



Please reply to:

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Date: 5 March 2021

Notice of meeting

Audit Committee

Date: Thursday, 18 March 2021

Time: 6.00 pm

Place: MS Teams conference call

To the members of the Audit Committee

Councillors:

L. E. Nichols (Chairman)
J.R. Sexton (Vice-Chairman)
A. Brar

S. Buttar
M. Gibson
H. Harvey

M.J. Madams

Councillors are reminded to notify Committee Services of any Gifts and Hospitality offered to you since the last Council meeting so that these may be entered in the Gifts and Hospitality Declaration book.

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RESPONSIBILITIES OF THE AUDIT COMMITTEE

Purpose

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process

Core Functions

- (a) To approve (but not direct) the internal audit's strategy, plan and performance.
- (b) To review summary internal audit reports and the main issues arising, and to seek assurance that action has been taken where necessary.
- (c) To consider the reports of external audit and inspection agencies.
- (d) To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- (e) To be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and to take actions required to improve it.
- (f) To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (g) To review the financial statements, external auditors opinion and reports to members, and monitor management action in response to the issues raised by external audit.

AGENDA

Page nos.

- 1. Apologies**
To receive any apologies for absence.
- 2. Minutes** **5 - 8**
To confirm the minutes of the meeting held on 26 November 2020.
- 3. Disclosures of Interest**
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.
- 4. External Auditors (BDO) update**
To receive a verbal update from Leigh Lloyd-Thomas and David Eagles, BDO External Auditors, on outstanding issues.
- 5. Report on the effectiveness of the system of internal audit** **9 - 24**
To note the Annual Review of Internal Audit Effectiveness, overall conclusions and any actions arising.
- 6. Annual Audit plan report 2021/22** **25 - 50**
To receive a report from the Internal Audit Manager.
- 7. MHCLG Pilot Survey on Capital Data**
To receive a verbal update from the Deputy Chief Executive.
- 8. COVID-19 Risk Considerations update** **51 - 102**
To receive an update on the COVID-19 Risk Considerations from the Internal Audit Manager.
- 9. Corporate Risk Management** **To Follow**
To note the report by the Internal Audit Manager and recommend the Corporate Risk Register to Cabinet for approval.
- 10. Committee Work Programme** **103 - 106**
To consider and approve the work programme for the municipal year

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**Minutes of the Audit Committee
26 November 2020**

Present:

Councillor L. E. Nichols (Chairman)
Councillor J.R. Sexton (Vice-Chairman)

Councillors:

A. Brar	J.T.F. Doran	M.J. Madams
S. Buttar	M. Gibson	

In attendance: Councillors C. Bateson, R. Dunn, S. Dunn and R. Noble.

Apologies: There were none.

276/20 Minutes

The minutes of the meeting held on 23 July 2020 and the minutes of the Extraordinary meeting held on 12 November 2020 were approved as a correct record.

277/20 Disclosures of Interest

There were none.

278/20 Corporate Risk Management

The Group Head of Corporate Governance reported that discussions had taken place to refine the Corporate Risk Register, however there had not been an opportunity to discuss these with the Internal Audit Manager. In view of this, the old format had been used on this occasion.

The Committee asked that the document was reformatted to make it easier to read on a mobile device and suggested ways to achieve this. The Group Head of Corporate Governance confirmed that the intention was to produce the register in a clear, concise, easy to read format and aimed to provide this at the next meeting in March 2021. Members of the Committee were conscious of the demands on officers at the present time and offered to assist.

The Committee were advised that some items had been escalated to a red risk rating due to the pandemic. Those risks were also included in the Covid-19 assessment. The Heathrow expansion had been removed from the risk register because of the current situation.

The Corporate Risk Register was considered to be an accurate reflection of the risks affecting the Authority and it was **resolved** that:

1. The contents of the Corporate Risk Register be noted and accepted;
2. The Corporate Risk Register be recommended to Cabinet for approval.

279/20 Interim Internal Audit Report 2020/21

The Group Head of Corporate Governance presented her report which summarised the work undertaken by Audit Services during the period July to November 2020 and provided the Council with assurance on the adequacy of its internal audit systems of control.

The Committee were advised that the services of Mazars, Audit Consultants, were occasionally used for audits and Reigate and Banstead Borough Council undertook fraud investigation work on the Council's behalf. The Committee requested more information about the nature of the appointment and work undertaken by the audit consultants, and were advised that this was part of a framework agreement which allowed flexibility to procure resource as and when required. They were paid a daily rate which was considered realistic and competitive. The Internal Audit Manager advised that there was an allocation within the budget for this provision and the budget had not been exceeded.

The Committee were advised that there had not been any work undertaken by the audit consultants during the period covered in the report and any work undertaken by Mazars was managed by the Internal Audit Manager.

The Committee questioned whether the team were under-resourced and if it would be more cost-effective to employ another full-time team member. They were advised that there were advantages to using consultants as it gave the opportunity to tap into specialist knowledge for various areas and also the ability to use on an ad hoc basis when necessary. However, the management of the team had recently changed and a review of the way they operated, the processes and resource was to be carried out. The Head of Corporate Governance agreed to report back to the Committee on the outcome of this.

The Committee requested that the financial costs section of future reports reflect the use of audit consultants so they were aware of any costs incurred.

The Committee considered that more detail could be provided on the accompanying Appendix 1 and that each item should be clear, concise and self-sufficient.

The Committee were concerned at delays relating to the team's audit of the business rates inspector function. They were advised that this was mainly due to the demands on teams as a result of the pandemic and also the time it takes to reach an agreed set of responses. It was acknowledged that there was a need to look at how the organisation engaged with audit. The Committee reiterated their support of the audit team.

The Committee agreed to note the interim Internal Audit report subject to the points raised above.

280/20 Covid-19 Risk Considerations

The Group Head of Corporate Governance reported that the Council's recognition of issues and positive response to the COVID-19 pandemic, including the current second outbreak, had been generally acknowledged. The recent Local Government Association Peer Review had highlighted the excellence of the Council's response.

The COVID-19 risk assessment had been updated to reflect the impact of the ongoing pandemic and a further item, local operating procedures and policies, was now considered a high risk. The Chief Finance Officer advised the Committee that delays in cascading of information and funding from the upper tier authority to districts and boroughs had created problems and the Council had found it necessary in some instances to work independently because of the urgency and necessity to support our residents, businesses and community. There were channels for issues to be discussed and solutions found but these could be slow-moving.

The Committee requested feedback from the survey undertaken of major businesses in the borough to give them a better understanding of their concerns and the impact of COVID-19 on their operations.

The Committee asked what measures were being taken to ensure staff wellbeing whilst homeworking and were advised that a number of measures had been put in place including managers receiving training on remote management and the importance of maintaining social and team bonds. They regularly contacted staff and were alert to issues they may be experiencing. Staff briefings were also held regularly to keep everyone updated and involved. Assessments of the homeworking environment had been carried out and equipment supplied as necessary.

The pandemic had provided opportunities for fraud and theft and the Committee asked what approaches were used to prevent these, including collaboration with other boroughs. They were advised that Reigate & Banstead Borough Council undertake counter-fraud work on our behalf and a number of teams meet regularly with their counterparts to discuss issues and share information so learn of emerging issues. They were also advised that teams use a variety of tools to help identify fraudulent activities.

The Committee asked of the methods used to alert residents to scams as they were concerned that the message may not reach all residents. The Communications team were actively using social media to highlight the risk and advise of known scams but it was acknowledged that elderly residents, in particular, may not use that mode of communication. It was agreed to look at other ways of alerting residents to potential scams.

The Committee considered the assessment to be a comprehensive assessment of the risks faced and actions taken to mitigate these. It was **resolved** to note the report.

281/20 Confidential Reporting Code

The Confidential Reporting Code (Whistleblowing Policy), which formed part of the Council's constitution, had previously been reviewed by officers in 2019 and areas identified for improvement. The Audit Committee had, at that time, agreed that the Code required updating and requested the Code was amended and brought back for further consideration. The Group Head of Corporate Governance explained that there had been a delay in carrying out this task due to a change in staffing and the COVID-19 pandemic.

The Code sets out how to raise serious concerns about any aspect of the Council's work, who to raise them with and how they should be dealt with. The Code was available on the Council's intranet and leaflets placed on internal notice boards. However as the majority of staff were currently working from home, consideration was to be given to how to raise awareness in view of this.

The amendments to the code centred around training for staff and the reporting process to be followed. It was considered essential for the culture of the organisation that staff felt able to report concerns and important that people understood how the process worked to feel confident to do so.

The Committee asked a number of questions and were advised that the whistleblowing policy was included as part of the induction training for new staff. Managers were trained to handle issues such as complaints, grievances and whistleblowing and refresher training was offered.

It was **resolved** to recommend the Code to Council for approval.

282/20 Committee Work Programme

The Committee considered its Work Programme for the remainder of the 2020-21 Municipal year.

It was agreed that the Committee would be informed of any developments regarding the external auditors' work and additional meetings arranged as necessary.

It was also agreed that the report on the Effectiveness of the System of Internal Audit listed for March 2021 would include commentary on the adequacy of team resource.

Resolved that the Committee Work Programme for the remainder of the 2020-21 Municipal year be approved.

Audit Committee

18 March 2021



Title	Annual Review of Internal Audit Effectiveness
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	<p>Audit Committee is asked to:</p> <p>1. Note the Annual Review of Internal Audit Effectiveness, overall conclusions and any actions arising.</p>
Reason for Recommendation	Not applicable.

1. Key issues

- 1.1 From April 2013, internal audit professional bodies including CIPFA adopted a unified set of Public Sector Internal Audit Standards (PSIAS). These are based on the Chartered Institute of Internal Auditors (CIIA) global Professional Practices Framework. The standards were updated further in 2017.
- 1.2 The internal audit activity at Spelthorne aspires to accomplish the Mission of Internal Audit defined in PSIAS '*To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight*' as set out in the approved Audit Charter of July 2019.
- 1.3 PSIAS require internal audit functions to carry out an annual self-assessment to determine conformance against the standards, and an independent external assessment to be undertaken at least every five years (the latter was undertaken in November 2018). The outcomes from the recent self-assessment including any areas for improvement are set out at Appendix 1. Whilst the review focuses on conformance to PSIAS for the 2019/20 financial year, given that we are now approaching the end of 2020/21 reference is also made to more recent activity where appropriate. The assessment incorporates the requirements of the PSIAS as well as the Local Government application note (LAGN).

- 1.4 The overall conclusion from the self-assessment undertaken in February 2021 by the Internal Audit Manager is that Spelthorne's Internal Audit function largely conforms with the PSIAS.
- 1.5 In developing an overall assessment of conformance with the PSIAS, the key consideration is how conformance with the detailed standards and Code of Ethics supports the evaluation of conformance with each of the core principles. These principles taken as a whole articulate internal audit effectiveness (as stipulated in PSIAS) and are listed at paragraph 1.6.
- 1.6 Core audit principles include:
- Demonstrates integrity
 - Demonstrates competence and due professional care
 - Is objective and free from undue influence (independent)
 - Aligns with the strategies, objectives, and risks of the organisation
 - Is appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance
 - Is insightful, proactive and future-focused
 - Promotes organisational improvement
- 1.7 Conformance with each of the ten core principles is set out at Appendix 1, together with any new proposed actions to ensure continuous improvement. Under principle 6 (Quality and continuous improvement) the current status of previous improvement actions is also outlined.
- 1.8 The improvement actions arising from the self-assessment undertaken in February 2021 to strive for even greater conformance with PSIAS and best practice are also highlighted below (as well as at Appendix 1) for speed of reference:

Principle 2. Demonstrates competence and due professional care.

2(i) The Council already supports the audit team in pursuing professional internal audit qualifications, recognising that this contributes to continually improving proficiency, effectiveness, and quality of services. This action is ongoing.

2(ii) Auditor skills and competencies framework to be completed to support ongoing monitoring of training and development needs.

Principle 3. Is objective and free from undue influence (independent).

3 (i) Spelthorne's organisation chart should be updated to incorporate the dotted lines between the Chief Audit Executive (Internal Audit Manager) and the Chief Finance Officer, and likewise to the Chief Executive.

3(ii) The Audit Charter was fully refreshed in July 2019 setting out the purpose, authority, responsibility, and mission of Internal Audit in adherence

to PSIAS requirements. Biennial review of the Audit Charter is already scheduled for July 2021 and will be further refreshed to reflect revised direct reporting arrangements that took effect from March 2020.

Principle 5. Is appropriately positioned and adequately resourced.

5.(i) The Group Head of Corporate Governance will be advising the Audit Committee on audit resourcing as part of her review of processes and resources.

Principle 6. Demonstrates quality and continuous improvement.

6(i). Future reporting could include the percentage of agreed audit recommendations implemented in a given period as this demonstrates a measurable outcome in terms of value added by the audit service.

6(ii). The CAE to reconvene periodical independent meetings with the Chair of the Audit Committee (at least one formal meeting a year as per PSIAS).

Principle 7. Communicates effectively.

7(i). Consistent timeliness of audit reporting needs to be considered as part of the audit resourcing review and scope for building greater capacity.

7(ii). Improving the timeliness of management responses to audit recommendations contributes to the efficiency of the audit process and is a consideration for the corporate management team and Audit Committee. It is recognised that organisational capacity remains significantly stretched across all service areas.

2. Options analysis and proposal

The Committee are asked to note the outcomes of the annual effectiveness review of the system of Internal Audit for 2019/20 and any improvement actions arising.

3. Financial implications

3.1 Resourcing implications in implementing improvement actions will need to be considered as part of the review of audit resourcing and processes being undertaken by the Group Head of Corporate Governance.

4. Other considerations

4.1 There are no specific considerations with reference to Equality and Diversity.

5. Sustainability/Climate Change Implications

5.1 An internal audit review of Climate Change is scheduled for March 2021 as part of the 2020/21 audit plan and will provide assurance on how the authority is addressing climate change risks and considering positive opportunities. This also demonstrates how Internal Audit is adhering to principle 4 of PSIAS *'Aligns with the strategies, objectives, and risks of the organisation'*.

6. Timetable for implementation

6.1 Timeframes for implementation of the improvement actions set out in this report under paragraph 1.8 and at Appendix 1 are to be discussed and agreed with the Group Head of Corporate Governance and the corporate management team.

Background papers:

Public Sector Internal Audit Standards (PSIAS).

**Public Sector Internal Audit Standards self-assessment incorporating the
Local Government Application Note**

**Appendices: Appendix 1 – Assessment of conformance to the core principles
of the Public Sector Internal Audit Standards**

Appendix 1 - Assessment of conformance to the core principles of the Public Sector Internal Audit Standards

For the purposes of PSIAS, ‘Senior Management’ refers to the corporate management team, the ‘Board’ refers to the Audit Committee and the ‘Chief Audit Executive’ (CAE) refers to the Internal Audit Manager.

<p>1.Demonstrates integrity.</p>			<p><u>Improvement Actions in adherence with PSIAS</u></p> <p>There are none arising.</p>
<p>Having regard to your review of conformance with the Code of Ethics (Integrity, Seven Principles of Public Life), do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating integrity?</p> <p><u>Evaluation and areas to highlight</u></p> <p>(i) Internal Auditors perform their work with integrity and are required to adhere to the PSIAS Code of Ethics in acting honestly, diligently and responsibly in performing duties. The Quality Assurance process (covered under principle 6) considers the adequacy of documentary evidence to support Auditor conclusions in the provision of any assurance.</p> <p>(ii) The Audit Charter and procedural manual refers to auditor’s responsibility to adhere to professional code of ethics, and thereby acting with integrity.</p> <p>(iii) Staff code of conduct and ethical behaviour – Standards of Public Life’s <i>Seven Principles of Public Life</i> apply to all Council employees as public servants.</p>			
<p>CONFORMS</p>	<p>PARTIAL</p>	<p>NOT CONFORMING</p>	
<p>2.Demonstrates competence and due professional care.</p>			<p><u>Improvement Actions in adherence with PSIAS</u></p> <p>2(i) The Council already supports the audit team in pursuing professional</p>
<p>Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?</p>			

<p><u>Evaluation and areas to highlight</u></p> <p>(i)The effectiveness of any Internal Audit Service depends significantly on the quality, training, and experience of its staff. Training and development needs of individual staff are identified through corporate performance management processes and monitored through supervision and feedback.</p> <p>(ii)The audit team collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities. The team hold considerable local government internal audit experience.</p> <p>(ii)The CAE holds the full chartered professional internal audit qualification (CMIIA) in accordance with PSIAS requirements, gained in 2002.</p> <p>(iii)Opportunities for seeking continuous professional development and gaining a professional internal audit qualification have been encouraged and supported across the audit function, to further enhance learning and supplement experience gained ‘on the job’.</p> <p>(iv) Specialist ICT audit expertise and other knowledge areas are sought to plug skills gaps in delivering the audit plan (co-sourcing).</p> <p>(v) Opportunities for building coaching skills across the audit team are also underway as part of the Council’s corporate approach to enhance management development.</p> <p>(v) Audit information obtained during a review or investigation is treated confidentially and access to such information is restricted.</p>			<p>internal audit qualifications, recognising that this contributes to continually improving proficiency, effectiveness and quality of services. This action is ongoing.</p> <p>2(ii) Auditor skills and competencies framework to be completed to support ongoing monitoring of training and development needs.</p>
<p>CONFORMS</p>	<p>PARTIAL</p>	<p>NOT CONFORMING</p>	
<p>3.Is objective and free from undue influence (independent).</p>			<p><u>Improvement Actions in adherence with PSIAS</u></p>
<p>Having regard to your review of conformance with the Code of Ethics (Objectivity, Seven Principles of Public Life) and any other evidence from the review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being objective and free from undue influence (independent)?</p> <p><u>Evaluation and areas to highlight</u></p>			<p>3 (i) Spelthorne’s organisation chart should be updated to incorporate the dotted lines between the Chief Audit Executive (Internal Audit Manager)</p>

<p>(i) The CAE has continued to promote the importance of objectivity and independence in delivering all aspects of internal audit activity. This ensures benefits to the authority are maximised, to provide the Chief Finance Officer (Section 151 Officer) with the key assurance he needs in managing the financial affairs of the authority as well as provision of effective assurance to the corporate management team and Audit Committee.</p> <p>(ii) PSIAS (<i>Standard 1110- Organisational Independence</i>) refers to the CAE reporting to a level in the organisation that is equal to or higher than the corporate management team. This represents an administrative (day to day) reporting line for the purpose of PSIAS. From March 2020, the CAE'S direct reporting line to the Group Head of Corporate Governance took effect.</p> <p>(iii) As part of further safeguards around preserving audit independence and objectivity, a new dotted reporting line from the CAE to the CFO was introduced in March 2020 and the dotted reporting line to the Chief Executive remains as before. Whilst this practice remains fully endorsed and supported, it is not however fully reflected in the organisational structure chart for the Council.</p> <p>(iv) The purpose, authority and responsibility of the internal audit activity is defined in an internal audit charter of July 2019. This refers to the CAE having direct and unrestricted access to senior management and the board, with free and unfettered access to the Section 151 Officer, Chief Executive and Chair of the audit committee. Therefore, these reporting arrangements preserve the CAE'S independence and objectivity.</p> <p>(v) In accordance with PSIAS the CAE reports functionally to the Board, on the basis that the board:</p> <ul style="list-style-type: none"> • approves the internal audit charter • approves the risk-based audit plan • receives several reports on internal audit activity 	<p>and the Chief Finance Officer, and likewise to the Chief Executive.</p> <p>3(ii) Biennial review of the Audit Charter is already scheduled for July 2021 and will be refreshed to include reference to revised direct reporting arrangements.</p>
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<p>(vi) The Internal Audit function remains independent from involvement in other operational activities, except for corporate risk management and corporate counter fraud oversight as highlighted in the Audit Charter. The Charter gives reference to safeguarding arrangements to ensure audit independence and objectivity is not compromised in view of these additional responsibilities.</p> <p>(vii) During 2020/21, audit team members were asked to undertake operational activities as part of the Council's corporate emergency response to the pandemic. Given the unprecedented challenges presented by the global pandemic, it was deemed necessary for Internal Audit to support the Council's front line and high-risk activities at a time of prioritised need.</p> <p>In addition, some ad hoc work was undertaken by a member of the audit team for a limited period at the request of the Group Head of Corporate Governance to support resource constraints in another service area. PSIAS stipulate that safeguards to preserve independence and objectivity should apply in such cases (so as not to impair Auditor's impartiality/unbiased assessment), and this has already been considered in terms of work allocations and if appropriate declarations as part of audit engagements.</p> <p>(viii) Relevant Disclosures - Annual Declaration of Interest submissions to ensure there are no personal connections that may impact auditor judgement (no interests have been disclosed by Auditors for 2019/20 or to date for 2020/21)</p> <p>(vix) Auditors are expected to disclose all relevant material facts as part of the audit process to ensure accurate reporting of activities under review.</p>			
CONFORMS	PARTIAL	NOT CONFORMING	
<p>4. Aligns with the strategies, objectives, and risks of the organisation.</p>		<p><u>Improvement Actions in adherence with PSIAS</u></p>	
<p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being aligned with the strategies, objectives, and risks of the organisation?</p>		<p>There are none arising.</p>	

Evaluation and areas to highlight

(i) A risk-based approach to audit planning is undertaken and the 2020/21 plan (prepared March 2020) aligned closely with the Council's emerging corporate priorities at that time, objectives and key corporate risks. Audit resource is prioritised and focussed on the most significant risks that impact the achievement of the Council's priorities, as well as other medium and higher risk areas identified from the audit planning process.

(ii) Reprioritisation and refreshing of the 2020/21 audit plan was undertaken in July 2020 to reflect the emerging risks relating to the pandemic workstream and new areas of audit focus were included.

(iii) As the CAE periodically coordinates and reports on the Corporate (Strategic) Risk Register, this awareness of the Council's significant risks inform audit work, ensuring greater alignment.

CONFORMS

PARTIAL

NOT CONFORMING

5. Is appropriately positioned and adequately resourced.

Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being appropriately positioned and adequately resourced?

Evaluation and areas to highlight

(i) There has been a change to Internal Audit's organisational position and administrative (line management) reporting arrangements from the latter part of 2019/20. See earlier comments under Principle 3 relating to Organisational Independence and Objectivity.

(ii) Audit Resourcing has previously been reported to the Audit Committee during 2019/20 and at the meeting of November 2019 the Audit Committee expressed their support for strengthening the level of audit resource.

(iii) The positioning of Internal Audit within the wider

Improvement Actions in adherence with PSIAS

5.(i) The Group Head of Corporate Governance will be advising the Audit Committee on audit resourcing as part of her review of processes and resources.

Corporate Governance department from March 2020 is intended to provide some resilience for the audit service whilst the resourcing issue remains under review. The Group Head of Corporate Governance will be advising further on resourcing for Internal Audit.

CONFORMS

PARTIAL

NOT CONFORMING

6. Demonstrates quality and continuous improvement.

Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating quality and continuous improvement?

Evaluation and areas to highlight

1. Annual self-assessments and externally validated self-assessments of conformance to PSIAS have formed an integral part of the Quality Assurance and Improvement Programme (QAIP) for Internal Audit. Identified actions have been reported to the corporate management team and Audit Committee as part of the annual review of internal audit effectiveness.

- 2. Progress on previous improvement actions reported in November 2019 are as follows:
 - (A) Periodical review and updating of the audit procedural manual to ensure it reflects current practices and operating arrangements (September 2019 and at various points during 2020/21). – *Action implemented*
 - (B) Independent meetings between the CAE and the former Chair of the Audit Committee were held during 2019 – *Action implemented*. This paused during 2020 as there was no appointed Chair for some months and furthermore the Audit Manager had a period of absence during the latter part of 2020.
 - (C) Preparation of an overall assurance framework (map) incorporating the three lines of defence is resource intensive and in line with best practice the strategic management team will be responsible for owning this framework and allocating resources to undertake the groundwork for this corporate task.

Improvement Actions in adherence with PSIAS

- 1. Future reporting could include the percentage of agreed audit recommendations implemented in a given period as this demonstrates a measurable outcome.
- 2. The CAE to reconvene periodical meetings with the Chair of the Audit Committee (at least one formal meeting a year as per PSIAS)

Any such framework does need to be developed over time, requiring input from various Services including Internal Audit. *Status- This corporate piece of work has not progressed as priority needs to be given to supporting the pandemic response and recovery across all Service areas. Organisational capacity is stretched. Consideration has however been given to alternative sources of assurance as part of the audit planning process as this contributes to decisions around inclusion of work areas on the plan i.e., where reliance can be placed on alternative sources of assurance then audit reviews may not be undertaken or treated with less priority.*

(D)A review of organisational Culture and Ethics forms part of the 2020/21 audit plan and is scheduled for March 2021. – *Action underway*

(E)An audit strategy document to supplement the audit charter and set out how the audit service will be delivered and developed. *Status – This is currently outstanding. The strategy document will also set out the purpose and vision of Internal Audit and its links to organisational objectives and corporate priorities under development.*

3. Internal Audit’s activity and performance is managed through the Council’s corporate performance management framework and key targets include statutory reporting to the Audit Committee (3 times a year) as well as regular updates to External Audit.
4. All audits undertaken are subject to a quality review process by the CAE, giving due regard to compliance with audit processes and risk-based methodologies set out in PSIAS when performing engagements and delivering audit objectives.

CONFORMS	PARTIAL	NOT CONFORMING
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7.Communicates effectively.

Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by communicating effectively?

Evaluation and areas to highlight

Internal Audit communicate the results of engagements and opinions in an appropriate way.

(i) The CAE delivered an evidence based annual internal audit opinion for 2019/20 on the overall adequacy and effectiveness of the organisation’s internal control environment, risk management arrangements and governance framework. This is a key outcome of internal audit activity and formed part of the annual audit report and Annual Governance statement for 2019/20.

(ii) Draft reports are discussed with the appropriate levels of management to confirm factual accuracy, seek comments, and confirm the agreed management actions.

(ii) Communications of engagement results to appropriate parties include objectives and scope, applicable conclusions and recommendations arising prioritised according to perceived risk.

(iii) Assurance opinions are supported by sufficient, reliable, relevant, and useful information.

(iii) Monitoring processes are in place to follow up the status of agreed audit recommendations with subsequent reporting to the corporate management team and Audit Committee.

(iv) Communications are generally accurate, objective, clear, concise, constructive, complete, and timely. There are occasions where the timeliness of issuing reports is impacted by limited audit capacity and resourcing particularly during periods of competing work priorities. This links with principle 5 above (audit resourcing). This theme is also applicable across service areas as there have been cases of delayed management responses to audit reports, causing delays in finalising the audit process. Escalation procedures are in place and invoked as necessary.

Improvement Actions in adherence with PSIAS

1.Consistent timeliness of audit reporting needs to be considered as part of the audit resourcing review and building greater capacity.

2.Improving the timeliness of management responses to audit recommendations is a consideration for the corporate management team and Audit Committee. It is recognised that corporate capacity remains stretched.

CONFORMS

PARTIAL

NOT CONFORMING

8.Provides risk-based assurance.

Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by providing risk-based assurance, based on adequate risk assessment?

Evaluation and areas to highlight

(i)A risk-based approach is applied to determine the annual audit plan of activity through consultation with Group Heads and Managers. The planning process also takes into account the Corporate Risk Register representing the Council’s most significant risks, corporate priorities, budget implications, any known system weaknesses or vulnerabilities, fraud and irregularity etc. Any reprioritisation of the plan during the year takes account of the level of risk associated with an auditable area.

(ii) Risk Based auditing methodology is applied to assurance reviews. This facilitates the identification and assessment of risks that may impact on the achievement of service objectives, evaluating the effectiveness of control processes operating to manage and mitigate those risks and where appropriate issuing audit recommendations to enhance organisational controls, reduce risk and improve governance arrangements. In the provision of independent risk-based assurance, Internal Audit therefore uses a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation in adherence to PSIAS.

(iii) Assurance opinions are provided for each audit review to indicate the level of assurance provision.

(iv)Audit recommendations are risk rated to indicate prioritisation for action (Low/Medium/High).

Improvement Actions in adherence with PSIAS

There are none arising

CONFORMS	PARTIAL	NOT CONFORMING
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<p>9.Is insightful, proactive, and future-focused.</p>			<p><u>Improvement Actions in adherence with PSIAS</u></p> <p>There are none arising.</p>
<p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being insightful, proactive, and future-focused?</p> <p><u>Evaluation and areas to highlight</u></p> <p>There are examples of Internal audit being proactive, insightful, and future-focused by advising on emerging and evolving risks (including in the pandemic environment), new systems, processes and projects, thereby adding value to the Council. The importance of Internal Audit’s involvement in these advisory activity areas continues to be recognised and promoted by the internal auditing profession. Audit resourcing levels and capacity may however impact the level of proactive advice and input that the team can provide.</p>			
<p>CONFORMS</p>	<p>PARTIAL</p>	<p>NOT CONFORMING</p>	
<p>10.Promotes organisational improvement.</p>			<p><u>Improvement Actions in adherence with PSIAS</u></p> <p>There are none arising.</p>
<p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by promoting organisational improvement?</p> <p><u>Evaluation and areas to highlight</u></p> <p>There are various examples of Internal Audit promoting organisational improvement.</p> <ul style="list-style-type: none"> (i) Internal Audit issue recommendations to enhance organisational controls, reduce risk and improve governance arrangements across a wide range of auditable areas. (ii) Each audit review represents a unique piece of work tailored to the specific risks and audit objectives, aimed to achieve quality outcomes (we don’t simply apply a checklist approach). (iii) During the recent Financial Peer Review undertaken by the Local Government Association 			

<p>positive verbal feedback was provided regarding the varied work programme (audit plan), incorporating topical and relevant areas of work.</p> <p>(iv) During 2020/21 the CAE initiated a complimentary software trial on data analytics in collaboration with Finance colleagues. This will consider scope for improving the identification of potential fraud and error for trade creditors (such as duplicate payments), with a view to reducing financial losses for the authority. From early discussions the software provider has demonstrated potential for savings and the work is in progress with data validation underway by the Finance team, prior to considering next steps with key stakeholders.</p>		
<p>CONFORMS</p>	<p>PARTIAL</p>	<p>NOT CONFORMING</p>

Punita Talwar
Internal Audit Manager
February 2021

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Audit Committee

18 March 2021



Title	Internal Audit Annual Plan 2021/22 and update on 2020/21 audit workplan
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	<p>Audit Committee is asked to:</p> <ol style="list-style-type: none"> 1. Approve the annual internal audit plan for 2021/22 2. Note the update summary on the 2020/21 audit workplan
Reason for Recommendation	Not applicable

1. Key issues

Audit Planning 2021/22

- 1.1 Accounts and Audit Regulations 2015 require local authorities 'to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, applying mandatory public sector internal auditing standards or guidance'.
- 1.2 Internal Audit is defined 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." (Public Sector Internal Audit Standards).
- 1.3 This report sets out the work planned by Internal Audit during 2021/22 to fulfil its statutory and professional requirements. In view of the ongoing pandemic focus will be given to COVID-19 related workstreams around response and recovery, emerging risks across service delivery, whilst also auditing higher risk areas that align with Spelthorne's corporate priorities.

- 1.4 A copy of the Internal Audit Annual Plan (2021/22) based on the 'prioritised audit need' is attached at Appendix 1. This includes key categories relating to:
- audit assurance assignments
 - audit support and advisory work
 - Audit Committee - statutory requirements/processes and reporting
 - audit follow up (recommendations)
 - corporate roles and responsibilities (corporate risk management and corporate counter fraud)

There are other additional tasks that support the delivery of a professional audit service and some of these are likely to be unforeseen / reactive by nature, whilst adding value.

- 1.5 It is considered that the proposed audit work as detailed in the Annual Audit Plan together with other corporate matters can be undertaken with the current resource level with 50 contractor days. Contractor support is within the current budget and relates to those more specialist area such as IT.
- 1.6 It is acknowledged that there is 20 days of work planned to complete this year's Audit Plan in the first quarter of 2021/22. This carry over of work has materialised due to the impact of Covid on the work of the authority and resources being diverted to that effort, as well as a period of absence in the team during the third quarter of 2020/21.
- 1.7 A priority rating (A or B) for undertaking proposed assignments has been recommended in the audit plan at Appendix 1. There is also reference to key risk considerations and audit objectives for each audit assignment or planned advisory area.
- 1.8 When referring to the overall assurance framework, Group Heads and Managers represent the first line of defence and are accountable for establishing and maintaining appropriate systems of internal control. Independent assurance provided by Internal Audit (third line of defence in the overall assurance framework) will continue to focus on the effectiveness of the control environment in managing risk at all levels, supported by appropriate verification processes. Audit findings during 2021/22 will be raised with senior management, and recommendations aimed at enhancing control processes and reducing risk will be reported to the Audit Committee.
- 1.9 Internal Audit findings will form the basis of the annual audit opinion for 2021/2022 on the adequacy of the authority's control environment which feeds into and underpins the Annual Governance Statement. To enable the Internal Audit Manager to provide an independent evidence based annual audit opinion, **there needs to be a sufficient quantity and breadth of audits undertaken to ensure reasonable coverage of auditable areas on which to form an effective opinion.** This is therefore an important factor for consideration in the Audit Planning process.

1.10 Further background regarding the audit planning process is set out below:

- (a) All auditable areas are identified (known as the 'Audit Universe', consisting of around 80 discrete areas). These broad categories include:
- Significant risks included in the Corporate Risk Register
 - Corporate systems and processes
 - Financial and fraud risks
 - Fundamental financial systems
 - Functions operating within service areas
 - Information governance and security
 - Asset acquisitions and Investments
 - Key Council projects
 - Preparedness for significant legislative changes / government led initiatives
- (b) Group Heads and Managers have been consulted during the audit planning process (January/February 2021) to discuss emerging risks and consider review areas for inclusion in the plan.
- (c) An audit needs assessment is undertaken, and audit work is prioritised which is related to factors such as high-level risk evaluations, budgetary implications, value/volume of transactions, known system weaknesses and vulnerabilities, fraud risk or previous irregularities, changes in personnel, time elapsed since last audit, alternative sources of assurance, management requests for Internal Audit input and audit resource available.
- (d) In establishing audit priorities for 2021/22 focus continues to be given to ensuring alignment with Spelthorne's emerging corporate priorities and objectives and the more significant risk areas. Best practice guidance from professional auditing bodies regarding topical organisational risk areas for 2021 (based on extensive research) has also been reviewed, ensuring the inclusion of cybersecurity, regulatory change and compliance and financial and liquidity risks in Spelthorne's audit plan.
- (e) Some areas identified during the audit plan consultation process have not been incorporated within the 2021/22 audit plan. These will be subject to consideration in future years and form part of the longer-term audit plan/strategy.

Status of Audits from 2020/21 Audit Plan and other work

1.11 Since previous reporting to the Audit Committee in November 2020, the key work areas undertaken by the audit team from December to February 2021 include the following:

- Audit scoping, fieldwork, and management of audit assurance reviews.
- Commissioning audit contractor resource following consideration of alternative service providers, to provide enhanced specialist skills and

support delivery of the audit plan. Regular liaison with appointed service provider.

- Internal audit planning for 2021/22 and preparation of the risk-based audit plan.
- Annual review of internal audit effectiveness and assessment of conformance to PSIAS.
- Covid-19 Risk Considerations - updates, coordination, and reporting.
- Corporate Risk Management – revising format of the register; preparing an executive summary of the Corporate Risk Management Policy (subject to review by the Audit Committee).
- Corporate Counter Fraud oversight, including liaison with service provider and the legal team, MAT reporting relating to additional investment, collation of financial fraud returns for high-risk public fraud activity;
- Audit Follow Up of recommendations
- Advisory work (re-active and pro-active) and attendance at various working groups
- Exploring Data Analytics software trial for trade creditors

1.12 At February 2021 the following audit assurance reviews have been completed:

- Finalisation of priority audits brought forward from 2019/20
- Procurement - follow up review and supplier analysis (Final report issued January 2021)
- Covid-19 Pandemic Workstream – Support 4 Spelthorne Welfare Hub & Additional Expenditure (Final report issued January 2021)
- COVID-19 -19 Pandemic workstream – Business Support Grants (Draft Report issued December 2019)
- Core Financial System - Creditors (Draft Report issued February 2021)
- Core Financial System - Treasury management (Fieldwork completed end of February and draft report to be issued shortly)

1.13 The following audits are scheduled to be undertaken from March 2021, some of which will be undertaken by an external service provider to support delivery of the plan:

- ICT Audit – Health check and general control processes
- ICT Audit – Network Infrastructure
- Workplace Culture and Ethics
- Climate Change
- Commercial Assets and Investments
- Property Development
- Core Financial System – Debtors, to incorporate a review of income processes relating to the Community Infrastructure Levy (CIL)
- Housing Benefits Overpayments (depending upon auditee availability)

1.14 The pandemic response has created additional pressures across all service areas of the Council, requiring some reprioritisation of audit work. At the request of Management the planned audit of Emergency Planning has been deferred to 2021/22 and the Communications Audit has been deferred to

2022/23. In view of the planned audit of Debtors has been expanded to incorporate a review of CIL income and a planned review of Housing Benefit Overpayments has been brought forward.

2. Options analysis and proposal

The Group Head of Corporate Governance and the audit team are working to consider how the audit process can be streamlined to provide the Council with the assurance needed but to provide added value to the Council as a whole.

Financial implications

- 2.1 The Internal Audit Annual Plan includes reviews of functions and systems that are financially material and therefore represent greater risk to the authority.
- 2.2 Externally commissioned resource to support delivery of the 2021/22 audit plan is approx. 50 Days and will be funded from the audit contractor budget of £20k. Externally commissioned resource to support delivery of the 2020/21 audit plan is approx. 66 Days and is being met from the existing audit contractor budget of £20k plus an approved carry forward amount from 2019/20 for ICT Audit work.
- 2.3 It is not known at the start of any given year, there may be a requirement to bring in subject matter experts and Investigators to undertake or support special investigations (for relating to suspected internal fraud or irregularity). There is insufficient capacity within the Internal Audit team to undertake the whole process, given that investigations are often by their nature very resource intensive. Where appropriate, support will be sought through collaborative working arrangements with Reigate and Banstead Council's counter fraud team. This may need to be supplemented with subject matter expertise depending upon the nature of the suspected fraud or irregularity for which there is currently no budget and it is difficult to quantify an overall estimated cost for 2021/22 (unforeseen works).

3. Other considerations

- 3.1 The Internal Audit Annual Plan has focussed on the areas of higher priority and given due consideration to current and emerging risk (and opportunities) facing the Council during 2021/22.
- 3.2 The Plan is intended to be flexible and agile to consider changing priorities according to perceived risks. This is particularly relevant in the current pandemic environment and uncertainty that prevails.

4. Sustainability/Climate Change Implications

- 5.1 An audit review of Climate Change is scheduled to commence in March 2021 and any recommendations arising will be reported to Audit Committee in July. These will aim to support continued sustainability and climate change measures.

6. Timetable for implementation

- 6.1 The Internal Audit Annual Plan sets out work to be undertaken by the Internal Audit team during the 2021/22 financial year. Group Heads and Managers have been consulted on the most opportune timing to conduct these reviews for the authority to gain maximum value from the audit process. Where there has been early indication of preferred timing from colleagues this has been recorded at Appendix 1.

Background papers: There are none

Appendices:

Appendix 1 – Internal Audit Annual Plan 2021/22

Appendix 2 Audit Recommendations (Open or Closed)

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
<p>1. COVID-19 Pandemic Response and Recovery workstream: (PRIORITY A) (i) Business Support Grants</p> <p>Corporate Priority Area - 'Economic Development and Recovery'</p>	IN-HOUSE	15	Customer Services (Business Rates) & Economic Development - Quarter 1	A number of new processes continue to emerge as part of the Authority's COVID-19 response and recovery effort. Independent assurance is recommended for higher risk areas to confirm activities have given due regard to adequate control processes and risk mitigation measures in safeguarding public funds. Business Support Grants remains a significant area with new and ongoing schemes.	Significant financial value associated with Business Support Grants administered on behalf of the Government (initial phase of payments made exceeds £13m); when new processes are set up within tight timeframes to respond to need there are increased risks of controls being compromised or overridden; complexity in administering multiple grant categories in adherence to government guidance; Fraud and Error leading to financial losses/reputational damage; delayed funding from central government impacts expected timeframes for delivery.	Key controls operating will be reviewed and tested to ensure eligibility, validity and accuracy of grant payments. Assessment of mitigation measures implemented to minimise fraud, bribery and error as well as adequacy of response (where fraud suspected or identified). Assess Business Support Grants administered (sample testing only) comply with central Government guidance, incorporate key expected controls and that pre-payment and post-payment assurance frameworks are effectively implemented.
2. COVID-19 Pandemic Response and Recovery	IN-HOUSE	8	Several Service Areas – Quarter 1	Significant reductions in Council revenue streams	Significant reductions in Council revenue streams with ongoing impact on the	Monitor initiatives and measures being taken to promote ongoing

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
workstream: (PRIORITY A) (ii) Council revenue streams (including Services generating fees and charges) and planning for future service delivery Corporate Priority Area - 'Recovery'				have arisen as a result of Covid-19 (including Services generating fees and charges). Ongoing financial implications are highlighted by the Chief Finance Officer as part of monitoring and reporting to Members on the financial strategy.	Council's financial position; long term changes to consumer behaviour will affect generation of future income - fees and charges and other revenue streams.	financial recovery for key income generating service areas during challenging times.
3. COVID-19 Pandemic Response and Recovery - Risk Considerations (PRIORITY A) Corporate Priority Area - 'Recovery'	IN-HOUSE	10	Internal Audit in consultation with Group Heads and Managers; Coincides with Audit Committee reporting - 3 times a year March, July & November	Observations, risk considerations and wider / long term implications have been set out which may continue to evolve. Articulating the risks (and opportunities) emerging and evolving from COVID-19 in a documented risk	These have been identified and set out in the risk assessment, include a range of broad risk categories as well as specific risk areas and mitigation/control measures to manage risks. Some risks link closely to corporate priorities such as Financial Sustainability and Economic Development.	Development and facilitation of risk assessment work to continue to support the authority during the pandemic environment and as part of ongoing recovery phases. To ensure adequate arrangements are in place to identify, manage, prioritise, monitor and report on COVID-19 risks

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
				assessment.		and opportunities emerging and evolving, supporting ongoing organisational resilience. Ensure the most significant risks (and opportunities) arising are prioritised for action and that application of positive practices arising from the lockdowns / new ways of working continue to apply.
4. Corporate Health and Safety (REGULATORY) (PRIORITY A)	IN-HOUSE	10	Health and Safety – Quarter 2 (no preference indicated)	Audit due - last audited in 2018. Significant risk implications. The pandemic has highlighted the criticality of having robust Health and Safety arrangements to safeguard staff and wider communities.	Serious injury or fatality; liability claims against the Council and/or individual officers may result in legal proceedings, reputational damage and financial losses; insufficient measures to protect staff and wider communities in the pandemic environment.	To ensure robust Health and Safety plans and arrangements are in place to safeguard staff and wider communities; to ensure effective coordination, implementation, reporting and monitoring of Health and Safety measures (including those relating to Covid-19) across key Service

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
						Leads.
<p>5. Emergency Planning (REGULATORY)</p> <p>(PRIORITY A)</p> <p>Audit Review deferred from 2020/21 at request of Management</p>	IN-HOUSE	11	Comm & Transformation - Quarter 4	Audit due - last audited in 2016. Corporate Risk area. The pandemic has highlighted the criticality of having robust Emergency Planning arrangements to assist in any Emergency response effort.	Examples include a major Disaster in the Borough, such as flooding / fire or global pandemic, resulting in significant strain on delivery of council services and impact on wider community / Borough and beyond.	Review adequacy of arrangements in place for Emergency Planning and monitoring of service provision by 3rd Party / collaborative working. Assess the level of emphasis given to pandemic scenarios / crisis response planning. Consider how any "lessons learnt" from the COVID-19 emergency response may help to further enhance future Emergency Planning arrangements.
<p>6. IT Audit (Cyber Security) (INFORMATION TECHNOLOGY)</p> <p>(PRIORITY A)</p>	CONTRACTOR	12	Comm & Transformation - Quarter 4	3-year ICT Audit Plan agreed from 2019/20 to 2021/2022 following Audit Needs Assessment. Also highly recommended for	Heightened risk of cyber / security threats in the current pandemic environment continues as opportunists take advantage of vulnerabilities.	To ensure the Council has robust control processes, defences, policies and monitoring procedures in place to minimise the risk and reduce the impact of cyber security

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
				regular inclusion in audit plans by professional auditing bodies (based on research into key risks facing organisations across all sectors for 2021).		threats/attacks, giving consideration to specific threats such as Malware/trojan virus/phishing and identity theft; to ensure that response and recovery plans (should cyber-attacks occur) are regularly reviewed; to ensure awareness raising of cyber security threats continues amongst all Council staff and that this is maintained with the rapidly emerging risks in this area.
7. Income Generation - Commercial Assets & Investments FINANCIAL RESILIENCE COMMERCIALISATION (PRIORITY A)	CONTRACTOR	12	Regeneration & Growth - Quarter 3 or 4	Annual Cycle. Significant financial value. Corporate Priority Areas. Corporate Risk Register.	Failure to effectively identify service needs upfront, resulting in developments that are not suitable to meet long term community requirements. Inadequate monitoring arrangements in place for ongoing property development work, resulting	To ensure robust arrangements are in place towards achievement of the housing delivery programme and that the associated systems and processes are operating effectively, giving due regard to key governance

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
Corporate Priority Area - 'Recovery'					in reduced quality outcomes and / or delays in the housing delivery programme increasing pressures in this area; poor value for money from contracted works; failure to meet regulatory requirements. There may be an increased emerging risk associated with untimely delivery of the work programme and completed developments (translated to housing units). The dependencies on Contractors / Suppliers / materials / Consultants / Workforce availability as well as Health and Safety measures are ongoing considerations during and beyond the pandemic and following the departure from the EU.	requirements. Advise as appropriate and monitor any emerging risks / new practices. Continue to assess COVID-19 Risk and Control implications. Consider Financial Peer review (LGA) recommendations of January 2021.

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
<p>8. Income Generation - Property Development</p> <p>(BUSINESS DEVELOPMENT / HOUSING DELIVERY)</p> <p>(PRIORITY A)</p> <p>Corporate Priority Area - Affordable Housing; Supporting communities</p>	CONTRACTOR	12	Regeneration & Growth - Quarter 3 or 4	Annual Cycle. Significant financial value. Corporate Priority Areas. Corporate Risk Register.	Failure to effectively identify service needs upfront, resulting in developments that are not suitable to meet long term community requirements. Inadequate monitoring arrangements in place for ongoing property development work, resulting in reduced quality outcomes and/or delays in the housing delivery programme increasing pressures in this area; poor value for money from contracted works; failure to meet regulatory requirements. There may be an increased emerging risk associated with untimely delivery of the work programme and completed developments (translated to housing units). The dependencies on Contractors / Suppliers / materials / Consultants / Workforce availability as well	To ensure robust arrangements are in place towards achievement of the housing delivery programme, and that the associated systems and processes are operating effectively, giving due regard to key governance requirements. Advise as appropriate and monitor any emerging risks/ new practices. Continue to assess COVID-19 Risk and Control implications. Consider Financial Peer review (LGA) recommendations of January 2021.

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
					as Health and Safety measures are ongoing considerations during and beyond the pandemic and following the departure from the EU.	
<p>9. Economic Development</p> <p>(PRIORITY A)</p> <p>Corporate Priority Area - 'Recovery'</p>	CONTRACTOR	12	Comm & Transformation Neighbourhood Services - Quarter 4	Significant and prevailing risk area arising from Covid-19. Links with COVID-19 recovery workstream. Corporate Priority Area. Corporate Risk Register.	Economic recession forecast to be the worst in 300 years with detrimental impact locally, nationally and globally; long period of economic recovery; rising unemployment levels places increasing demands on a range of Council Services; significant economic impact on local area due to proximity to Heathrow airport; economic recovery adversely impacted by extended lockdowns; changing consumer behaviours are likely to have long term implications for the High Street / Town Centres.	Review the Councils plans, activities, reporting arrangements and monitoring mechanisms for supporting medium and long-term economic recovery.

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
<p>10. New Committee System</p> <p>(GOVERNANCE)</p> <p>(PRIORITY B)</p>	IN-HOUSE	9	Committee Services Corporate Governance - Quarter 3	New Area - not previously audited. Audit input has been requested.	Key objectives of the new Committee system of governance are not effectively achieved, impacting the overall success of the project; delayed or weak decision-making processes may impact council business and timeframes; delivery of the project is time critical to ensure smooth transition.	To consider robustness of the new Committee system due to be implemented in May 2021. Assess in terms of delivering governance objectives around transparency / accountability etc and enabling strengthened decision making. (Note this audit work is not intended to be a post-implementation review but may assist to feed into this post project phase due to be undertaken by the Committee Services team)

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
11. Core Financial System - Treasury Management (FINANCIAL) (PRIORITY A)	CONTRACTOR	13	Accountancy - Quarter 3 or 4	Annual Cycle (Significant value / volume of transactions)	Core Financial Systems - Financial losses and reputational damage due to increased risks of fraud and error in the current pandemic environment; collusion, theft, data manipulation, inefficient processes or relaxation of controls in remote working environment. Discrepancies between feeder systems and the main accounting system / general ledger are not identified / resolved promptly. System integrity issues may result in unsatisfactory customer experience and loss of confidence. Reduction in collection rate due to the pandemic.	Key expected controls will be reviewed and tested for core financial system audits of Treasury Management, Creditors, Payroll and Council Tax. Assess COVID-19 Risk and Control implications for the administration of core financial activity including increased levels of spend; reduced revenue and impact of deferred recovery action on income due; decrease in overall collection rates arising from schemes such as Council Tax assistance; cash flow challenges; reduced opportunities to maximise investment returns; financial losses.
12. Core Financial System - Creditors (FINANCIAL)	IN-HOUSE	13	Accountancy - Quarter 3	Annual Cycle (Significant value / volume of transactions)	As detailed above	As detailed above

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
(PRIORITY A)						
13. Core Financial System - Payroll - to incorporate HR recruitment and on- boarding processes (FINANCIAL) (PRIORITY A)	IN-HOUSE	12	Comm & Transformation Human Resources & Payroll – Quarter 3 or 4	Annual Cycle (Significant value / volume of transactions)	As detailed above	As detailed above
14. Core Financial System – Main Accounting (FINANCIAL) (PRIORITY B)	IN-HOUSE	5	Accountancy - Quarter 3 or 4	Audit scheduled every 2 to 3 years. Light touch review to facilitate identification of key risks and control measures (assurance template).	As detailed above	As detailed above
15. Core Financial System – Council Tax (FINANCIAL)	IN-HOUSE	12	Customer Services - Quarter 3	Audit scheduled every 2 to 3 years. Introduction of Council Tax	As detailed above	As detailed above

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
(PRIORITY A)				Assistance Scheme from 2020 relating to the pandemic response.		
16. Budget Process (FINANCIAL) (PRIORITY B)	IN-HOUSE	6	Accountancy - Quarter 1 or 2	Some audit input has been requested.	If the budget process does not align with corporate processes the Council's activities may not reflect Corporate or Service priorities; increased financial pressures in the current environment accelerate the need to seek opportunities for continued efficiencies.	To provide audit input to a planned review of the budget process, advising as appropriate on budgetary approaches and ensuring mechanisms are established for effective coordination with corporate processes.
17. Completion and finalisation of prioritised audit assignments from 2020/21 (PRIORITY A)	IN-HOUSE	20	Various service areas – Quarter 1	Completed audits will feed into the annual assurance opinion of the authority's control environment for 2020/21.	Previously reported in 2020/21 Plan.	Previously reported in 2020/21 Plan.

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
18. Audit support – Planned Advisory work (PRIORITY B)	IN-HOUSE	17	Corporate initiatives and Service Areas - Quarter 1 & some work may be ongoing during the year	<ul style="list-style-type: none"> (a) Monitor progress with key Corporate Initiatives (b) Service Requests: <ul style="list-style-type: none"> (i) Council's preparedness for new Building Safety Bill 2022 (ii) Liaison with Environmental Health on meeting statutory obligations in the current pandemic (iii) Housing information systems (iv) Neighbourhood Services - 	<p>(b) Service Requests:</p> <p>These relate broadly to increased responsibilities and liabilities for local authorities associated with emerging legislation (Building Safety Bill); adherence to statutory requirements; incomplete information across systems may impact the effectiveness of decision making; health and safety risk considerations. Other specific risks will be identified further as part of advisory and monitoring work undertaken.</p>	<ul style="list-style-type: none"> (a) Audit oversight on significant corporate initiatives, advising as appropriate on risk and control implications. (b) Collaborating with Managers to provide insight on specific service requests with a view to highlighting any key matters arising

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
				Transport (across operations such as Refuse Collection and Street Cleansing)		
<p>19. Statutory Reporting - Audit Committee & Member liaison meetings</p> <p>(PRIORITY A)</p> <p>(Various associated processes including annual audit planning, annual internal audit effectiveness review, annual audit report, audit opinion and input to the AGS, audit charter review, progress reports, Audit Committee training etc)</p>	IN-HOUSE	43	Internal Audit, Committee work programme and reporting 3 times a year plus ongoing liaison as required during the year.	Mandatory Public Sector Internal Audit Standards (PSIAS)	If Internal Audit do not report periodically to the Audit Committee, this will reduce the effectiveness of the Authority's governance arrangements, reduce visibility of the Council's risks and outcomes from Internal Audit's independent assurance work	In accordance with the Audit Committee work programme including Plans, Charter, progress reports, annual effectiveness review, annual audit report and opinion, governance reporting etc

INTERNAL AUDIT PLAN 2021/22

AUDIT AREA (identified as part of audit needs assessment) audit support & reporting	CONTRACTOR / IN-HOUSE AUDIT RESOURCE	TIME BUDGET (DAYS)	SERVICE LEAD AREA & PLANNED TIMING	COMMENTS / CONSIDERATIONS	KEY RISK CONSIDERATIONS	OUTLINE OBJECTIVES (an evaluation of risks & controls will form part of the audit process to include an assessment of COVID-19 implications)
20. Audit Follow Up (PRIORITY A)	IN-HOUSE	11	Internal Audit, Committee work programme and reporting 3 times a year	Periodical follow up of audit recommendations forms part of audit standards and key monitoring processes (PSIAS). It contributes to demonstrating value added in mitigating / managing Council risks.	If medium to high-risk audit recommendations are not implemented this will impact the robustness of internal control systems, risk management and governance arrangements.	To ensure that where audit recommendations have been agreed by Management, they are being implemented. Reporting to the Corporate Management Team and Audit Committee on the status of audit recommendations and direction of travel, in particular any medium / high risk recommendations that remain outstanding.

INTERNAL AUDIT PLAN 2021/22

Total Audit Days - Assignments, Audit Support & Statutory Reporting	265
Corporate Roles:	
Corporate Counter Fraud	40
Corporate Risk Management	
All other work to support the authority and delivery of the Internal Audit Service (See below)	
Contingency / unforeseen work (Confidential Investigations; ad hoc advice to Management on emerging risks / new and developing processes); V-BEC and staff Briefings / Working groups / External Audit liaison / Plan monitoring / Team & Service Management / Contractor appointments and Monitoring / Corporate tasks / Professional and CPD training / miscellaneous tasks	124
Total plan Days	429
Current Resource available in Days (1.75 FTE plus Contractor)	429
Shortfall in Days	0
Days Available After Deduction for Annual Leave & Bank Holidays & Sickness Absence Provision	
PT - Part Time 0.75 FTE	161
PP - Full Time 1 FTE	218
Contractor	50
Total	429

**AUDIT RECOMMENDATIONS
(OPEN / CLOSED)**

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit *	Accountable Officer(s)	Number of Recs / Proposals	Audit Follow Up
Procurement Follow up February 2021 (Final)	Major Improvement Needed	Group Head Corporate Governance	8 areas of recommendations	A number of recommendations are subject to approval of the changes to the CSOs and Constitution in May 2021 (OPEN)
Creditors January 2021 (Draft)	Some Improvement Needed	Chief Accountant / Creditors Manager	7	In discussion with the Section 151 Officer – CFO / Deputy Chief Executive (OPEN)
Business Support Grants January 2021 (Proposed Final)	Major Improvement Needed	Section 151 Officer – CFO / Deputy Chief Executive	2	1 - Implemented 1 –In discussion with the Section 151 Officer – CFO / Deputy Chief Executive (OPEN)
Support4 Spelthorne Welfare Hub January 2021 (Final)	Some Improvement Needed	Joint Group Heads Community Wellbeing	3	Audit proposals agreed (CLOSED)

**AUDIT RECOMMENDATIONS
(OPEN / CLOSED)**

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit *	Accountable Officer(s)	Number of Recs / Proposals	Audit Follow Up
Payroll September 2020 (Final)	Some Improvement Needed	Group Head Commissioning & Transformation / HR Manager	1	Cannot progress the recommendation due to deferred Sharepoint rollout (OPEN)
Business Rates September 2020 (Final)	Some Improvement Needed	Deputy Group Head Customer Relations	2	Implemented (CLOSED)
Inspectors Function September 2020 (Final)	Major Improvement Needed	Deputy Group Head Customer Relations	8	5 - Implemented 3 – Accepted risk (CLOSED)
GDPR September 2020 (Final)	Major Improvement Needed	Group Head Commissioning & Transformation	13	7 - Agreed 6 – Accepted risk (OPEN)
Commercial Asset Acquisitions and Investments July 2020 (Final)	Some Improvement Needed	Group Head Regeneration & Growth & Group Head Corporate Governance	2	1 - Implemented 1 – To be implemented once a review of the Constitution and governance issues are addressed in May 2021 (OPEN)

**AUDIT RECOMMENDATIONS
(OPEN / CLOSED)**

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit *	Accountable Officer(s)	Number of Recs / Proposals	Audit Follow Up
Property Development July 2020 (Final)	Some Improvement Needed	Group Head Regeneration & Growth	2	Implemented (CLOSED)
Building Control February 2020 (Final)	Some Improvement Needed	Building Control Manager	2	1 - Implemented 1 – To be implemented Building Control are liaising with Finance and ICT to pursue increased automation although there are compatibility issues across systems (OPEN)

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Audit Committee

18 March 2021



Title	COVID-19 Risk Considerations (UPDATE)
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	Audit Committee is asked to: Note the updated COVID-19 Risk Management report and Risk Assessment for COVID-19 at Appendix 1.
Reason for Recommendation	Not applicable

1. Key issues

- 1.1 The Country is currently in the third outbreak of COVID-19 with accelerated virus transmission rates from the new variants. The Council has reacted with a positive emergency response to the latest phase of the pandemic as recovery continues. Given that the current wave coincides with the winter season and extreme weather conditions, national rollout of the government's vaccination programme and economic impact of post-Brexit, there are additional pressures facing the Council, local Services, and the wider community. These competing crises have further compounded the unprecedented challenges of a pandemic. Revised corporate priorities are being developed for the Council with 'Recovery from COVID-19' representing a key focus area for Spelthorne.
- 1.2 The Corporate Management Team recognise the importance of articulating the Council's risks and opportunities relating to COVID-19 in the form of a documented risk assessment, bringing together many of the areas already identified and discussed. This has been updated ensuring the most significant risks arising (which may also relate directly to the achievement of the Council's corporate priorities and objectives) continue to be identified, managed, monitored, and reported at key phases of the pandemic crises, supporting organisational resilience. It is acknowledged that risks will continue to emerge and evolve into the longer term and positive opportunities sought.
- 1.3 The updated risk assessment is at Appendix 1 which sets out mitigation measures in place to manage those risks, as well as any further actions underway or for perusal. It includes a RAG (Red/Yellow/Green) risk rating/ranking for each category based on an assessment of likelihood (probability) and impact (severity), to ensure risks are prioritised for action and given due focus in accordance with significance and opportunities highlighted.

1.4 The Council's most significant risks to highlight as part of this review are set out below at 1.4 (a) to 1.4 (e). An outline of corresponding risk management measures being pursued is highlighted.

- (a) Economy – red risk category A. It is widely reported that return to pre-pandemic levels of the world economy could be very long, uneven and uncertain, hence economic recovery remains extremely challenging. The economic situation may become clearer following the Chancellors budget speech on 3 March.

The Economic Development recovery plan is being developed. There are several initiatives underway to support the local economy such as helping people back into employment and training, for example the opening of the small business incubator in April, the Council's funding bid for a youth hub, appointing a town centre manager for Ashford, Sunbury and Shepperton, action plans for future direction of town centres, seeking opportunities for retailers to have a greater digital reach and online presence. Financial support for businesses has been made available through Government grant schemes, including the Council's discretionary Additional Restrictions grant scheme.

- (b) Local operating procedures, policies, and plans – red risk category B. Spelthorne's response to the COVID-19 crisis has been acknowledged as good Council practice by the Local Government Association and response phase continues as part of the third wave lockdown. The Councils overarching recovery plan is in progress to incorporate economic, environmental, and social strands. Collaborative working with local and regional partners/councils remains integral to achieving positive outcomes as part of pandemic response and recovery.

Whilst the government's road map announced on 22 February sets out anticipated timeframes for coming out of the current lockdown, due consideration of the implications in the unfortunate event that the nation incurs a further lockdown will need to be incorporated into planning processes.

As part of resumption planning the Council will take advantage of positive opportunities to derive ongoing benefits from some practices associated with new ways of working, continuing also to apply wider lessons learnt from the pandemic.

- (c) Financial sustainability – red risk category C. The medium- term financial strategy reported to Cabinet in January 2021 sets out ongoing challenges for the authority, in particular the significant reduction of income, tax base and collection fund impacts, and increased expenditure arising from Covid-19. Whilst some losses have been offset by central government funding, Services are required to monitor the ongoing impact of the pandemic on their budgets to ensure submission of timely and accurate returns to the government. Financial modelling includes a possible range of budget scenarios for 2021/22 through to 2024/25. The Council's reserves strategy has also been reviewed and updated. The 2021/22 budget includes a £1m COVID-19 provision.

Continued weekly monitoring of commercial asset income due is undertaken. The Investment portfolio is doing well, significantly better than the commercial sector as a whole, and the overall collection rate for the four quarters since March 2020 quarters to December 2020 is now 97.4% (as at 19.2.2021). These positive outcomes are due to continued staffing efforts and approaches in recovering income due.

- (d) Insufficient capacity – red risk category D. Corporate capacity remains severely stretched especially as some aspects of COVID-19 related work continue such as the administration of further grant schemes (several) to support businesses and social support for hospital discharges and vulnerable members of the community. Added to this the ongoing organisational pressures may have implications for losing sight of some of the priority focus areas and will continue to have an impact on the level of service delivery in some areas. Resources have been strengthened in some services to address these risks. Additionally one impact which is being monitored is to see how many frontline staff who cannot work from home are also identified as clinically vulnerable, and are therefore required to be based from home until the end of March.
- (e) Health and wellbeing/safety – red risk category F (risk rating has increased at this review). Spelthorne's infection rates have been amongst the highest across Surrey and cases of the South African variant have been reported in parts of the County including the neighbouring borough of Runnymede. The importance of protecting the most vulnerable members of the community remains pivotal at a time when virus transmission rates have soared, and new variants continue to emerge. As rollout of the mass vaccination programme continues, uptake of vaccinations is being promoted across the borough through various communication channels to target community groups as necessary. There remains however a residual risk around some individuals declining the vaccine, leaving them unprotected and enhancing risks of continued virus transmission across local and wider communities. Discussions around the efficacy of the vaccine(s) in providing ongoing protection may naturally continue to evolve.

Frontline staff delivering essential services remain vulnerable in the pandemic environment and access to vaccinations for these groups is being prioritised, with planned lateral flow testing for council staff being available by the end of February 2021.

2. Options analysis and proposal

- 2.1 To note and accept the contents of the updated COVID-19 Risk Assessment including any risk mitigating actions underway or for perusal. The Risk Assessment at Appendix 1 is an accurate reflection of the relevant risk categories affecting the Authority during these unprecedented times and beyond, as well as mitigation measures, based on our assessment of risk and controls in operation. (Preferred option)

Or:

- 2.2 To recommend amendments to the COVID-19 Risk Assessment for consideration by the Corporate Risk Management Group.

3. Financial implications

- 3.1 Resources required (staff time) to implement actions proposed in the COVID-19 Risk Assessment should be contained within existing budgets as far as possible. There may however be areas where additional resource /time/management support is required to implement risk mitigating actions. This will need to be highlighted by the assigned accountable or lead officer in liaison with Accountancy when considering the impact of COVID-19 on Service budgets/Corporate spend.

4. Other considerations

- 4.1 The attached COVID-19 Risk Assessment covers key corporate risks and opportunities (a total of fourteen broad risk categories), some of these relating directly to achievement of developing corporate priorities and objectives. The most significant (red) risk categories to highlight as part of this review include Economic impact and recovery, Financial Sustainability, Insufficient Capacity, Health, Safety and Wellbeing of staff and local communities, and Local operating processes and plans.
- 4.2 The Risk Assessment gives due consideration to Equality and Diversity implications and any actions arising will continue to be monitored through the risk management process and other action plans.
- 4.3 As the COVID-19 Risk Assessment continues to be developed and refined to coincide with different phases of the pandemic, it may include accountable and lead officers responsible for progressing actions, together with target timescales for implementation and an indication of whether the action is open or closed.

5. Sustainability/Climate Change Implications

- 5.1 The Risk Assessment gives due consideration to Sustainability and Climate Change implications (opportunities) and any actions arising will continue to be monitored through the risk management process and other action plans.

6. Timetable for implementation

- 6.1 The Risk Assessment will continue to be reviewed and updated periodically, to align with key phases of the virus pandemic and beyond.

Background papers: There are none.

Appendices:

Appendix 1 – Covid-19 Risk Assessment

Appendix 2 COVID-19: Economic Recovery Plan for Spelthorne

Appendix 3: Update Report to Audit Committee on the Impact of Covid-19 on the Spelthorne Economy

APPENDIX 1 - COVID-19 - Risk Assessment

Key categories of risks which continue to emerge and evolve are set out below. The likelihood and impact columns have been populated. Please refer to the bottom of this document for the 'Risk Matrix' and plotting of these risks to determine relative significance and prioritisation. All red risks are highlighted in sections A to D of the risk assessment.

<u>Risk Area</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Control Measures / Mitigation</u>	<u>Risk or Issue Action Plan & Further Considerations (Including Residual Risk)</u>
<p><u>A. Economy</u> Red Risk</p> <p><u>Risk</u> - Economic recession forecast is the worst in 300 years with detrimental impact locally, nationally and globally; long period of economic recovery; rising unemployment levels due to anticipated redundancies when the furlough scheme comes to an end, increasing demands on a range of Council Services (e.g. noise and neighbourhood complaints, processing</p>	4	4	<p>The significant economic impact of COVID-19 for the Borough and any necessary actions arising will continue to be monitored over the short, medium, and longer term.</p> <p>EU exit took effect on 1 January 2021. In terms of the EU exit implications, the Council is signposting businesses to information which is available on Government and other websites. Webinars are being held in conjunction with the Federation of Small Businesses on challenges and practical measures. Two specific webinars are planned on goods and services in response to requests.</p> <p>An Economic Development Recovery Plan has been developed which sets out</p>	<p>The economic slowdown and impact of COVID-19 for the Borough is being reviewed and reported.</p> <p>Stock levels to be checked with suppliers (e.g., MOW suppliers)</p> <p>Furlough extended to end of April 2021. Awaiting Chancellor's budget on 3rd March to see if extended further.</p> <p>Currently handling six types of grants to support businesses.</p> <p>The Economic Development Recovery Plan will cover:</p>

<p>business support grants and self isolation grant claims, anti- social behaviour and community safety; waste and recycling collection levels); significant economic impact on local area due to proximity to Heathrow airport with aviation industry being severely affected</p> <p><u>Risk</u> – Significant impact on the Economy due to second lockdown</p> <p><u>Risk</u> - Recovery adversely impacted by concurrent flooding and further / extended lockdowns</p>			<p>where the Council can intervene (some externalities will have to be accepted). Actions will include quick wins and longer-term actions. This is to be incorporated into a broader Corporate Recovery Plan.</p> <p>Survey to be undertaken of key major businesses in the Borough (with particular focus on the aviation sector) to better understand the impact of COVID-19 in respect to their operations. A review has also been undertaken of recent reports and surveys by organisations such as Heathrow Community Engagement Board, West London Alliance, Surrey Community Impact Assessments and HAL to fully understand the adverse impact on employment and the aviation section.</p> <p>Council working with EM3 and Heathrow to address structural issues. This includes working with EM3 to promote ‘Job Fuse’ as a means of brokering new job opportunities with those made redundant.</p> <p>The Council secured £43,000 match</p>	<ul style="list-style-type: none"> • Health • Communities • Housing & Infrastructure • Skills & Employment • Business & Growth Sectors • Town Centres • Green Recovery
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		<p>funding from EM3 for Bounce Back Streets (the only successful Surrey Council in the first round) to support initiatives to get residents back into our local centres safely and in a secure COVID way. Small business incubator opening April 2021.</p> <p>Multi-Agency Group set up and led by the Council with the DWP, businesses and A2D to focus on supporting the 18-25 year olds into employment. A partnership bid has been submitted to the DWP for a Youth Hub which, if successful will increase the local capacity to deliver employment and wellbeing support for NEETs and increase the accessibility to job, training, and employment opportunities through a virtual youth hub with all the opportunities in one place.</p> <p>Business Rates Retention Fund is available to help deliver necessary actions arising from this review. Monies from this fund have been used for the appointment of a Town Centres Manager (18-month full time post) for the Boroughs secondary shopping centres. The postholder is undertaking an analysis of issues and risks and</p>	
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		<p>developing individual action plans.</p> <p>Options on how best to support local retailers with a digital / app presence are being explored as nearly half of retailers are not geared up with online presence which is limiting their reach.</p> <p>Financial support for businesses has been made available through Government schemes (Business Rates Phase 1 – Small Business Grants Fund (SBGF), the Retail, Hospitality and Leisure Business Grants Fund (RHLGF) and the business rate holidays; Business Rate Phase 2 – the Local Authority Discretionary Grants Fund; Furlough and Self –Employment schemes)</p> <p>The Council has worked with Openreach to continue to improve broadband speed and availability across Spelthorne, and Fibre to the premises (FTTP) has commenced in Sunbury. We are pushing for this to cover other areas of the Borough to assist in home / flexi working and start-ups.</p>	
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<p><u>B. Local Operating Procedures, Policies & Plans</u> Red Risk</p> <p><u>Risk</u> – Government guidance on Second wave vague / confusing for residents / Lack of Upper Tier engagement with Lower Tier / Exit Strategy unclear / Third wave lockdown</p>	4	3	<p>Applied Resilience Interim Lessons Learned Debrief on COVID-19 1st wave and new Pandemic Plan reported to MAT in August 2020.</p> <p>Draft Rapid Needs Assessments including SEND, BAME, Domestic Abuse, Homelessness, and Mental Health completed, and comments provided to SCC.</p> <p>A borough-wide response to the COVID-19 crisis produced and acknowledged as good Council practice by the LGA outlined key areas including:</p> <ul style="list-style-type: none"> • Supporting our Communities (Established Covid Champions to) • Maintaining other Key Services • Supporting Staff and Services • Corporate Governance and Committee Management • Communications • Financial Implications; and • Recovery <p>Communication to residents / staff / Councillors updated on Council website / social media / Council meetings.</p>	<p>Upper Tier Authority to engage more effectively with districts and boroughs.</p> <p>Grey areas of second lockdown clarified (going to work, click/collect vs pick-up, types of retail that can open, enforcement)</p> <p>Broader internal recovery task group focused on health and well-being knock on impacts of economic downturn. At Local Resilience Forum Level there has been consideration of the impacts of Brexit, adverse weather conditions and COVID-19 for Winter 2020/21 in terms of our economy and operations.</p> <p>MAT and VBEC addressing the logistics around Test and Trace / Mass testing rollout / vaccination strategy and collaborative working with local partners / Exit Strategy (including resources) and “resetting” of local Tiers.</p>
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			Corporate engagement with Operation Taragon briefings (Non-COVID winter pressures)	<p>Pressure on NHS services, including impact on social care and mental health services.</p> <p>Corporate response to recovery (Economic, Social and Environmental) including progressing work undertaken through various MHCLG groups and key regional sectors (incl. aviation)</p> <p>Resumption planning and seeking positive opportunities</p>
<p><u>C. Financial Sustainability and Resilience</u> Red Risk</p> <p>(i) <u>Risk</u> - Significant financial cost implication on the Council associated with increased spend on COVID-19 related activities / operations; uncertainty over reimbursement of</p>	4	3	In December 2019, Spelthorne Borough Council commissioned the LGA to deliver a finance peer challenge to be delivered in June 2020, which was subsequently postponed due to COVID-19. An independent peer led review of the Council's approach to finance was undertaken in October 2020 and a final report issued in January 2021. Peer Review concluded that whilst a challenge arising from COVID-19 in relative terms, Council is starting from a strong platform.	<p>An action plan has been drawn up to progress the recommendations from the LGA Finance Peer Review. These recommended improvements have been accepted by the Council. Any synergies between this and the CIPFA Financial Management Code, Self-Assessment will also be undertaken.</p> <p>Following lobbying and other work-streams such as Delta</p>

<p>funding from central government (including indirect costs such as reduced business rates); income losses across several services; significant impact on net budget; insufficient cash resources and cash flow challenges; reduced level of income due to vulnerable revenue sources; reduced level of investment returns</p> <p>(ii) <u>Risk</u> - Recovery is adversely impacted because local agencies (public and voluntary/communities) do not have access to sufficient funding to respond to additional demand / invest in recovery / lose organisational capacity because of shortfalls in income streams</p> <p>(iii) <u>Risk</u> - Significant</p>			<p>Accountancy liaising with Services over financial monitoring (income and expenditure implications, and Business Rates and Council Tax collection). Debt recovery processes are being impacted with court action suspended.</p> <p>Accounting for all expenditure relating to COVID-19 by coding to defined accounts. Supporting documentation retained to assist claims for funding reimbursement from Government. Coding and reporting requirements communicated to services co-ordinated by Accountancy.</p> <p>Financial impact assessment modelling is undertaken regularly, including worst, mid-range and best-case assumptions. Monthly returns being submitted to MHCLG via formal process. Longer term modelling to assess next 12 months depending on stock market and pensions impact.</p> <p>Worked with other Districts & Boroughs to collate financial data on the impact of COVID-19 and lobbying has taken place for additional financial assistance from Central Government as well as perusal</p>	<p>reporting, various tranches of Government grants have been released over the last year. During the third tranche of funding received reimbursement of 71.25% of loss on fees and charges income, which was a major impact for Spelthorne.</p> <p>Delta returns submitted include details of loss of income and additional costs incurred during COVID-19. Managers will be continuing to consider the financial impact of COVID– 19 on services, because of lockdown three.</p> <p>Continued modelling of the effects of COVID-19 on the Council's finances.</p> <p>Reserves Strategy and medium-term financial strategy reported to Cabinet.</p> <p>Separate sinking funds set aside.</p>
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<p>negative impact on residents if Services are unable to meet need because of financial constraints</p>			<p>of recharges from County. Professional Institutes offer advice across the sector. Scale of impact of re-opening leisure centres has been highlighted to government.</p> <p>Sinking funds already set aside for commercial investments as a prudent measure. Sinking Funds methodology has been presented to Overview and Scrutiny. Continued weekly monitoring of commercial asset income due/any shortfalls anticipated. For the Investment Portfolio, the March quarter collection is 97.37%. September quarter is 96.57% and December quarter as of 28 January 2021 is 95.92%. The overall collection rate for the three quarters to December 2020 is now 96.93%.</p> <p>Despite being acquired for regeneration purposes, the Elmsleigh Centre achieved 61.64% overall in the March quarter, 71.2% in the June quarter, and the September quarter is 79.24%. The December quarter as of 28 January 2021 is 37.33%.</p> <p>A weekly review of all our investment and regeneration assets (including</p>	<p>10-year scenario modelling of worst case COVID-19 scenarios undertaken.</p> <p>Expected case scenarios also highlighted. Individual business plan for each of the Council's assets.</p> <p>Surrey Treasurers liaising on fortnightly basis to share information. Monitoring of Business Rates and Council Tax collection levels - currently Spelthorne are faring better than some other authorities on council tax but due to Heathrow impact business rates more challenging.</p> <p>Deferral by a year of Fair Funding Review and Business Rates 75% retention will help. Surrey Treasurers monitoring tax base and collection fund deficits</p>
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		<p>Elmsleigh) is undertaken which covers rent collection, lease negotiations, arrears and sinking fund expected and worse case scenarios.</p> <p>Liquidity and cash flow forecasting and monitoring / Treasury Management (TM) to assist planning for increased levels of expenditure and monitoring of market activity – ongoing changes to the forecasting process to increase effectiveness of forecasting. Additional staffing resources is strengthening the TM function, as is implementation of a TM online system. Review of TM and related strategies with reference to external TM advisors and including in the context of COVID-19.</p> <p>Fully refreshed Reserves Strategy (2021).</p> <p>Report to 21 May 2020 Extraordinary Council Meeting setting out mitigating options to address 2020-21 Budget gap including use of reserves. Council approval was sought early on to use up to £2.2m of reserves if required to offset impacts on services income and expenditure.</p>	
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			Tax base and collection fund impacts will impact on 2021-22 Budgets.	
<p>D. Insufficient Capacity Red Risk</p> <p>(i) <u>Risk</u> - Increased demand and organisational pressures on staff arising from political demands may result in losing focus of important priorities (eg green initiatives)</p> <p>(ii) <u>Risk</u> - Increased demand on some frontline Services such as Customer Services (Council Tax / Business Rates) / Independent Living / Housing / Benefits</p> <p>(iii) <u>Risk</u> - Essential Services are overwhelmed when they return to the 'new</p>	4	4	<p>The Council is moving to a Committee system and a review of the Council Constitution is in progress. The Committee Services team / resource has been strengthened to move this task forward.</p> <p>Capacity analysis and skills assessment undertaken. Staff in 'non-essential' services continue to be redeployed (where feasible) to support areas where there is increased service demand.</p> <p>Surplus capacity is however becoming stretched with service needs.</p> <p>Staff redeployment policy. Training and risk assessments for redeployed staff.</p> <p>Staff are encouraged to take breaks and annual leave to provide a work / life balance.</p> <p>Where Mental health issues are raised these are supported on a regular basis including via mental health first aiders,</p>	<p>5 Extraordinary Committee meetings took place during COVID-19 crisis. Political demands / challenges to be addressed.</p> <p>Corporate capacity remains severely stretched especially as still facing Government requests for extra work and some aspects of COVID-19 work such as the administration of grants to support businesses and social support for hospital discharges, will continue for considerable time. Service Managers to highlight and quantify backlog work areas to assist recovery phase.</p> <p>Managers to be aware and act where necessary on staff needs caused by the pandemic e.g., mental health and the need to support remote</p>

<p>normal'</p> <p>(iv) <u>Risk</u> - Increased staff fatigue / burnout / sickness levels arising from additional workload, new demands and overstretched capacity; where family members of staff encounter job losses or redundancies this may impact further on employee stress levels and wellbeing</p>			<p>managers or outside support. Care First are an employee assistance scheme that can provide confidential counselling and practical information. This scheme has been promoted through regular staff communications.</p> <p>To assist employees financially in need, a SAFE scheme is in place to help those most in need.</p>	<p>working staff.</p>
<p><u>E. (i) Business continuity and Operational Resilience</u> Yellow Risk</p> <p><u>Risk</u> – Unable to deliver critical, essential or non-essential Council Services, resulting in diminished provision to community / stakeholders</p>	3	3	<p>Business Continuity Plans invoked. V-BEC (Virtual Borough Emergency Centre) forum with daily briefings for first 110 days of the emergency.</p> <p>Collaboration across Services and with the Local Resilience forum. Majority of staff continue to work from home in accordance with government guidance to reduce the risk of virus spread and relieve pressures on the NHS, whilst ensuring continuous delivery of Services. There are exceptions for some key frontline workers where remote</p>	<p>Continued as part of emergency response V-BEC meetings to manage ongoing impacts of the pandemic.</p> <p>Council is using alternative technological options for virtual meetings and a staff survey has been undertaken to identify IT equipment needs to promote further efficiencies.</p> <p>Continuity Planning</p>

			<p>working is not possible and they have formed social bubbles in delivering essential public services, such as refuse operations within Neighbourhood Services.</p> <p>Business Continuity Plans have been updated. Group Heads and Managers reviewed operational resilience and resourcing in addressing demand arising from COVID-19.</p> <p>Microsoft Teams has been rolled out to support continued remote working and virtual meetings. IT helpdesk provision / equipment and kit reviewed.</p> <p>As part of the COVID-19 Recovery Policy, all staff who can work from home are doing so. Additional ICT kit and furniture purchased. Additional training and support on how to manage staff remotely and be supportive of mental health issues has been put in place.</p> <p>Pandemic forecasting and modelling continue to assist planning.</p>	<p>undertaken at national and local level under the Local Resilience Forum.</p> <p>Aspects of service delivery significantly impacted by ongoing COVID-19 (e.g., statutory food hygiene inspection programme). Resources are being reviewed and strengthened for these areas.</p>
<u>(ii) Business Continuity</u>	2	3	Recovery planning has been considered	Since the start of COVID-19,

<p><u>and Operational Resilience</u> Yellow Risk</p> <p><u>Risk</u> – Inadequate or delayed preparation for recovery phase and resumption planning, impacting on Service delivery</p>			<p>with an acknowledgement of entering ‘a new normal’ rather than reverting to how things were operating prior to the pandemic.</p> <p>The Root and Branch team (Continuous Improvement Team) have consulted managers across all services on arrangements in planning for recovery. There are increasing demands in some service areas, as well as changes to how services are used by communities / delivered and this is likely to be ongoing.</p> <p>A phased approach for the Council’s recovery is envisaged - draft Internal Recovery Policy has been produced. Measures will continue to be applied to promote health, safety and wellbeing of staff, residents, local communities and businesses during the recovery phase. New ways of working will also be captured as part of recovery to ensure benefits and opportunities continue to be realised.</p>	<p>service delivery has significantly changed, while some areas managed to resume some low-level sort of ‘normal’, other areas of service delivery have not returned to any sort of ‘normal’ with the additional work of COVID-19 being delivered.</p> <p>Planning for some form of new normality once lockdown is relaxed remains challenging due to ongoing uncertainty, potential for new variants of the virus to emerge, further outbreak and review of timescales in delivering the mass vaccination programme.</p> <p>Continuing to fully develop detailed plans for the recovery process for services, as well as support for businesses and residents. Corporate response will be agreed.</p> <p>Staff consultation is underway with surveys issued. Councillors have also been</p>
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				consulted Re-engagement with residents, businesses, and stakeholders as part of recovery phase to review longer term impact.
<p><u>F. Health and Wellbeing / Safety</u> Red Risk (RAG RATING INCREASED AT THIS REVIEW DUE TO INCREASED TRANSMISSION RATES/IMPACT OF NEW VARIANTS)</p> <p>(i) <u>Risk</u> - Staff, contractors and community are at increased risk of being infected by COVID-19. Increased virus transmission rates as new variants continue to be identified, possibly leading to long term absence from employment, poor</p>	(i, ii, iii, iv) 4	(i, ii, iii, iv) 4	<p>See above – significant level of remote working continues across many areas. Staff requested to complete remote working assessment and report any concerns arising. Business travel minimised. Council has legal responsibility to protect staff, Councillors, residents etc.</p> <p>As rollout of the mass vaccination programme continues, uptake of vaccinations is being promoted across the borough through various communication channels to target groups as required (refer also to risk category M Reputation/ Communications).</p> <p>The Council has a contract in place for the provision of PPE, this has eliminated the need for ad-hoc supplies and has ensured that a good supply is available.</p>	<p>A residual risk remains as the possibility of virus transmission cannot be eliminated. This has further accelerated with the latest strain of the virus and new variants. Vaccine efficacy may be further impacted.</p> <p>There remains a residual risk around some individuals declining the vaccine, leaving them unprotected and enhancing risks of continued virus transmission across local and wider communities.</p> <p>Shortage of PPE was recognised as a global challenge so remains an ongoing risk, but currently sufficient available. No longer reliant on LRF supplies, have</p>

<p>physical and mental health or even fatalities. Impacts on resource availability and Service provision (SBC).</p> <p>(ii) <u>Risk</u> - There are associated reputational risks if Council staff were found not to be complying with health and safety guidance leading to increased infection rates across the community, or alternatively if Spelthorne staff are not being adequately protected when undertaking high risk activities (potential for claims against the Council)</p> <p>(iii) <u>Risk</u> – Further waves and / or local outbreak of the virus arises because of inadequate mitigation measures</p>			<p>The Council currently holds supply in stock.</p> <p>COVID-19 testing is available where staff and Councillors show symptoms / Household risk identified and guidance has been circulated. Lateral flow testing for staff will be available from February 2021.</p> <p>Where staff are required or expected to come into work / carry out visits to sites, residential properties or Community Centres, Health and Safety guidance is in place and communicated. This adheres to national guidance from 'Public Health England' and takes account of any regional tiered arrangements. Guidelines are also in place for contractors such as at development sites. This covers for example requirements across key categories relating to social distancing, hygiene, hand sanitisers for staff use, Personal Protective Equipment (PPE) for staff involved in high-risk activities. For example, Meals on Wheels and SPAN alarms now dropped to clients via doorstep deliveries to ensure the safety of clients and staff.</p>	<p>own suppliers but need to ensure supplies remain sustainable post EU exit.</p> <p>Return to Work document and Health and Safety Risk Assessments undertaken for three key areas considering best practice (Council Offices, Visits and Depot, Community Centres, and other frontline services).</p> <p>Spelthorne's Health and Safety guidance will continue be reviewed to reflect any developments to national guidance.</p> <p>Contact Track and Tracing system to support protection measures and Environmental Health to provide a key role. Resourcing for this process to be confirmed.</p> <p>The Government's Track and Trace programme has the potential to isolate large numbers of the depot</p>
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<p>(iv) <u>Risk</u> - Pandemic experience presents ongoing physical, mental, and emotional health impact on staff, volunteers, and residents</p> <p>(v) Pandemic experience has led to greater reflection on life's priorities and as a result some staff have made decisions to give up work. This has resulted in the loss of talented individuals who held vast experience and knowledge of the organisation.</p>			<p>Staff training and awareness raising for Health and Safety arrangements communicated via documented guidance.</p> <p>Proposed future layout for Council and satellite Offices reviewed to take account of social distancing rules.</p> <p>Environmental Health have undertaken a significant number of inspections and compliance checks on business premises. Health and Safety measures are reviewed as businesses close and reopen with changing lockdown restrictions (in accordance with evolving government guidance). This has included the provision of advice and information on social distancing measures to help prevent the spread of COVID-19. Enforcement action is taken if required.</p> <p>Staff are regularly reminded about mental health support as part of employee wellbeing. Hardship fund available to assist employees where eligible. Employee assistance scheme 'Care First' launched and promoted.</p>	<p>operational workforce. Operating in bubbles / groups is underway to minimise loss of whole crew.</p> <p>Monitoring of staff retention measures and reiterating values around respecting and supporting staff.</p>
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			<p>Sickness monitoring by HR including COVID-19 infections to determine level of staff affected.</p> <p>As part of staff retention measures pay awards have been approved for 2021/22 and additional payment as token of staff appreciation for their commitment during the pandemic.</p>	
<p><u>G. Remote Working / Performance Management / Sustainability and Climate Change</u> Yellow Risk</p> <p>(i) <u>Risk</u> – reduced visibility and oversight of output / outcomes potentially leading to lower productivity.</p> <p>(ii) <u>Opportunity</u> - On the contrary, there may be opportunities for increased productivity and efficiencies to be</p>	<p>(i)2</p> <p>(ii)3</p>	<p>(i)3</p> <p>(ii)3</p>	<p>MAT have encouraged Managers to consider approaches to managing staff in the remote working environment with minimal face-to-face contact. Regular communication should be in place and time recording has been encouraged so there is visibility of tasks being undertaken, particularly given that there is ongoing uncertainty over the duration of this epidemic.</p> <p>Managers can performance manage regardless of whether work is undertaken in the office or remotely as the emphasis should be on outputs rather than where the Service is delivered from.</p>	<p>Positive lessons from extended remote working are being assessed and examined in moving to a 'new normal' and future change to methods of working post COVID-19.</p> <p>Performance monitoring and analysing the impacts on service delivery requires further attention (e.g., development and maintenance of automated performance reports in Environmental Health). HR developing new performance monitoring requirements for staff.</p>

<p>built upon from this new way of working.</p> <p>(iii) <u>Opportunity</u> - In addition, opportunities for environmental improvements (such as better air quality) have become more achievable arising from reduced traffic (road / rail / air) as people continue to work remotely, thereby positively contributing to sustainability measures</p>	(iii)3	(iii)3	<p>Climate Emergency declared and Climate Change Working Group made up of Members progressing actions on climate change. Capacity to deliver all requirements a risk.</p> <p>Managers have received training on effective remote team management.</p>	<p>The Council will look to identify and apply positives, around new ways of working, as part of the 'new normal'. Corporate Lead to build into action plans and promote benefits to staff.</p> <p>Environmental and sustainable measures will be further analysed as part of seeking opportunities, to include scope for the Council representing "Green Jobs" as an employer going forward and into Council projects.</p>
<p>H. Insufficient service capacity to deal with potentially increased levels of fatalities in the community arising from COVID-19 infections. Yellow Risk</p>	2	3	<p>Group Head Neighbourhood Services is monitoring levels of demand for burials / cremations in the current environment as part of the 'Excess Death cell' operation. An increased trend in cremations continues and reduces pressures on the burial service.</p>	<p>No specific action identified. The Group Head (Neighbourhood Services) has reassured there are no significant impacts arising from Covid-19 in terms of service delivery of this area.</p>
<p>I. <u>Technological</u> Yellow Risk</p> <p>(i) <u>Risk</u> - Disruption in</p>			<p>ICT are closely monitoring systems. They quickly managed to get people working from home and the network has performed well and been maintained for</p>	<p>ICT maintain a monitoring function to ensure the system is functioning and resilience maintained.</p>

			must come through Spelthorne's systems and the security measures in place identify "unsafe" sites.	
<p><u>J. Legal or Regulatory Compliance</u> Yellow Risk</p> <p><u>Risk</u> - Non-compliance with GDPR possibly leading to data security breaches and reputational damage arising from the following changes:</p> <p>(i) Increased sharing of personal data between services and with partner organisations</p> <p>(ii) Systems set up quickly may mean less robust systems and processes</p> <p>(iii) Collecting and processing new types of sensitive information</p>	3	3	<p>Information Governance offer advice across Services in response to COVID-19.</p> <p>There is acknowledgement from the Regulator - Information Commission Officer (ICO) that organisations may find it difficult to adhere to usual data protection compliance standards as resources are diverted.</p>	<p>Awareness raising continues as some services do not consider and then involve Information Governance early enough.</p> <p>The Data Protection Officer (DPO) has been involved in data sharing requirements under COVID-19 to help ensure compliance and practical delivery.</p>

<p>about individuals</p> <p>(iv) Increased Remote working</p> <p>(v) Phishing and cyber-attacks heightened (see earlier section on 'Technological risk')</p>				
<p><u>K. Suppliers and Contractors /3rd Party Relationships)</u> Yellow and Green Risk</p> <p>(i) <u>Risk</u> - Disruptions in Supply Chain Management e.g., delays in provision of goods / service due to reduced staff complement / furloughed staff / distribution issues. Companies may no longer be able to trade and unable to recover from the crises.</p>	(i)3	(i)3	<p>Contract and Supplier management to identify any obstacles in delivery of goods / services. Contract agreements and invoking of relevant clauses if appropriate.</p> <p>Procurement Policy Note (PPN) sets out information and guidance for public bodies on supporting suppliers through the Pandemic, with associated actions. This is to ensure service continuity and contract delivery during and after the lockdown.</p> <p>Government schemes to assist businesses stay afloat such as Business Support grants, Furlough. Discretionary Grants Scheme launched to help small and micro businesses.</p>	<p>Continue to review any necessary actions to be taken to support the Council's Suppliers.</p> <p>Extensive discussions being undertaken with the Council's Leisure Centres' operator.</p> <p>All development sites have had individual COVID risk assessments undertaken to ensure that they can operate safely. There have been no claims from contractors on Council development schemes.</p> <p>Establish whether the</p>

<p>(ii) <u>Risk</u> - Possible claims from Contractors due to delays to work programme caused by COVID-19.</p> <p>(iii) <u>Risk</u> - There may be exceptions to the Council's procurement regulations as greater flexibility to procure supplies may be deemed necessary to deliver new operations and meet urgent demands. Whilst increased flexibility is useful as part of the pandemic response, it also presents additional risks associated with fraud and error (see separate section) and achieving value for money.</p>	<p>(ii)2</p> <p>(iii)3</p>	<p>(ii) 2</p> <p>(iii)2</p>	<p>To ensure business continuity of operations, contractors for large scale development and maintenance work have been encouraged to proceed with work programmes, applying safety and social distancing measures in accordance with government guidance.</p> <p>Where exceptions to the Council's procurement regulations are deemed necessary to deliver urgent operations arising from COVID-19, existing exemption procedures and documented approvals (Contract Standing Orders) are required.</p>	<p>Council's suppliers / service providers have appropriate resilience plans for delivering critical business and that these are being monitored</p>
<p><u>L. Fraud / Error / Theft</u> Yellow Risk</p>			<p>Communications alerting staff and residents of potential scams and heightened risk of fraud.</p>	<p>Continuous monitoring as new risks and processes emerge. Communications team pursue</p>

<p>(i) <u>Risk</u> - COVID-19 represents yet another opportunity for scammers and professional fraudsters. They may also target vulnerable members of the community.</p>	(i)3	(i)2	<p>Detailed assurance guidance available for administration of the Government Grant Funding Schemes, such as the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund; Local Authority Discretionary Grants Fund. Management have assured that counter fraud checks including tools such as 'Spotlight' are applied at different stages of the grant process, working in partnership with the dedicated agency (Department for Business, Energy, and Industrial Strategy - BEIS). Defined eligibility criteria and transparency of decision making is incorporated into processes. Post payment, the Government Grants Management Function and Counter Fraud Function will support local authorities to carry out post-event assurance work to identify high risk payments.</p>	<p>measures/methods to reach those members of the community who are not digitally connected and ensure urgent messages are conveyed.</p>
<p>(ii) <u>Risk</u> - Increased level of expenditure (including significant payments) is being incurred because of new operations or enhanced service demands, which provides increased opportunities for error or fraud, with associated financial losses and reputational damage</p>	(ii)3	(ii)3	<p>Compensating controls as a minimum where normal expected controls cannot be reasonably applied.</p>	<p>Counter fraud measures are considered as part of setting up new processes. Internal Audit issue advice as appropriate. Verification of controls operating as part of assurance work undertaken.</p>
<p>(iii) <u>Risk</u> - Staff and customers may be facing increased financial hardship, leading to an increased risk of fraudulent activities and a reduced</p>	(iii)3	(iii)2	<p>Financial reconciliation processes set up</p>	<p>Assurance reporting to the Government on the administration of Business Support Grants. Evolving government guidance on Grants published and circulated to local Councils setting out expectations.</p>

staff complement may weaken the control environment			/ developed as appropriate for new systems.	
<p><u>M. Reputation</u> Yellow Risk</p> <p>(i) <u>Risk</u> - An absence of timely and accurate communication to stakeholders may result in a lack of awareness / mis- information / loss of confidence</p> <p>(ii) <u>Risk</u> - People are not accessing the Services they require which may result in unknown surges and longer-term implications</p> <p>(iii) <u>Risk</u> - Adverse public opinion/media intervention may cause negative publicity with associated reputational impact.</p>	<p>(i)2</p> <p>(ii)2</p> <p>(iii)3</p>	<p>(i)3</p> <p>(ii)3</p> <p>(iii)3</p>	<p>Communications strategy. Various communication channels used to convey messages and engage with all stakeholders including social media.</p> <p>Regular, timely and accurate communications to key stakeholders including employees, Councillors, and the public (as well as targeting certain groups such as local businesses and vulnerable residents).</p> <p>The team have launched the Council's Shop Smart, Shop Local campaign, with a press release and social media graphics conveying key messages.</p> <p>Greater website accessibility in line with new regulations from 2020 (translation tools, range of new layouts).</p> <p>Weekly staff meetings, V-BEC, Spelnet, Councillor briefings (verbal and written), Business E-newsletter, newsletters, press releases etc.</p>	<p>Communications team pursue measures/methods to reach those members of the community who are not digitally connected and ensure urgent messages are conveyed. This may be through posters and mailouts in addition to the bulletin.</p> <p>COVID-19 Champions Group communicate important messages and work across all community and faith groups to address fake news (misinformation). One recent example relates to the circulation of material questioning the safety of Covid-19 vaccinations, targeting specific communities.</p>

		<p>businesses to understand their needs and promote various initiatives. (See separate risk category and associated actions for Economic impact)</p> <p>Some residents experiencing financial hardship – new Council Tax Relief Scheme implemented.</p> <p>Community Hub (Support 4 Spelthorne) set up during first wave from April 2020 to end of June 2020 specifically to assess the needs of the most vulnerable members of the local community. Parcels delivered to shielded residents in the Borough (high-risk shielded group category A) include food, toiletries, information, and advice. (Central government responsibility taken on by local authorities). Multi-agency collaboration in delivering the hub. Extensive data analysis exercise undertaken to identify category B vulnerable residents. In terms of the Community Hub, the Council was allocated £71,000 Emergency Assistance Grant. There was a decision made by the Section 151 Officer in conjunction with the Portfolio holder, to allocate the money between food banks</p>	
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			and organisations such as CAB.	
<p><u>O. Political</u> <u>Yellow Risk</u></p> <p>(i) <u>Risk</u> – Unclear political steer and strategic direction in the current environment may impact the effectiveness of decision making; political tensions and increasing organisational pressure from Councillors may result in a loss of focus around the Councils priorities</p> <p>(ii) <u>Risk</u> – Decisions may not align with Council priorities and responsibilities</p>	<p>(i)3</p> <p>(ii)3</p>	<p>(i)3</p> <p>(ii)3</p>	<p>Regular and timely communications with Councillors on the Authority’s COVID-19 response and recovery effort.</p> <p>During the first lockdown an Extraordinary Council Meeting was held 21 May 2020 to provide effective oversight of the Council’s emergency response to COVID-19.</p> <p>The Council continues to support the Community and businesses in delivering Services.</p>	<p>No specific action identified.</p>

Evaluating risks and Risk Matrix (Draft Risk Management Policy)

The Council evaluates its risks on a four-point scale on the likelihood of the risk occurring and the impact caused should the risk occur. Risks are evaluated with their controls in place. Risks are plotted on a risk matrix (see below) and prompt action is taken on those risks that fall into the red zone. Action is considered for “yellow” risks while “green” risks are regarded as acceptable. The above risks associated with COVID-19 (reference A to O) have been plotted on the graph below.

Impact	4 (Catastrophic)				A D
	3 (Major)		E(ii) G(i) H I(i) M(i,ii) N	E(i) G(ii,iii) I(ii) J K(i) L(ii) M(iii) O	B C F
	2 (Medium)		K(ii)	K(iii) L(i,iii)	
	1 (Trivial)				
		1 (Rare)	2 (Unlikely)	3 (Likely)	4 (Almost certain)
		Likelihood			

Coordinated by Internal Audit
February 2021

COVID-19: Economic Recovery Plan for Spelthorne

Appendix 2 COVID-19: Economic Recovery Plan for Spelthorne

1. Introduction:

- 1.1 It should be noted that this document has been formulated based upon existing information and evidence available at the time of writing in September 2020.
- 1.2 This is a rolling 12-month Recovery Plan which will be subject to monthly reviews due to the quickly changing economic and social landscape brought about by covid-19 and the associated government responses. Great attention will also be paid to the emerging conditions in which the UK will leave the E.U after 31st December 2020.
- 1.3 Whilst this strategy will take precedence over the existing 5 years Economic Strategy, a number of existing actions have been included from that document and absorbed within the Recovery Plan.
- 1.4 Whilst the main activities in this document relate to the health of the local economy, there are inevitable crossovers with other services delivered by SBC and indeed with a number of Partner organisations. To reflect the shared interest the action plan has been developed to ensure a joined-up approach to dealing proactively with the challenges ahead.

2. Background

- 2.1 From midnight on the 23rd March 2020 the government required as many people as possible to stay at home wherever possible and to only make essential journeys. All non-essential businesses and workplaces were required to close, in addition to the earlier closure of schools and the leisure and hospitality sectors. Social distancing was introduced for everyone, and for the most vulnerable to the infection, a shielding programme was activated. These 'lockdown' measures were put in place until it was determined that the reproduction rate of the virus had fallen to a level to suppress the virus, save lives and protect the NHS.
- 2.2 As the UK moved to a position allowing pubs and restaurants to open and the 2-metre social-distancing rule relaxed, the economy is slowly and nervously returning in slow steps towards 'normality'. The Elmsleigh Centre has seen a drop in footfall of 46% at the peak (compared to 2019), this has slowly risen to a drop of 20% for the first week of September 2020. The Eat out to Help Out scheme was instrumental in driving customers to town centre; a further boost for retail in Staines-upon-Thames arrived in the shape of Lidl which opened on 25th June 2020.
- 2.3 There has also been the government intervention with the promotion of the option for businesses to furlough staff as an alternative to redundancy or indeed closure of the business. This has been a costly but necessary process with 9.6m people furloughed (August 2020) and has landed the government with an expected deficit of £300bn pounds in this financial year. But it has reduced the potential for high unemployment levels at this time.

COVID-19: Economic Recovery Plan for Spelthorne

- 2.4 A freedom of information request by the BBC¹ shows that in June / July employers were planning for 300,000 redundancies. Financial support for furloughing by the government comes to an end on 31st October 2020 and the greatest impact is likely to be felt during that month.
- 2.5 Should the borrowing continue because the economy does not bounce back, then there is likely to be a wave of tax rises to help repay the debt. This is likely to mean that people would have less money in their pocket and less to spend, which means less production of goods and services, so less tax collected and less jobs available, leaving the country in a precarious position.
- 2.6 An Oxford Economics report commissioned by Heathrow estimates that workplace-based employment reliant on Heathrow will fall by 21,300 jobs in 2020. Job losses will be concentrated in the transportation & storage sector, particularly in air transport activity.
- 2.7 The balance of evidence suggests that male, older, full-time, and less well-qualified workers are most vulnerable. However, job losses will not be confined to those matching these characteristics alone: many jobs that we expect to be lost in the distribution, hotels & catering sector will affect younger workers, and those more likely to work part time. Job losses in Spelthorne connected to Heathrow are expected to reach 1,500 in 2021 with a total of 16,000 job losses across Hillingdon, Hounslow, Spelthorne, Ealing, Slough and South Bucks.
- 2.8 5,800 of our residents are in employment related to Heathrow, this is 10.6% of the Spelthorne workforce. Heathrow is not expected to return to 2019 levels until 2023 at the earliest. It is estimated that about 45% of our residents working at Heathrow live in Stanwell and Ashford in the north of the borough, leaving them more exposed to the volatilities around the aviation industry. This strongly suggests that there should be a focus on activities to support residents in the north of the borough. Any recovery in this sector is likely to take years rather than months unless there is a significant change in circumstances, such as a vaccine or cure for COVID-19.
- 2.9 The most prevalent industry in Spelthorne is transportation with double the amount of businesses situated in the borough compared to the next highest density in Surrey boroughs, so cargo and logistics are an important employer. In the latest available figures provided by the National Online Manpower Information System (NOMIS) (2018), there were 4,000 jobs in Spelthorne connected with this industry type. Given that these businesses are often closely tied to the fortunes of Heathrow airport, it is likely that there will be a significant loss of jobs within this sector. It is worth noting that in both Hillingdon and Hounslow, they have the largest number of businesses in this sector compared to the other boroughs in London and the whole of the south east. This provides for a very high level of supply where the demand is very weak. It has also been reported that trading conditions have been extremely challenging and have seen other businesses squeezing margins by reducing prices in order to obtain some of the limited demand for this service.

¹ <https://www.bbc.co.uk/news/business-54058559>

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2.10 On 21st May 2020 one of the transport and logistics companies based in Spelthorne reported a loss of 85% of their ground handling business within a few weeks with only a few flights running and pretty much 70% of the cargo. Therefore, by 1st April 2020 they furloughed 1200 staff in the UK, of which 55% was in Spelthorne. They also consolidated their business from 7 warehouses to 3 at London Heathrow and closed a warehouse in London Gatwick.

3. BP

3.1 Has announced around 2,000 redundancies in the UK with 15% or 300 job losses taking place by the end of the year. These are expected to mainly affect office jobs, so Sunbury could take a significant hit. The number of employees that are resident in Spelthorne is not known, but the majority are expected to be the lower paid jobs such as cleaning and catering.

4. Level of furloughing across Surrey Districts and Boroughs

4.1 Research carried out by Arup using data from the Wave 4 of the Office of National Statistics (ONS) Business Impact of Coronavirus Survey (20th April-3rd May 2020) which included sector-by-sector breakdown of the proportion of the workforce that has been furloughed. This does not include data from the businesses that have stopped trading. This has then been multiplied by the % of jobs in each sector within each Borough to estimate the overall proportion of the workforce which has been furloughed. It is worth noting that our near neighbours in Feltham have an estimated furlough rate of almost 38% with 23,500 residents. The total for Hounslow is estimated at 42,500; these figures are important as they will also be competing for jobs that would be attractive to Spelthorne residents.

Spelthorne	27%
Woking	26%
Elmbridge	26%
Tandridge	26%
Surrey Heath	25%
Waverley	24%
Runnymede	23%
Guildford	23%
Epsom and Ewell	23%
Mole Valley	23%
Reigate and Banstead	21%

The working population of the borough is 57,700 according to NOMIS and with predicted 27% furloughing by Arup, that means 15,500 residents are not working and on a reduced income.

5. Actions taken to date:

5.1 Worked with the Department of Work and Pensions (DWP) via Job Centre Plus as well as other organisations and businesses to put on the Borough's first virtual Job Fair which took place on 14th July.

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- 5.2 Set up a Jobs & Recovery Task Group consisting of DWP, A2D, Brooklands College, Officers from Runnymede and Elmbridge Councils. Meetings are arranged on a monthly basis with the first one occurring in July and August.
- 5.3 Grants provided by the government have been allocated to 1,175 businesses across the Borough. 199 have received £25,000; 806 have received £10,000 and 169 have received the discretionary grant of between £7,500 and £1,000. This gives a total allocation of £13,741,500. Plus £16,800,000 has been given through the expanded rate relief (business rates holiday).
- 5.4 The Council website has been constantly updated with help support and guidance to signpost businesses to access funding / grant opportunities as well as other help and support; further communications have also taken place through the various social media mediums at the disposal of the council.
- 5.5 In partnership with Staines Rotary the Council have been putting on a series of virtual events (via Zoom) to help businesses to recover from the covid-19 crisis. These events are designed to provide advice and support for small businesses in relation to a variety of topics from finance to HR. This involves businesses, consultants, professionals, accountants, coaches, to create an 'active ecosystem' with an initial period between July and December 2020.
- 5.6 £93,000 has been made available from the government to Spelthorne to support social distancing measures and make our towns safe for opening. Some of the money has been spent on the provision of mobile hand washing facilities situated in the High Street, Staines, as well as posters for shops to put in their windows, and an information video has been commissioned which can be shown on the council website as well as the new digital screens in the shopping centres.
- 5.7 A successful bid to Enterprise M3 Local Enterprise Partnership (LEP) resulted in a match-funded award of £42,000 which will enable a digital information screen (5m x 3m) to be installed in the Elmsleigh Centre to remind shoppers in relation to their responsibilities regarding social distancing and personal safety, they will also be used to advertise jobs as they become available. A similar digital information screen will also be installed in the Two Rivers shopping centre. 9 new covered cycle racks will be installed within the borough to encourage and support the take up of cycling. A live webcam for Staines High Street is also on order so people coming to the town can see how busy it is. Finally, there are 34 shops in Staines town centre are that are not accessible to wheelchairs, so ramps will be purchased with these funds and allocated to these premises to make the town more hospitable to those who need wheelchair assistance. Spelthorne was at this time the only council in Surrey to be successful in the application for EM3 funding.

6. ACTION PLAN

6.1 Actions: Businesses

Ref	Action	Implementation
1.	Retailers struggling in an environment that has reduced	a. We will appoint a Town Centre Manager (TCM) for an 18-month period to support Ashford, Shepperton and Sunbury. Staines-upon-

COVID-19: Economic Recovery Plan for Spelthorne

	<p>footfall and the spend as a result of COVID-19</p>	<p>Thames already has a Business Improvement District (BID) Manager.</p> <ul style="list-style-type: none"> b. Through the TCM we will explore the possibility of creating a BID between Ashford, Shepperton and Sunbury. c. We will provide training for retailers with regards to digital skills to encourage businesses to diversify their customer base from just physical to also include an on-line presence. d. Each of the 3 towns will have a dedicated business forum set up which will give them a clear voice to air their concerns and needs and build a real business community. e. An Action Plan for each of the towns will be agreed with local retailers. <p>Timescale:</p> <ul style="list-style-type: none"> a) October 2020 b) During 2021 c) During 2021 d) During 2021 e) By March 2021 <p>Lead: TCM / EDM</p>
<p>2.</p>	<p>Support and promote local businesses</p>	<ul style="list-style-type: none"> a. We will work with relevant Partner organisations such as Surrey Chambers of Commerce and Federation of Small Businesses to promote opportunities for local businesses <p>Timescale:</p> <ul style="list-style-type: none"> a) For the life of the plan

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<p>3.</p>	<p>Support for new and fledging businesses / entrepreneurs</p>	<ul style="list-style-type: none"> a. We will open a business incubator within the Borough during the 2020 -21 financial year. This will provide support for fledging entrepreneurs which will lead to the creation of new jobs in the future. b. Additionally, support will be provided for businesses through virtual / physical events via the Incubator that are dedicated to particular subject areas such as funding streams, on-line web presence or starting a business. c. We will introduce a new networking event for computer programmers and high-tech businesses similar to the Tedx programme https://www.ted.com/about/programs-initiatives/tedx-program. These will be held once every 2 or 3 months. d. We will explore the possibilities of opening pop-up-shops to give opportunities to budding entrepreneurs to test the market with their goods and services. Consideration will also be given to pop-up-shops to help provide training or information services to our residents. <ul style="list-style-type: none"> a. By end of February 2021 b. By April 2021 c. By April 2021 d. Life of the Plan <p>Lead: SEDO / EDM</p>
<p>4.</p>	<p>Ensure the plan is targeted and clearly focused on delivering what is needed where it is most needed</p>	<ul style="list-style-type: none"> a. Once the TCM has been appointed, we will conduct a business survey to help inform and develop the Recovery Plan. This will be in addition to surveying other business across the Borough. We will also work closely to the Staines Business Improvement District to help inform the plan. <p>Timescale</p> <ul style="list-style-type: none"> a) By January 2021 <p>Lead: TCM</p>

ⁱ <https://www.aircargonews.net/services/ground-handler/swissport-set-to-halve-uk-workforce/>

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Actions: Businesses

Ref	Action	Implementation
5.	Promoting our Businesses and celebrating success	<p>a. We will deliver the annual Spelthorne Business Awards to showcase and highlight the best businesses within the Borough. This event will also help lift some of the gloom in these challenging times.</p> <p>b. We will work closely with the Spelthorne Business Forum (SBF) to provide training events, networking opportunities and further develop a member's business directory to promote goods and services available locally.</p> <p>c. Work closely with the MPs office deliver the Spelthorne Business Plan Competition</p> <p>Timescale:</p> <p>a) March 2021 b) Life of the Plan c) July 2021</p> <p>Lead: EDM / SEDO</p>
6.	Supporting our Businesses by exploiting all opportunities to access funding and business support	<p>a. We will work closely with EM3 LEP https://www.enterprisem3growthhub.co.uk/ for high growth potential businesses as well as new-start businesses. Additionally, opportunities for grants and support will be closely monitored and made as soon as they available to our businesses when launched.</p> <p>b. We will ensure that the Council website is updated with the latest support and information available and make best use of social media to alert businesses to opportunities as they become available.</p> <p>Timescale</p> <p>a) Life of the Plan b) Life of the Plan Lead: EDO</p>

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7.	'Local First' option when procuring goods and services	<p>a) Develop a renewed emphasis on local procurement by the Council with greater emphasis on 'Local First' before purchases (subject to legal / policy constraints, which themselves could be reviewed). Using a baseline, set a target for the council for the period of the Corporate Plan, with reviews on the level of local procurement taking place annually as reported to the Management Team.</p> <p>b) Hold an event physically or virtually where the Council staff from various departments could make short presentations on subjects within their area to Spelthorne businesses. Workshops would include procurement with a 'Fit to Bid Workshop', planning, environmental health, economic development and any others that may be pertinent.</p> <p>Timescale a) By April 2021 b) By April 2021</p> <p>Lead: EDM</p>
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8.	Supporting a greener environment	<p>a) Promote and enable take-up of the Green Homes Grant scheme across Spelthorne, working with existing local schemes where possible and capitalising on the opportunities for business growth, job creation and skills development to complement the environmental benefits.</p> <p>b) Support delivery of the Public Sector Decarbonisation scheme, encouraging take-up across the wider public sector in Spelthorne.</p> <p>c) Work with further education providers to encourage investment in green skills.</p> <p>d) Lead by example by making our procurement policies more favourable to low carbon suppliers.</p> <p>Timescale a) Ongoing b) Ongoing c) Ongoing d) TBC</p> <p>Lead: EDM / Sus</p>
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6.2 Actions: People

Ref	Action	Implementation
1.A	Kickstart Scheme to support young people in work	<p>a. DWP are expanding the Youth Offer to support 18 to 24-year olds, this will include a 13-week programme.</p> <p>b. We will work closely with partner organisations to explore opportunities for our young people to benefit from this scheme and similar opportunities</p> <p>Timescale</p> <p>a) Whilst the funding is available</p> <p>b) Life of the plan</p> <p>Lead: EDO</p>
2.A	Access to Jobs	<p>a. Working with EM3 to promote ‘Job Fuse’ as a means of brokering new job opportunities with those made redundant.</p> <p>https://www.enterprisem3growthhub.co.uk/training</p> <p>b. We will work closely with partner organisations to explore opportunities for our residents to benefit from this scheme.</p> <p>c. Discussions are currently ongoing to facilitate the redevelopment of the Bretts site at Littleton Lane for a small industrial/business park which would create more jobs.</p> <p>Timescale</p> <p>a) The lifetime of the scheme</p> <p>b) Life of this plan</p> <p>c) Lifetime of the Plan</p> <p>Lead: EDM</p>

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3.A	Support for Stanwell	<p>£150 million from the government to boost the Flexible Support Fund across the country</p> <ul style="list-style-type: none"> a. Working with Partner organisations we will utilise a rapid response service via DWP to provide support in areas of the Borough where jobs losses have been the greatest. b. This will be a standing item on the Jobs and Recovery Group c. We will develop with others including the Jobs and Recovery Group a bespoke socio-economic plan for Stanwell. <p>Timescale</p> <ul style="list-style-type: none"> a) Life of the Plan b) Life of the Plan c) November 2020 <p>Lead: EDM</p>
4.A	Support home working and the high-tech sector	<ul style="list-style-type: none"> a. Working with Openreach, continue to improve broadband speed and availability across Spelthorne, ensuring that new housing and employment developments have access to gigabit capable broadband whilst also considering how we maximise the benefits of improved digital connectivity, including the use of 5G and other emerging technologies. <p>Fibre to the premises (FTTP) has commenced in Sunbury, need to push for other areas of the Borough.</p> <p>Timescale</p> <ul style="list-style-type: none"> a) Life of the Plan <p>Lead: EDM</p>

Actions: People

Ref	Action	Implementation
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COVID-19: Economic Recovery Plan for Spelthorne

5.A	Promote the availability of jobs	<p>a. A virtual Jobs Fair took place on 14th July 2020, these will continue to be delivered in partnership with Job Centre Plus (JCP) and A2D.</p> <p>Timescale a) Life of the Plan or until physical events can be delivered</p> <p>Lead: EDO</p>
6.A	Collaborative working with shared resources to enable best results	<p>Jobs & Recovery Group</p> <p>a. A Group has been set up including DWP, SBC, Brooklands College, A2D, Runnymede & Elmbridge Council ED Officers to work collectively to establish areas of collaboration and making the best use of shared resources as well as sharing real-time intelligence and information regarding the impact of the epidemic. The group will meet every 6 weeks</p> <p>b. Heathrow Local Recovery Forum Participate in this multi-agency group and access any opportunities for the benefit of Spelthorne.</p> <p>Timescale a) Life of the Plan b) Life of the Plan</p> <p>Lead: EDM</p>
7.A	Skills / Training	<p>a. Work with Brooklands college and other education / skill providers to help ensure local skills needs are met so that the local workforce is better equipped to take up employment opportunities.</p> <p>Timescale a) Life of the Plan</p> <p>Lead: SEDO</p>

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8.A	Making greater use of the Apprenticeship Levy	<p>a. Working with businesses that pay the apprenticeship levy to gift up to 25% of their allocation to non-levy paying businesses to upskill their staff and create a more resilient and skilled workforce.</p> <p>b. Maximising the benefits of the apprenticeship levy by encouraging a greater number of higher-level apprenticeship opportunities within the Borough</p> <p>Timescale</p> <p>a) Indefinitely</p> <p>b) Indefinitely</p>
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7. Financial Implications

7.1 Town Centre Manager

This was agreed at Mat in August 2020 with the agreed costs for a full-time post servicing 3 towns with an 18 months contract. The £30k equates to £5k each year for each town over 2 years. Should further funding be required this will be via the Business Retention Fund

Salary over 2 years	Budget over 2 years	Accommodation over 2 years	Total
£87,000	£30,000	£12,000	£129,000

7.2 Incubator

MAT agreed £150k from the Business Retention Fund over 5 years; a further £20k a year over 5 years has also been committed by Shepperton Studios. This will be delivered with a Partner with an invitation to quote ITQ currently out to tender and a decision to be made around 16th October 2020. It is expected that the income generated from this project should keep it self-sufficient without a need to apply for further circumstances based upon current information and circumstances.

7.3 Potential projects

Discussions are ongoing in relation to the potential to make available a unit in the Elmsleigh Centre as a pop-up-shop. Cost unknown until a unit is confirmed
 Digital skills training for the High Street independent retailers **£6k**
 Subsidy for membership of the Federation of Small Businesses for 100 businesses **£5k**

7.4 A number of related activities will be funded through existing Economic Development budgets and treated as business as usual.

7.5 The total amount of funding to deliver the above is **£290k** (plus the £100k from Shepperton Studios). This funding does not require a growth bid, but will come from the ring-fenced Business Rates Retention Fund dedicated to economic development as agreed with government.

Appendix 3: Update Report to Audit Committee on the Impact of Covid-19 on the Spelthorne Economy

Increased Levels of Unemployment

This document is intended to provide a high-level view in respect of the impact that Covid-19 has had on the Spelthorne economy. To give some degree of context, there is some comparable data with Surrey, the south-east region, and Great Britain. The document then proceeds to examine the impact on jobs at a more granular level by examining the impact on each of the wards in the borough as well as the overall impact on the borough of Spelthorne.

Date	Spelthorne	Surrey	Great Britain	South East
February 2020	1.7	1.2	3.0	2.1
March 2020	1.7	1.2	3.1	2.2
April 2020	3.2	2.4	5.1	3.9
May 2020	5.3	4.0	6.4	5.3
June 2020	5.1	3.8	6.2	5.1
July 2020	5.2	3.9	6.4	5.2
August 2020	5.5	4.1	6.5	5.4
September 2020	5.6	4.1	6.4	5.3
October 2020	5.5	3.9	6.2	5.1
November 2020	5.7	4.0	6.3	5.2
December 2020	5.7	4.0	6.2	5.1
January 2021	5.6	4.0	6.2	5.1

This chart shows the total unemployment rates from February 2020, just before covid-19 affected the country to January 2021.

- Spelthorne from 1.7% to 5.6%
- Surrey moved from 1.2% to 4.0%
- South East from 2.1% to 5.1%
- GB from 3.0% to 6.2%

This highlights the fact that Spelthorne has had a far greater percentage increase of job losses compared to the other 3 areas and that the S.E has suffered significantly more job losses compared to the GB average. This situation is compounded when seeking jobs in other nearby locations as vacancies have also diminished in neighbouring boroughs and districts. Over the same period Hillingdon has seen the claimant count rise from 2.4% to 7.2% and Hounslow fared worse with an increase from 3.7% to 9.2% unemployed. A key factor influencing this has been the demise of Heathrow airport and the supply chain that relies heavily and sometimes exclusively on this business.

Due to the high level of influence that Heathrow Airport has on the local and sub-regional economy, this update includes a summary of the challenges facing the most significant employer of our residents.

HEATHROW AIRPORT

Prior to CV-19 Heathrow Airport was directly responsible for providing jobs for around 3,700 of our residents which equates to around 8% of our workforce, a further significant number of the Spelthorne population have businesses or are employed by the supply chain that serves Heathrow

BBC news reported on 1.3.21 details regarding job losses and their association with airports in general around the country. 'According to **parliamentary data**, the number of people claiming unemployment benefits went up 112% across the UK between January 2020 and January 2021. But analysis by a group of MPs with interest in aviation found that in constituencies around the UK's top 20 airports, it rose 145% on average. Some airports in London and the South East saw particularly high rises. In Hayes and Harlington, which contains Heathrow, the number of people claiming unemployment benefits has increased 221%. In Crawley, around Gatwick, it has increased 224% and in Saffron Walden, the home of Stansted, it has increased 228%. The Unite union has said that over 30,000 airport workers could lose their job by the time the pandemic ends.' <https://www.bbc.co.uk/news/business-56231312>

Four days before the above report, another article highlighted the threat to the aviation sector and Heathrow in particular. '**Heathrow Airport has reported a £2bn annual loss after passenger numbers during the coronavirus pandemic dropped to levels last seen in the 1970s.**

It said 2020 was the toughest year in its 75-year history and the loss "underlines the devastating impact of Covid-19 on aviation".

Heathrow's results contained a warning it may not be able to carry on if passenger numbers remain low. However, its boss said the airport had enough money to cope until 2023.'

<https://www.bbc.co.uk/news/business-56176403>

Breakdown by Ward

The following two charts provide a breakdown at ward and borough level by volume the increase in job losses across the borough. The first chart illustrates the impact by the number of people in each ward that are claiming unemployment benefit from before the start of the response to the pandemic in February 2020 to January 2021. The second chart details the same information, but is presented in percentage format of those claiming unemployment benefit which provides a more accurate picture as each ward will have different levels of working population.

Area	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021
Spelthorne	1,050	1,040	1,985	3,240	3,125	3,230	3,360	3,450	3,370	3,485	3,490	3,450
Ashford Common	70	65	135	220	200	225	230	250	240	260	265	270
Ashford East	70	70	140	230	220	230	225	220	210	200	200	205
Ashford North and Stanwell South	125	115	205	315	310	315	350	355	350	375	365	370
Ashford Town	70	85	130	220	215	230	235	255	260	275	280	270
Halliford and Sunbury West	55	55	120	195	170	170	190	190	175	195	185	190
Laleham and Shepperton Green	80	80	165	265	270	275	265	275	270	280	285	270
Riverside and Laleham	55	55	95	150	135	145	160	165	160	155	155	150
Shepperton Town	30	30	80	155	150	150	160	155	140	160	155	150
Staines	95	95	170	275	285	275	300	315	320	325	335	350
Staines South	80	70	135	250	245	240	245	245	240	240	250	245
Stanwell North	155	150	275	400	390	410	420	415	420	435	440	430
Sunbury Common	130	125	230	380	350	375	385	405	380	395	390	370
Sunbury East	35	40	110	190	185	190	190	205	200	195	180	185

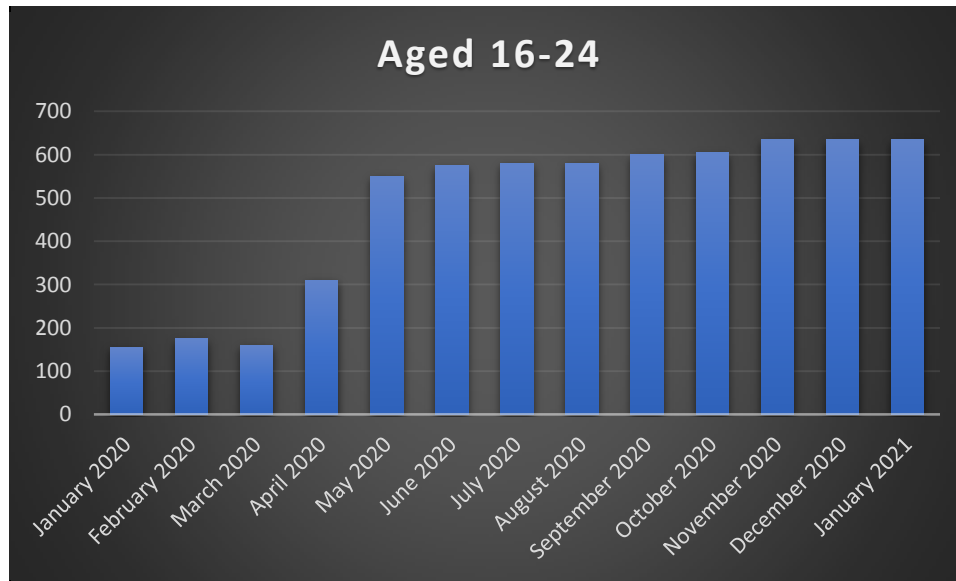
Area	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021
Spelthorne	1.7	1.7	3.2	5.3	5.1	5.2	5.5	5.6	5.5	5.7	5.7	5.6
Ashford Common	1.4	1.3	2.8	4.5	4.1	4.6	4.8	5.1	5.0	5.3	5.5	5.5
Ashford East	1.6	1.6	3.1	5.1	4.9	5.2	5.1	5.0	4.7	4.5	4.5	4.6
Ashford North & Stanwell South	2.1	1.9	3.4	5.3	5.2	5.3	5.9	6.0	5.9	6.2	6.1	6.2
Ashford Town	1.5	1.8	2.7	4.7	4.6	4.9	5.0	5.5	5.6	5.9	6.0	5.8
Halliford and Sunbury West	1.6	1.5	3.4	5.6	4.9	4.9	5.4	5.4	5.1	5.6	5.3	5.4
Laleham & Shepperton Green	1.6	1.6	3.3	5.2	5.3	5.4	5.2	5.4	5.3	5.5	5.6	5.4
Riverside and Laleham	1.4	1.3	2.4	3.7	3.3	3.6	3.9	4.0	3.9	3.8	3.8	3.7
Shepperton Town	0.8	0.8	2.2	4.2	4.0	4.1	4.4	4.3	3.9	4.3	4.3	4.1
Staines	1.6	1.6	2.8	4.6	4.8	4.6	5.0	5.3	5.4	5.4	5.6	5.9
Staines South	1.8	1.6	3.1	5.6	5.5	5.4	5.6	5.5	5.5	5.4	5.6	5.5
Stanwell North	2.9	2.8	5.1	7.4	7.3	7.6	7.8	7.7	7.7	8.1	8.1	7.9
Sunbury Common	2.4	2.4	4.3	7.2	6.6	7.1	7.3	7.6	7.2	7.5	7.4	7.0
Sunbury East	0.9	1.0	2.6	4.5	4.3	4.4	4.5	4.9	4.6	4.6	4.2	4.3

From the above charts, it becomes abundantly clear that Stanwell North has by far the highest level of unemployment in the borough, and given that it has an estimated 25% of its working population employed at Heathrow, this comes as no surprise. Sunbury Common also stands out as the clear second highest level of unemployment and this area also has a very high reliance on the airport for employment.

It can also be seen that prior to CV19 the same 2 areas were also the highest in terms of the percentage of residents claiming unemployment benefit, so can be argued that they are only retaining that unenviable position. Further examination of the data reveals that the 2 wards that have seen the highest percentage rise with a five-fold increase in unemployment, are the two wards that have the lowest levels of unemployment, Sunbury East and Shepperton Town where number unemployed have jumped from 35 to 185 and 30 to 150 respectively.

Age as a factor in unemployment

The two charts below illustrate the number of people unemployed in the borough who are aged 16 – 24 and those who are over 50 years old



16 – 24-year-old

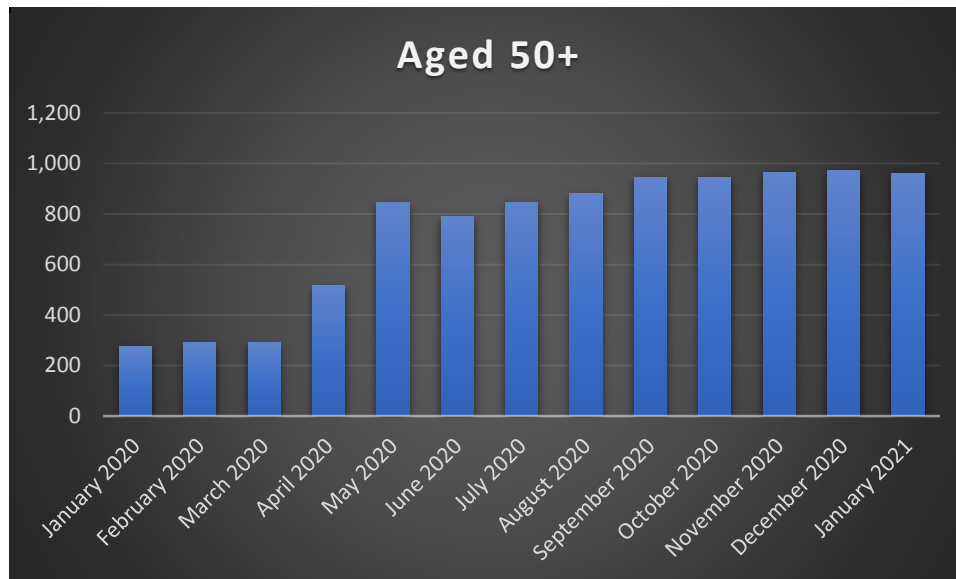
In the above slide in January 2020 there were 155 (2.34%) young people unemployed and as the year progressed to January 2021 this number had increased to 635 (9.59%); as can be seen from the chart, unemployment has not dropped below 550 since May 2020, so not only has the rise been steep, but it has also been consistent.

Apprentices were a key vehicle to obtain employment for the young people, but CV19 has brought an end to many of those opportunities as businesses furlough staff or making redundancies.

Below highlights the increased level of unemployment for this age group in Spelthorne compared to other areas

- Spelthorne from 2.3% to 9.6%
- Surrey moved from 1.5% to 6.1%
- South East from 2.9% to 7.8%
- GB from 4.1% to 9.2%

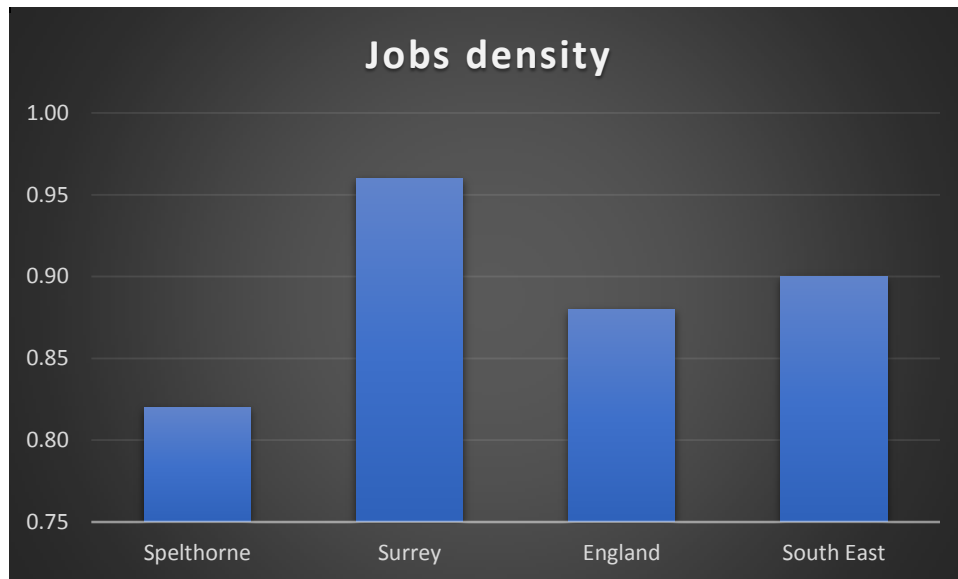
50+ Age Group



This chart shows that in January 2020 there were 275 (1.5%) people in this age group who were unemployed rising to 960 (4.8%) by January 2021. The over 50 population are often a cohort that attracts greater difficulties in obtaining employment once a job has been lost, this is despite the Equalities Act 2010 which expressly prohibits bias based upon age. Research has suggested that most people who may lose their jobs at Heathrow are likely to be from this age group and be low skilled. Low skill sets decrease the opportunity of future employment as there will be a smaller job pool to apply for, additionally these will nearly always be at the lower end of the pay scale in terms of financial remuneration. To put these figures into context with other areas Spelthorne has seen a higher percentage increase than Surrey, the south east or Great Britain.

- Spelthorne from 1.5% to 4.8%
- Surrey from 1.1% to 3.2%
- South East from 1.7% to 4.0%
- GB from 2.4% to 4.8%

Job Density



This refers to the number of jobs that are available in a borough compared to the numbers that make up the working population. So, a figure of 1 would show that there is 1 job for every person 16 - 64 living in the borough. From the below chart Spelthorne has a job density of 0.82 which means we have 18% more people of working age than jobs available in the borough. This is not necessarily a bad thing, as Spelthorne has had significant employment opportunities on its boundaries (Heathrow Airport). However, this means that the borough is unable to adequately address the lack of jobs itself, but is reliant upon outside influences to help create a new pool of opportunities.

This does not mean that the council is impotent in this area but will need to use funding and resources wisely to achieve the greatest benefits for our residents. One such decision is to introduction of a business incubator to attract and support entrepreneurs to create the new businesses of tomorrow.

A new 2021 Economic Assessment is in the process of being written which will provide the details and the guidance to ensure that the new Economic Strategy commencing in 2022 will be fit for purpose and enable Spelthorne Council to respond in a targeted way to vigorously meet the challenges ahead.

Another key factor that may affect the economy is the impact of Brexit. This influence is not covered within this document as it is too early to establish how it has affected Spelthorne businesses. To address this, there will be survey carried out across businesses situated within the borough; this survey will also contain broader questions in respect of the challenges and needs of businesses so we can better understand requirements which in turn will allow us to develop a targeted response.

An Economic Recovery Plan was developed and adopted in October 2020 which included an action plan. A number of these actions have already been achieved and delivered, this includes the appointment of a Town Centre Manager for Ashford, Shepperton and Sunbury, collaborative projects with other organisations such as Federation of Small Businesses (webinar on Brexit in February with around 400 attendees), the opening of a Business Incubator for budding entrepreneurs (draft date of 30.4.21 with Kwasi booked to open), the 3rd annual Spelthorne Business Awards has opened for entrants and due to take place at the re-vamped Holliday Inn in Shepperton etcetera.

WORK PROGRAMME 2021/22**AUDIT COMMITTEE – 18 March 2021****Resolution Required****1. Work Programme**

- 1.1 This report covers the Work Programme for the forthcoming municipal year 2021/22.
- 1.2 The Committee's terms of reference are set out at the front of the agenda.

2. Future Meetings

- 2.1 Meetings of this Committee have been scheduled in the Council's Diary on the following dates but please note that these dates are to be confirmed at the Annual

- **29 July 2021**
- **25 November 2021**
- **24 March 2022**

- 2.2 Details of the Work Programme for future meetings are as follows:

July 2021	Officer	
Covid-19 Risk Considerations	Internal Audit Manager	Report
Appointment of the Independent Person and remit of the Committee	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report / recommend to Council
Corporate Risk Management report	Internal Audit Manager	Review/ recommend to Policy & Resources
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
External Audit update	External Auditors	
Internal Audit Annual Report 2020-21	Internal Audit Manager	Report
Annual Governance Statement 2020/21		Report for approval
Committee's Work programme for 2021/22	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report
Anti-Fraud, Bribery and Corruption Strategy	Internal Audit Manager	Review/ recommend to Policy & Resources

November 2021	Officer	
Corporate Risk Management	Internal Audit Manager	Review/ recommend to Policy & Resources
Covid-19 Risk Considerations	Internal Audit Manager	Report
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
External Audit Plan update	External Audit	Report
Internal Audit Interim Report	Internal Audit Manager	Report
Committee's Work programme for 2021/22	Internal Audit Manager / Chief Finance Officer/Audit Committee	Report
Confidential Reporting Code	Group Head of Corporate Governance	Review
Report on The Effectiveness of the System of Internal Audit	Internal Audit Manager	Report

March 2022	Officer	
Corporate Risk Management	Internal Audit Manager	Report/recommend to Policy & Resources
Corporate Risk Register	Head of Service - as appropriate	Updates on target dates missed
Anti-fraud, Bribery and Corruption Strategy	Internal Audit Manager	Report
Internal Audit Annual Plan 2022/23	Internal Audit Manager	Report
External Audit update	External Auditors	
Committee's Work programme for 2021/22	Internal Audit Manager/Chief Finance Officer/Audit Committee	Work Programme

- 2.3 Any topics identified during consideration of the business at this meeting will need to be included in the above Work Programme.
- 2.4 Other issues Members wish to raise for consideration at the next or any future meeting and agreed by the Committee, may be included in the Work Programme.
- 2.5 External audit may have one or two reports that arise from time to time which are not possible to predict in advance but will be incorporated into the Work Programme or appear on the agenda as appropriate. In the event of the Council receiving external auditor reports between scheduled meetings of the Committee it may be necessary to call additional meetings of the Committee.

- 2.6 Managers may be required to attend the Committee, similarly to that resolved in Minute No. 227/06, to explain why they have not implemented the recommendations of Internal Audit. It is not possible to predict these circumstances, but they will be dealt with as and when they arise either by incorporating into the Work Programme or appearing on the agenda as appropriate.

3. Resolution

The Committee is asked to consider and approve the Work Programme as submitted and/or amended at the meeting.

Contact: Punita Talwar, Internal Audit Manager (01784) 446454

**Report Author: Michelle Beaumont, Principal Committee Manager
(01784) 446 337**

Outstanding items to be added at appropriate time:

Confidential Reporting Code	Group Head of Corporate Governance
Value for Money Statement 2017/18	External Auditors
Annual Audit Letter 2017/18	External Auditors
External report of Audit and Statement of Accounts 2017/18 (draft received in March 2019)	External Auditors
Value for Money Statement 2018/19	External Auditors
Annual Audit Letter 2018/19	External Auditors
External report of Audit and Statement of Accounts 2018/19	External Auditors