Health	2	
Finance (no stage 1)		1
Homelessness	3	1
Housing (one with no stage 1)	4	3
HR	1	
Legal	1	
Operational services	1	
Parks	1	
Planning	14	6
Street cleaning	1	
Rubbish and recycling	31	2
<b>Total</b>	<b>69</b>	<b>15</b>

15. The table above also shows that the complaints process is not always followed correctly with some complaints not being referred for a stage 1 response. The new processes and systems adopted earlier this year should help prevent this from happening.

16. The Tandridge District has around 88,500 people, living in 37,500 households. There are around 3,000 business rate payers. The table below shows complaints as a % of the household and population figures.

**Table B: Complaints per household and population**

<b>No of complaints</b>	<b>% of household</b>	<b>% of population</b>
69	0.2	0.8

17. Benchmarking with other Surrey councils is difficult as every council categorises and records complaints in different ways. The same methods are not being used to be able to make a like for like comparison.

## **Freedom of Information (FOI), Data Protection Act, Subject Access Request, Environmental Information Regulation process**

18. The Freedom of Information Act 2000 provides the public with a general right of access to all recorded information held by public authorities. This includes drafts, e-mails, letter, notes, recordings of telephone conversations and CCTV recordings.
19. Anyone can make a freedom of information request – they do not have to be UK citizens, or resident in the UK. Freedom of information requests can also be made by organisations, for example a newspaper, a campaign group, or a company.
20. All Freedom of Information (FOI), Data Protection Act (DPA), Subject Access Request (SAR) or Environmental Information Regulation (EIR) requests are registered on the corporate system.
21. The Council has 20 working days to reply to an FOI or EIR request and a month for DPAs and SAR. It can often take longer than this if the request is particularly complex or involves multiple documents. All personal data must be redacted from documents before being released and this can take a long time.
22. In the last quarter (1 April–30 June 2021) we received 91 FOIs. The table below shows the breakdown of requests by service area.

<b>Service area</b>	<b>Number of FOIs</b>
Benefits	1
Building Control	2
Burials	4
Business rates	13
Committees	2
Community Safety	1
Community surveyors	4
Council tax	3
Disabled facilities grant (?)	1
Environmental Health	4
Facilities	2
Finance	3
Flytipping	2
Homelessness	6
Housing	2
Housing enabling (building)	1
HR	2
ICT	1
Operational services	2

Parking	3
PH funerals	11
Planning	5
Planning policy	3
Sheltered housing and community alarms	1
Street cleaning	3
Various - council tax, homelessness, enabling, CIL	1
Waste and recycling	8
<b>Total</b>	<b>91</b>

23. Many FOIs are repeat requests and are often from companies trying to find out what contracts the Council has, what software it currently uses, how many people are working in a particular service area etc. At the moment FOI responses are not made public, but it is expected they will be published on the website in the future if a cost effective way to do this can be found. This would make it easier to refer people to responses already provided to similar questions.

## **Key implications**

### **Comments of the Chief Finance Officer**

There are no direct financial implications arising from this report.

Dealing with complaints puts an additional resource burden on the Council in terms of staff time and correctly dealing with complaints in the early stages reduces this.

Learning from our mistakes and improving processes will reduce the chances of reoccurrence and free up officer time to focus on delivering services. Where compensation payments are necessary these will need to be met by services from existing budgetary provision.

### **Comments of the Head of Legal Services**

This report provides a review of complaints received and an update on the Council's complaint handling. If any complaint raises issues that may have legal implications or consequences, Legal Services should be consulted.

There is no statutory duty to report regularly to any of the committees about the Council's performance. Under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

Regular reports about the Council's performance in responding to complaints assist in demonstrating best value and compliance with the statutory duty.

## **Equality**

To ensure anyone can make a complaint, complaints can be submitted in a number of ways. They can:

- Complete a form.
- E-mail the Council.
- Write to the Council.
- Visit the Council Offices and a complaint can be recorded by an officer.
- Call 01883 722000 and a Customer Services Advisor can complete a form for a customer over the phone.

Complaints on social media cannot be accepted, as it is too difficult to capture information and not practical if it is sensitive or confidential. When a complaint is received via social media, the complainant is asked to contact the Council in one of the above ways.

While all complaints are dealt with confidentially, anonymous complaints cannot be responded to.

## **Climate change**

There are no significant environmental / sustainability implications associated with this report.

## **Appendices**

None.

## **Background papers**

None.

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## **Policy Committees' Quarter 1 21/22 Exception Performance Report**

### **Audit & Scrutiny Committee Thursday, 30 September 2021**

Report of: Chief Finance Officer (Section 151)

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Purpose: For information

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Publication status: Open

Wards affected: All

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#### **Executive summary:**

- This is an exception report on the Council's four policy committees' performance and risk management. The aim is to support Audit & Scrutiny Committee to monitor the Council's performance and delivery of quality services.
- Due to the timings for the submission of committee report, written updates on the actions the policy committees are taking with respect to their exception performance and risk will not be available. Readers can review the relevant committee meeting online and/or read the minutes. Verbal updates will also be provided at the committee by officers wherever possible.

#### **This report supports the Council's priority of:**

Building a better Council

**Contact officer** William Mace – Programme Management Officer  
wmace@tandridge.gov.uk

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#### **Recommendation to Committee:**

'A' – That the policy committees' performance and risk exceptions for Quarter 1 2021/22 be accepted.

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## Reason for recommendation:

'A' – To support the Committee to monitor performance and risk at the Council.

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### 1. Introduction and background

1.1. The Committee's terms of reference include reviewing and scrutinising "the decisions and performance of the Council".<sup>1</sup> In addition, Section xiii of the 'terms' state that the Committee will:

"Monitor the Council's performance against targets which seek to ensure the provision of cost effective, quality services to the community (as part of the Council's own performance management regime)".<sup>2</sup>

1.2. The Committee now receives this performance and risk exception report for each policy committee: Community Services, Planning Policy, Housing and Strategy and Resources.

1.3. Due to the committee dates and associated report timelines, it is not possible to include each policy committees' responses to the off-target performance indicators and 'red' rated risks. Therefore, readers are advised to review the reports listed in Section 2, and Officers will provide verbal updates on the outcome of the preceding policy committees wherever possible.

1.4. The criteria for performance indicators and risks to be included in this report can be found in sections 3.1 and 4.1 respectively.

### 2. Policy committees' performance and risk reports

2.1. The most recent performance and risk reports for the policy committees can be found via the following links. Note they are links to the relevant committee meeting agenda. Therefore readers should look for the 'performance report' on the agenda:<sup>3</sup>

[Community Services](#)

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<sup>1</sup> Overview & Scrutiny Committee (2020) *Proposed Changes to the Terms of Reference and Name of the Committee*, p. 3. Online available: <https://tandridge.moderngov.co.uk/documents/s792/ToR%20and%20Committee%20name.pdf> [Last accessed 16/06/2021].

<sup>2</sup> Overview & Scrutiny Committee (2020) *Minutes*, p. 1. Online available: <https://tandridge.moderngov.co.uk/documents/g898/Public%20minutes%2030th-Jul-2020%2019.30%20Audit%20Scrutiny%20Committee.pdf?T=11> [Last accessed 16/06/2021].

<sup>3</sup> Due to the Council's committee report timelines, a more direct link cannot be provided as the reports may not be uploaded to the website before this report has been drafted.

[Planning Policy](#)

[Housing](#)

[Strategy and Resources](#)

**Note:** Strategy & Resources Committee is scheduled after Audit & Scrutiny Committee this cycle, therefore the latest committee updates will not be available.

### **3. Performance Headlines**

- 3.1. The following performance headlines have been included on the basis that a target has not been met for at least two Quarters.<sup>4</sup>
- 3.2. Note: up-to-date commentaries on the policy committees' responses to these headlines are not available in writing, due to the timing of this reports publication. Therefore, verbal updates will be provided during the committee wherever possible.

#### **3.3. Community Services**

- 3.3.1. Percentage of roads, footpaths & public open spaces which meet the environmental cleanliness standard – off by 1%. Quarter 1 = 94%, Target = 95%.
- 3.3.2. Percentage of establishments with a rating of 3 or better under the food hygiene rating scheme – off by 9.18%. Quarter 1 = 85.82%, Target = 95%.
- 3.3.3. Note: For the Quarter 1 report, we included new performance graphs for the Council's waste collection service, as per the new performance framework. As this was a new approach in Quarter 1, and the performance data is still being cleansed, there will be no exceptions to be included in this report.

#### **3.4. Planning Policy**

- 3.4.1. Similarly to the previous exception report, trend data for Planning is not currently available, as data gathering and reporting systems are being reviewed as part of the Council's improvement project. Officers recommend viewing the Planning Policy report (link above) for further information.

#### **3.5. Housing**

- 3.5.1. Average time taken to re-let local authority sheltered housing (days) – off by 74.6 days. Quarter 1 = 104.6 days, Target = 30 days.

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<sup>4</sup> The figures for the most recently reported quarter, and the quarter preceding it, will be used to determine whether an indicator is included in this section.

3.5.2. People in 'Urgent Need' (Bands A & B) on the Housing Register – off by 149 people. Quarter 1 = 424 people, Target = 275 people.

### 3.6. Strategy & Resources

3.6.1. Staff Sickness (long & short term) – off by 0.65. Quarter 1 = 7.75 days, Target = 7.1 days.

3.6.2. Percentage of calls answered by Customer Services within 60 seconds – off by 40%. Quarter 1 = 40%, Target = 80%.

3.6.3. Number of Overdue Complaints – off by 9 complaints. Quarter 1 = 10 overdue complaints, Target = 1 overdue complaints.

3.6.4. Number of Overdue Freedom of Information Requests (FOIs) – off by 19 FOIs. Quarter 1 = 23, Target 4.

## 4. Risk Headlines

4.1. The following risk headlines have been included on the basis that a risk has remained 'red' on one of the Council's committee published risk registers for at least two Quarters.

4.2. If a risk arises as part of an audit report but is not featured in this report, it will be due to (a) the lead time between the audit report being published and the next internal risk register review, and / or (b) the risk not being red for two consecutive quarters on the relevant committee register.

4.3. The Council uses the following risk matrix:

Likelihood	Very Likely	4	4	8	12	16
	Likely	3	3	6	9	12
	Possible	2	2	4	6	8
	Unlikely	1	1	2	3	4
			1	2	3	4
			Low	Medium	High	Very High
			Impact			

4.4. **'Red' risk headlines:**

### 4.5. Corporate Risk Register

4.6. Local plan is found unsound by the Inspector (Planning Policy).

4.7. Lack of resources constrains the Council's "business as usual" capacity (Strategy & Resources).

- 4.8. Lack of capacity in Planning Department negatively impacts performance and delivery of service, such as determining applications in statutory timeframes and managing complaints and FOIs (Planning Policy).
- 4.9. Inability of Council to make savings as identified in the Medium Term Financial Strategy and to balance the Council Budget in 2021/22 and 2022/23 (Strategy & Resources).

#### **4.10. Community Services Risk Register**

- 4.10.1. Trespass on council land leading to damage and nuisance.

#### **4.11. Planning Policy Risk Register**

- 4.11.1. Lack of five year housing land supply, including gypsy and traveller land.
- 4.11.2. Local Plan is found unsound by the Inspector.
- 4.11.3. Lack of capacity in Planning Department negatively impacts performance and delivery of service, such as determining applications in statutory timeframes and managing complaints and FOIs.
- 4.11.4. Failure to determine a Planning application within the statutory period.
- 4.11.5. Significant increase in number of Complaints and FOIs in Planning.
- 4.11.6. Local Plan needs further evidence, topic papers or main modifications prior to considering it sound dependent on how Council chooses to progress the plan following receipt of Inspector's letter.
- 4.11.7. Lack of capacity in Strategy team delays progress in planning policy workstreams.
- 4.11.8. Budget constraints in defending Public Inquiry appeals.

#### **4.12. Housing Risk Register**

- 4.12.1. No applicable risks.

#### **4.13. Strategy and Resources Risk Register**

- 4.13.1. Inability to maintain high standards of delivery for statutory services.

### **5. Comments of the Chief Finance Officer**

- 5.1. There are no direct financial implications arising from this report. However, the risks identified in the Corporate risk registers reported to individual policy committees and their mitigating actions may lead to additional resources and cost implications for the Council if they come to pass. The red risk headlines reported above represent the most severe risks to the Council with the greatest impact.
- 5.2. The key risks, their likelihood, impact and mitigation are identified in the Risk Register appendices reported to policy committees with each risk

allocated to a risk owner. Officers will continue to monitor operational risks and will look to escalate these if necessary.

- 5.3. Once identified, the impact of any additional cost pressures to reduce risk and / or improve performance will be shown in the monthly budget monitoring reports.

## **6. Comments of the Head of Legal Services**

- 6.1. There is no statutory duty to report regularly to Members on the Council's performance, however, as a best value authority under the Local Government Act 1999, the Council has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. Regular reporting of performance can assist the Council to demonstrate best value.

## **7. Equality**

- 7.1. This report contains no proposals that would disadvantage any particular minority groups.

## **8. Climate change**

- 8.1. This report contains no proposals that would impact on the Council's commitment to climate change.

## **9. Appendices**

- 9.1. None.

## **10. Background papers**

- 10.1. None.

----- end of report -----