

Elizabeth advised that work had begun on developing an initial framework to create a uniform approach. This would help members to make more informed, transparent and consistent decisions based on the risk levels and provide clarity to officers on what decisions members were prepared to take based on acceptable tolerance levels established as part of setting Spelthorne's risk appetite. It was intended to determine risk appetite over a number of areas (impact measures), and this would be discussed and agreed by councillors and officers. It was hoped that an initial draft of the framework would be available in early 2022 for members to comment upon and this would help to explain what was quite an abstract concept.

Councillors were supportive of the idea and noted that it fitted in with the Local Government Association (LGA) Corporate Finance Peer Review and should help streamline decision making. One member asked that core and discretionary aspects of the Council's work be included in the document. It was agreed that an informal discussion with both members and officers participating would be useful prior to the next formal meeting of the Audit Committee on 24 March 2022.

One member asked if other local authorities were adopting the same approach and if it was considered best practice. Elizabeth advised that she was receiving more requests for assistance with this than in the past as authorities considered ways of improving decision making, possibly as a result of the pandemic.

In response to a question asking if the framework would be regularly reviewed, Elizabeth advised that it would be necessary to review and tweak it after approximately 6 months to ensure it was suitable for Spelthorne's circumstances, and in the current climate it would be sensible to regard it as a living framework and review it regularly.

The Chair thanked Elizabeth for summarising the matter so clearly.

593/21 Corporate Risk Management

The Internal Audit Manager presented her report outlining work undertaken around risk management. The Committee were advised that training had been delivered to managers to raise awareness, explain the corporate approach and need to integrate risk management into all service functions and corporate processes.

The Corporate Risk Register, attached at Appendix 1 to the report, outlined strategic risks which may impact the delivery of corporate priorities and objectives. Members of the Committee had requested at their last meeting that the register was updated to distinguish external factors where risk mitigation measures may be limited or beyond the control of the Council and these had been highlighted in blue in the register.

Key issues highlighted included housing developments and targets, the provision of affordable housing, the economy, and sustainability and climate

change. The most significant risks had been assigned a red RAG rating. A new risk added to the category related to the inadequate strategic direction provided by the Council for Knowle Green Estates (KGE) and Appendix 2 to the report contained a recommended risk action in relation to this.

One member asked for clarification on the housing register numbers as 1,500 of the 3,000 on the list were classed as low housing need. It was agreed that it was important to fully understand the housing need locally and that a breakdown of each category should be provided. Officers undertook to provide a response to members informed by the Housing team.

The Committee **resolved** to note the report.

594/21 Covid-19 Risk Considerations

The Internal Audit Manager presented her report on the Covid-19 Risk Assessment. The Risk Assessment had been reduced to focus specifically on the high level risks for Spelthorne and some of the risk categories aligned with the Council's recovery plan and objectives. As requested by the Committee, the document had been amended to highlight those risk categories significantly impacted by externalities and therefore distinguish areas where the Council had little or no control. The document also included those risk categories where the Council is in a position to apply greater local control and mitigation measures.

As requested by the Committee at the July meeting, the position on establishing key performance indicators (KPIs) for economic recovery was provided and referred to in the cover report.

The Internal Audit Manager highlighted key issues and actions being taken to mitigate those risks.

In response to a question asking if the increased number of Covid-19 cases and the possibility of a further lockdown was perceived as a risk, members were advised that it was not thought that we were at that stage at the moment. Weekly Borough Emergency Committee meetings were being held, trends checked and action taken to inform and update residents. There were differing views among medical experts and it was difficult to anticipate what would happen during the winter months. The Chief Finance Officer also advised that as a result of government funding, a Household Support Fund went live on 29 November to assist those residents struggling to meet rising food and energy costs.

It was noted that an incorrect version of the report had been added to the agenda and the final version including reference to the Chancellor's Budget announcement would be published with the minutes of the meeting.

The Committee **resolved** to note the report.

595/21 Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code Self-Assessment

The Chief Finance Officer advised that incorrect documents had been added to the agenda, consequently there was one change to the report that was not in the published version. The final version of each document will be included with the minutes of the meeting.

The Committee were advised that both the LGA Action Plan and CIPFA self-assessment were regarded as living documents which will be regularly reviewed and updated. He highlighted key points and the action taken.

The Chief Finance Officer advised that the coming Budget would be challenging following the impact of Covid-19 and so the LGA Peer Review had been timely as had the revised corporate priorities and values. There was some overlap between the LGA Peer Review and the CIPFA Management Code which comes fully into effect in the next financial year but had been put into practice at an early stage by the Council.

A member expressed concern that with the Council's new Committee structure there was no longer an Overview and Scrutiny Committee and asked what steps were being taken to ensure that effective scrutiny took place. It was acknowledged that it was a difficult area as Committees were expected to scrutinise their own decisions. The Committee System Working Group was to meet in January 2022 and effective scrutiny was one of the matters they would be considering.

The Monitoring Officer advised that there were two areas that were legally required to be scrutinised, one of which was crime and disorder, and this had been considered by Neighbourhood Services Committee during their September meeting.

The Committee **resolved** to note the report subject to the final versions of the documents being included with the minutes.

596/21 Retender of External Audit Contracts

The Chief Finance Officer presented his report regarding the re-tender of external audit contracts for the five year period from 2023/24.

The process by which external auditors are appointed is set out in local audit regulations. There were three options available to Spelthorne:

- (a) Opt into the scheme whereby the Public Sector Audit Appointments (PSAA) entity manages the process of inviting bids, evaluation them and deciding which firm audits which council.

- (b) Spelthorne could conduct their own appointment process; this would necessitate creating a special panel, following detailed regulations and a special resource process
- (c) Identify and join with a number of other councils making their own arrangements and create a joint panel with those.

Feedback from other Surrey councils was that they intended to opt into the PSAA option. It was considered this would give the best outcomes as the alternatives were likely to be more costly, involve a considerable amount of time and resource and it may prove difficult to appoint a qualified auditor.

It was recognised that there were challenges in the external audit sector for local government in terms of the work required and the fee level set.

The Committee asked if there would be clarity on what extra charges could be expected particularly in view of our investment portfolio. The Chief Finance Officer explained that whilst all fees would be increased, it was difficult to know to what extent until the bids had been received and evaluated and this would not be known at the time of opting into the scheme. The audit firms did not know which councils they would be allocated at the time of submission of bids and some authorities had higher levels of commercial activity than others.

David Eagles, Senior Partner BDO, advised that whilst he was not advocating any particular option, he was aware of some NHS Trusts who had tried and failed to appoint an external auditor through their own process. There was a genuine risk of capacity issues in terms of the public sector market and so a potential benefit of PSAA was you did guarantee getting an external auditor.

The Committee **resolved** to make a recommendation to Council to opt into the national scheme managed by Public Sector Auditor Appointments as the "Appointing Person".

597/21 Confidential Reporting Code (Whistleblowing Policy)

The Group Head of Corporate Governance advised the Committee that she had conducted a review of the Confidential Reporting Code. 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. It had been comprehensively reviewed the previous year and was considered still fit for purpose. The only change required was the change of name from Members' Code of Conduct to Standards Committee as a result of the change to a Committee system form of governance.

A member asked if the Confidential Reporting Code was being used, as that was one method of checking its suitability and was advised that it had been operated.

Another member asked if it had been checked with Unison. The Head of Corporate Governance advised that it had been as part of last year's review,

but not on this occasion as it had not been changed however she was happy to do so if required.

It was **resolved** to note that the review of the Confidential Reporting Code by the Monitoring Officer had taken place and agreed to retain the current policy.

598/21 Appointment of Independent Person to Audit Committee

The Group Head of Corporate Governance advised the Committee that she could only provide limited information as the recruitment process was still ongoing.

The standard of applications received was good. One applicant had been interviewed by the panel and an interview with another applicant was in the process of being arranged. The applicant interviewed was of a high calibre, had interviewed well and was considered suitable.

A report would be prepared with a recommendation to Council once a response had been received from the second candidate. It was hoped that this would be in time for the full Council meeting in December.

Members agreed it would be useful to meet the successful applicant before the next formal Committee meeting.

The Committee **resolved** to note the update.

599/21 Internal Audit Interim Report

The Internal Audit Manager presented her report which summarised the work undertaken by the Internal Audit team for the period April to October 2022.

In addition to the planned audit reviews there were other workstreams carried out by the team adding value and in support of the Council's priorities and objectives. The Internal Audit Manager highlighted the counter-fraud initiatives undertaken through collaborative working with partners and the consequent significant savings to the Council. A targeted data matching initiative in conjunction with Housing and registered providers was being developed and if funding was approved it was anticipated this could result in positive outcomes in respect of social housing fraud.

The latest version of the report had not been included in the agenda documents. The final version of the report, included with the minutes, provided an additional table with the total potential savings and financial losses prevented should the data matching exercise proceed. These potential savings were based on professional guidance in terms of the percentage of social housing tenancies estimated to be fraudulently occupied. Furthermore, they were based on an assumption that where fraudulent occupancy was proven all properties were subsequently recovered with keys returned, although the actual number of properties recovered/keys returned were likely

to be less. It was difficult to predict or forecast the actual number of properties recovered as a bulk data matching exercise of a social housing portfolio had not been undertaken previously for Spelthorne.

Assurance was sought that the new Bluebox system would be reviewed by the Internal Audit team to ensure that it was fully functional. Officers advised that it was not an accounting system but a property management system with a bolt-on accounting suite. The Chief Accountant was working with the finance team to ensure that it was working as expected and once they were happy with the controls in place it would then interface straight into the Council's accounting system. The Internal Audit team had included a review and evaluation of the system within their work plan.

The Committee **resolved** to note the report.

600/21 External Audit update

David Eagles, Senior Partner BDO, advised that they were still awaiting the conclusion of KPMG's audit of the previous year's accounts and Value for Money opinion for 2017-18 before commencing their own work. They had had useful early discussions with officers about emerging matters in connection with the accounts and financial issues arising which had been very helpful.

BDO had also been working on housing grants and a Homes England return linked to the funding received for the White House Hostel project. It was hoped that a report would be available on all grants work for the next Audit Committee meeting.

The Chief Finance Officer advised that an independent external audit of Knowle Green Estates (KGE) which was wholly owned by the Council, and fed into the consolidated group accounts, had taken place. The external auditor had completed their audit of KGE for the last financial year and confirmed in writing that they did not have any issues but were yet to deliver their formal opinion letter. The draft KGE Annual Report and Statement of Accounts was to be presented to the Corporate Policy and Resources Committee at their meeting on Monday 29 November 2021.

The Committee **resolved** to note the update.

601/21 Committee Forward Plan

The Committee considered the Forward Plan for the remainder of the 2021/22 Municipal year.

It was **resolved** that the Forward Plan be approved subject to the addition of the Risk Appetite Framework for the next Committee meeting in March 2022.

602/21 VFM Working Group update

The Chief Finance Officer advised that KPMG had been invited to attend tonight's meeting but had declined to attend. They had indicated however that they would be willing to meet the Value for Money Working Group and were available the week commencing 6 December. A date was to be arranged and it was anticipated that at that meeting KPMG would share their draft conclusions on a confidential basis initially, to allow a response, before making those public.

It was viewed as encouraging that KPMG had asked for the draft Statement of Accounts and any post balance sheet events so they could update the narrative of significant events (such as Covid-19 and Brexit) that may be relevant to those figures.

The Committee **resolved** to note the update.

Audit Committee

25 November 2021



Title	Covid-19 pandemic recovery - Risk Considerations (UPDATE)
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	Recovery from Covid
	The Audit Committee is asked to note the COVID-19 pandemic recovery risk report and Risk Assessment at Appendix 1.
Reason for Recommendation	The Covid-19 Risk Register focusses on pandemic recovery to ensure the Council's risks are identified, prioritised, managed, monitored, and reported.

1. Key issues

- 1.1 Covid cases for England remain high with a recent rise in new cases, highlighting the evolving nature of the global pandemic. The vaccination programme continues with a focus on boosters and extended eligibility to the 12–17-year-old cohort for added protection across communities. Seasonal flu viruses will further impact the situation along with several other winter pressures. 'Recovery from COVID-19' represents a corporate priority for Spelthorne and an internal and broader recovery plan continues to support residents, businesses, and local communities. Progress with the Council's recovery plan is regularly reviewed. Dependant on whether the government may implement 'Plan B' measures at some future stage, the Council's approach may require a combination of response mode and ongoing recovery.
- 1.2 The number of risk categories previously included in the Covid-19 risk register have been reduced (from fourteen to five), focussing now on high level risks for Spelthorne where the impact of the pandemic has been most prevalent. These risk categories include the Economy, Financial sustainability and resilience, Health, Safety and Wellbeing, Seizing Opportunities (failing to seize positive opportunities arising from the pandemic experience represents a risk in itself) and Housing (specifically Homelessness prevention as some of the temporary protection measures are lifted by the government). This

approach also takes on board comments from Members at the July Audit Committee, ensuring the most significant risks arising impacting effective recovery from the pandemic (which may also relate directly to the achievement of the Council's corporate priorities and objectives) continue to be identified, managed, monitored, and reported. The risk categories also align with the Council's wider borough recovery plan and corporate recovery objectives, for example Economic development and Financial sustainability both form a key part of the recovery plan.

- 1.3 The updated risk assessment is at Appendix 1 which sets out mitigation measures in place to manage identified risks, as well as any further actions underway or for perusal, including some new actions. Completed and ongoing actions are indicated. It includes a RAG (Red/Amber /Green) risk rating 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. In response to the Audit Committee, those risks that are likely to be influenced significantly by externalities therefore representing areas where the Council has little or no direct control are highlighted in blue on the risk assessment at Appendix 1. In contrast those risks that can perhaps be more effectively mitigated and controlled through council actions to influence positive outcomes are not highlighted. At this stage these are proposals only and we therefore welcome an opportunity for further discussion.
- 1.4 The Council's Covid pandemic recovery 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 are highlighted, as well as any residual risks to be acknowledged.

(a) Economy – red risk category A.

The Chancellor's budget of 27 October 2021 advised that national economic growth over the last six months (as lockdown restrictions were eased and lifted) has exceeded original forecasts and future growth is expected to continue. Whilst this is positive, timeframes for return to a stable economy are uncertain, hence economic recovery remains somewhat challenging. The longer-term impact of the pandemic on local economic recovery continues to prevail, presenting service pressures. The Economic Development recovery plan forms part of the Council's broader recovery plan for the pandemic and includes key actions, tasks and desired outcomes across five main elements consisting of minimising unemployment, developing skills and getting people back into work, assisting future business growth and adaptation, placemaking, regeneration and developing infrastructure, and attracting visitors back into the borough.

There are several initiatives underway to support the revival of the local economy and help people get back into employment, such as a small business incubator to provide specialist support for new businesses (fully operational), working with Enterprise M3 to promote job opportunities, commissioning a survey to major businesses to ascertain further insight on the impact of the pandemic, successful funding approval for a youth hub and development of town centre action plans for Shepperton, Ashford and Sunbury.

There is regular reporting to the Economic Development Committee who monitor activity and actions completed, including the economic elements of the recovery plan and grant expenditure. The Council's discretionary Additional Restrictions Grant (ARG) scheme runs to March 2022 and a task group has been set up to specifically consider how to best spend the remaining monies of £1.9m (as at end October 2021), to ensure businesses benefit the most in terms of recovery and future growth. Members have agreed the ARG funding should be focused on equipment, support and Training. A policy to apply the remaining fund will be put in place shortly. This ARG scheme will support, facilitate, and influence business activity contributing to the recovery of the local economy. A residual risk remains given that the speed and extent of local economic recovery will also be determined by the macroeconomic environment, national policy decisions, post-Brexit implications and other external factors. Therefore, to some degree this risk relating to recovery of the local economy post pandemic remains outside the Council's control. The Economic Development team will be advising in due course on more specific economic related risks that may fall directly under the Council's control, differentiating from those that are significantly impacted by externalities and that the Council may have no control or influence over. This will address the matter raised by the Audit Committee and help to understand where the Council can effectively manage risks in delivering objectives and anticipated outcomes.

The Economic Development team will be updating the Economic Development Strategy and action plan over the coming months to cover 2022 to 2027. As part of this review there will be an opportunity to refresh the performance data categories including Key Performance Indicator's (KPI'S) to assist measurement of progress in achieving goals, objectives and desired outcomes relating to economic recovery and growth.

(b) Financial sustainability and resilience – red and amber risk category B.

There are significant financial cost implications on the Council associated with recovery from the financial and economic impacts of COVID-19 including longer term reductions in some income streams such as car parking and retail rental, revenue impacts arising as a result of the Moratorium on high rise developments in Staines-upon-Thames, uncertainty over the Council's tax base income levels, and financial support to the Leisure Centres. In addition, the impact of inflationary pressures and price rises and the threat of interest rate rises present further challenges. This risk has been assigned a red RAG rating, whilst the two other risks in this financial sustainability and resilience category have been assigned an amber rating (please refer to Appendix 1, category B and the risk scoring model).

An outline budget for 2022-23 will be reported to Corporate Policy Resources Committee Budget Briefing in November. Outline Budget scenarios for the period 2022-23 to 2025-26 are being modelled to identify the potential range of budget gaps. Officers are preparing strategy options, including savings for Corporate Policy Resources Committee to consider.

Chancellor's Budget and Spending Review announcements on the 27th October provided a useful indication of broader parameters for local government spending, including council tax increase rules, and the Local Government Provisional Funding Settlement in December will provide the detail of funding arrangements at an individual council level.

Fortnightly Asset Portfolio Working meetings are taking place to monitor income with the investment portfolio performing extremely well - so far as at end of October 2021, 99.3% of rental invoiced for 2020-21 has been collected, and 99.1% of rent for the last four quarters collected including the most recent quarter day. Detailed business plans are under development for each investment asset. The Development Sub Committee of Corporate Policy and Resources receive regular monitoring reports for scrutiny on the performance of the Investment portfolio.

(c) Health and wellbeing/safety –amber risk category C.

Continued vaccine and booster take up along with other safety measures will remain pivotal in minimising the level of transmission and severity of infections. Given that natural immunity of the population is expected to be lower than before due to extended lockdowns, this presents greater health risks as we enter winter flu season. The Council continue to promote a precautionary approach in safeguarding its employees and Members. As part of resumption planning, an office capacity assessment and review of ventilation arrangements is currently underway. This will determine maximum numbers that the Council can safely accommodate and assist next steps.

(d) Seizing Positive Opportunities – amber risk category D

Failing to seize positive opportunities arising from the pandemic experience and reverting to old approaches may present new risks. The Council's pandemic recovery plan gives due consideration to how opportunities can be taken forward. Positive lessons from extended remote working have been assessed and examined in moving to a 'new normal' and hybrid model. Human Resources are developing a refreshed training programme for when staff return to the office.

(e) Housing – amber risk category E

The impact of ending the tenant eviction bans as well as temporary uplift in Universal Credit payments represents a risk in terms of managing increased demand on homelessness and housing service provision. There has been further financial support from the government in the form of a Homelessness prevention grant for 2021/22 to assist vulnerable families that are in rent arrears and to minimize and prevent evictions and homelessness.

It is also recognised there are several interdependent factors that impact wider service pressures relating to housing provision, for example increased level of rent arrears exacerbated by the pandemic and an end to temporary benefit uplift measures effects an applicant's acceptance for permanent accommodation and requires Council negotiations with landlords to mitigate or delay risks of eviction.

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 significant risk categories affecting the Authority as part of pandemic recovery, as well as mitigation measures. It includes the application of the corporate risk scoring model and RAG rating 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 recovery measures on Service budgets/Corporate spend.

4. Other considerations

- 4.1 The attached COVID-19 Risk Assessment covers risks and opportunities (a total of five broad risk categories), some of these relating directly to achievement of corporate priorities and objectives. The most significant (red) risk categories to highlight as part of this review include Economic impact and recovery and the Council's Financial Sustainability.
- 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.

5. Sustainability/Climate Change Implications

- 5.1 The Risk Assessment gives due consideration to Sustainability and Climate Change risk implications and 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 as part of the Audit Committee work programme for 2021/22, to align with recovery phases of the pandemic and beyond.

Background papers: There are none.

Appendices:

Appendix 1 - Covid-19 Pandemic Recovery Risk Assessment including risk scoring model

APPENDIX 1 - COVID-19 pandemic recovery - Risk Assessment

(Reviewed and updated November 2021. Coordinated by Internal Audit Manager, Punita Talwar)

The Covid-19 Risk Assessment focuses on the five most significant risks. Please refer to the bottom of this document for the 'Risk Scoring Matrix' and plotting of these risks to determine relative significance and prioritisation. Risk categories A and B are also included in the Council's Corporate (strategic) risk register.

The extent to which these some risks can be reduced and mitigated continue to be significantly impacted by externalities. These are highlighted in blue.

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>A. ECONOMY</p> <p>RED RISK <i>AT OCTOBER 2021 WHILST RAG RATING REMAINS RED, SOME RISKS HAVE MOVED POSITION ON THE RISK MATRIX TO TAKE ACCOUNT OF NATIONAL ECONOMIC GROWTH & FORECASTS</i></p> <p><i>(i)Risk: Challenges from the longer-term impact of the pandemic on local economic recovery continues to place demands on a range of Council Services; significant economic impact on local</i></p>	(i)3	(i)4	<p>Economic Development Recovery Plan forms part of the Council's broader COVID-19 Recovery Plan. Actions will include quick wins and longer-term actions.</p> <p>Several initiatives are underway to gain greater insight into the wider economic impact of the pandemic and pursue necessary recovery actions, as follows:</p> <ol style="list-style-type: none"> 1. Surveys conducted with businesses 2. A review of recent reports and surveys by relevant organisations to fully understand the adverse impact on employment and the aviation section. 3. Council working with Enterprise M3 (Local Enterprise Partnership) to promote 'Job Fuse' as a means of brokering new job opportunities. 	<p>ONGOING ACTION: The economic situation and ongoing impact of COVID-19 for the Borough is regularly reviewed and reported.</p> <p>Economic development elements of the draft corporate recovery plan have been considered by the Economic Development Committee on 22 June 2021, to cover:</p> <ul style="list-style-type: none"> • Minimising unemployment • Developing skills and getting people back into work • Assisting future business growth and adaptation • Placemaking, regeneration and developing infrastructure • Attracting visitors back into the borough

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>area due to proximity to Heathrow airport with aviation industry being severely affected during the pandemic and regular changes to travel rules creating ongoing uncertainty.</p> <p><u>(ii)Residual risk</u> to be accepted - whilst Council actions aim to support and influence sustained economic recovery and growth, these alone cannot control outcomes due to the macroeconomic environment and global drivers.</p> <p><u>(iii)Risk</u> –Loss of Council income streams arising from reduced footfall in town centres such as Parking and retail letting of the Elmsleigh Centre, with these areas also likely to be influenced by evolving</p>	<p>(ii)3</p> <p>(iii)4</p>	<p>(ii)4</p> <p>(iii)3</p>	<p>4. The Council secured £43,000 match funding from EM3 for Bounce Back Streets</p> <p>5. Small business incubator is operational.</p> <p>6. Multi-Agency Group set up and led by the Council to focus on supporting the 18–25-year-olds into employment.</p> <p>7. Youth Hub will increase the accessibility to job, training, and employment opportunities for NEETs, and offers wellbeing support.</p> <p>8. Appointment of a Town Centres Manager who is developing individual action plans for Ashford, Shepperton and Sunbury.</p> <p>9. Initiatives to improve broadband speed and availability across Spelthorne.</p> <p>10. Dashboard information on unemployment rates in the borough.</p> <p>11. Working with the ‘Jobs and Recovery’ task group to promote synergy in approaches.</p> <p>12. Various other initiatives of a collaborative nature.</p>	<p>For each of the above elements, several key actions, tasks and desired outcomes are set out in the corporate recovery plan.</p> <p>ONGOING ACTION: Regular reporting on actions and tasks completed / in progress takes place at the Economic Development Committee. A report was issued to this Committee on 21 September 2021 setting out progress against the economic recovery actions on the corporate recovery plan.</p> <p>ACTION IN PROGRESS (NOVEMBER 2021) : 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. Feedback from other Councils has identified the need for digital business skills training using recognised social media platforms and sessions have commenced from November.</p>

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>consumer behaviours. This will continue to impact the Council's finances.</p>			<p>Financial support for businesses has been made available through several Government schemes up to July 2021. Additional Restrictions Grant (ARG) of £1.9m (currently available) to be applied up to March 2022. This is a discretionary grant scheme.</p> <p>Economic Development committee remit includes scrutiny of budgets and grant spend. Additional Restrictions Grant (ARG) Task Group set up to specifically establish how to spend the remaining grant monies to ensure businesses benefit the most in terms of recovery and future growth.</p>	<p>ACTION - ED strategy is due for a complete refresh by April 2022 (to cover 2022 -2027).</p> <p>NEW ACTION (NOVEMBER 2021) The Additional Restrictions Grant (ARG) task group have agreed direction for spending the remaining ARG fund monies in supporting businesses, focussing on equipment, support and training. A policy can now be put in place to determine application of the ARG fund up to March 2022.</p> <p>Residual risk to be accepted - whilst Council actions aim to support and influence local economic recovery, these alone cannot control outcomes due to the macroeconomic environment.</p>

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>B. FINANCIAL SUSTAINABILITY AND RESILIENCE</p> <p>AMBER AND RED RISKS</p> <p>(i) Risk - Significant financial cost implication on the Council associated with recovery from the financial economic impacts of COVID-19 including longer term reductions in some income streams such as car parking and retail rental, risks to the Council's taxbase income, need to provide financial support for leisure centres, impact of rising inflationary pressures such as increased living costs, risks of rising interest rates (with wider implications), and risk of revenue impacts arising as a result of the Moratorium on high rise developments in Staines-upon-Thames.</p>	(i)4	(i)3	<p>Outline Budget scenarios for period 2022-23 to 2025-26 being modelled to identify potential range of budget gaps. Officers putting together strategy options, including savings for Corporate Policy Resources Committee to consider.</p> <p>An independent peer led review of the Council's approach to finance was undertaken and formally reported in January 2021.</p> <p>Accountancy liaise with services over financial monitoring. Mechanisms to account for expenditure relating to COVID-19. Delta returns submitted include details of loss of income and additional costs incurred during COVID-19. Various tranches of Government grants have been released.</p> <p>Surrey Treasurers liaise on fortnightly basis to monitor tax base and collection fund deficits and impacts on the current/future budgets.</p>	<p>NEW ACTION (NOVEMBER 2021): Ongoing. Production of outline budget for 2022-23. Corporate Policy Resources Committee Budget Briefing in early November.</p> <p>Chancellor's Budget and Spending Review announcements on the 27th October provided a useful indication of broader parameters for local government spending, including council tax increase rules, and the Local Government Provisional Funding Settlement in December will provide the detail of funding arrangements at an individual council level.</p> <p>ONGOING MONITORING: 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</p>

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(Reviewed and updated November 2021. Coordinated by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<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 negative impact on residents if Services are unable to meet need because of financial constraints</p>	(ii)3	(ii)3	<p>Financial impact assessment /scenario modelling is undertaken regularly, including worst, mid-range, and best-case assumptions. 10-year scenario modelling of worst case COVID-19 scenarios undertaken.</p> <p>Longer term modelling to assess next 12 months depending on stock market and pensions impact.</p>	<p>undertaken. Progress update to November Audit Committee.</p> <p>ONGOING ACTION: Managers will be continuing to consider the financial impact of recovery from COVID-19 and impacts on services as part of the budget process and financial monitoring.</p> <p>RESIDUAL RISK: The rate of economic recovery in the borough may be partially influenced by wider external factors, with business failures effecting collection rates for business rate income.</p> <p>ONGOING ACTION: Continued modelling of the effects of COVID-19 on the Council's finances. Expected case scenarios also highlighted.</p> <p>ACTION IN PROGRESS (NOVEMBER 2021): Individual business plans for each of the Council's investment assets are under development.</p> <p>ONGOING ACTION: Development Sub Committee of Corporate Policy</p>
	(iii)3	(iii)3	<p>Sinking funds set aside for commercial investments as a prudent measure. Continued weekly monitoring of commercial asset income due/any shortfalls anticipated. At October 2021, 99.3% of rental invoiced for 2020-21 collected, and 99.1% of rent for last four quarters collected including the most recent quarter day.</p> <p>Despite being acquired for regeneration purposes, the Elmsleigh Centre has performed well.</p> <p>Impact monitoring of Governments, extended moratorium on commercial property evictions.</p>	

APPENDIX 1 - COVID-19 pandemic recovery - Risk Assessment

(Reviewed and updated November 2021. Coordinated by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			<p>A weekly review of all investment and regeneration assets (including 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. Review of strategies with reference to external TM advisors in the context of COVID-19.</p> <p>Support to Leisure centre operators to assist their recovery process. Some provision built into budget for first quarter of 2021-22. Activity levels and financial figures (open book approach being pursued) being monitored. Currently figures and footfall since reopening in April 2021 are improving.</p> <p>Fully refreshed Reserves Strategy (2021). Medium term financial strategy. Budget process brought forward to align with service planning.</p>	<p>and Resources receives regular monitoring reports for scrutiny on the performance of the Investment portfolio. (Annual performance report considered in August 2021)</p> <p>ONGOING ACTION: 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. Deferral by a year of Fair Funding Review and Business Rates 75% retention anticipated in Spending Review will help.</p> <p>ACTION COMPLETED - Courts reconvened income recovery action from the end of July and Customer Services are pursuing recovery from the courts.</p> <p>ACTION COMPLETED - Bluebox system is being used for raising, collecting, and monitoring single</p>

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
				tenant rents in investment properties from June 2021.
<p>C. HEALTH AND WELLBEING / SAFETY (Previously section F)</p> <p>AMBER RISK</p> <p>AT OCTOBER 2021 RAG RATING DOWNGRADED TO AMBER DUE TO EXTENT AND IMPACT OF VACCINATION PROGRAMME</p> <p>(i) <u>Risk</u> - Staff, contractors and communities are at increased risk of being infected by COVID-19 and/or the flu virus as we enter the winter season. Scientists have warned of low natural immunity due to extended lockdowns, leading to poor physical and mental health,</p>	(i, ii, iii, iv) 3	(i, ii, iii, iv) 3	<p>Refreshed remote working and DSE assessments required including photos as proof from staff of their homeworking desk arrangement. This is to satisfy the Council's duty of care in planning for hybrid working. Home Working arrangements continue whilst an assessment is underway to establish the Council's office capacity and confirm safety measures. Hybrid working policy developed.</p> <p>Lateral flow testing twice a week is a requirement for Officers and Members going into the office or workplace.</p> <p>As rollout of the mass vaccination programme continues including booster injections, uptake of vaccinations is being promoted across the borough through various communication channels to target groups as required. Expanded flu vaccination programme and government drive for take up.</p>	<p>RESIDUAL RISK: A residual risk remains as the possibility of covid virus transmission cannot be eliminated. This may be further accelerated as new and emerging variants arise. Vaccine efficacy may be further impacted with new variants.</p> <p>RESIDUAL RISK: There remains a residual risk around some individuals declining the covid vaccine/boosters, leaving them unprotected and enhancing risks of continued virus transmission across local and wider communities. Lateral flow testing is being encouraged across staff and the local community.</p> <p>ONGOING ACTION: Spelthorne's Health and Safety guidance will continue be reviewed to reflect any developments to national guidance.</p>

APPENDIX 1 - COVID-19 pandemic recovery - Risk Assessment

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>hospitalisation, and even fatalities from the flu virus (exacerbated if both flu and covid are contracted at the same time). Impacts on council service demands, service provision and resource availability.</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 returning to the office environment and in undertaking high risk activities (potential for claims against the Council)</p> <p>(iii) <u>Risk</u> – Further waves and / or local outbreak of</p>			<p>The Council has a contract in place for the provision of PPE, this has eliminated the need for ad-hoc supplies. The Council currently holds a stable supply in stock.</p> <p>COVID-19 testing is available where staff and Councillors show symptoms / Household risk identified and guidance has been circulated.</p> <p>Health and Safety Risk Assessments undertaken for key areas.</p> <p>Self-isolation guidelines issued. 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'. Guidelines are also in place for contractors such as at development sites.</p> <p>Environmental Health undertake inspections and compliance checks on</p>	<p>COMPLETED ACTION - Review of PPE stock levels has been undertaken most recently at the end of September.</p> <p>ONGOING ACTION: Contact Track and Tracing system to support protection measures. Spelthorne continue to apply a precautionary approach on self-isolation requirements to minimise the risk of covid spread within the workforce and across communities.</p> <p>ONGOING ACTION: Monitoring of staff retention measures and reiterating values around respecting and supporting staff.</p> <p>NEW ACTION (NOVEMBER 2021): As part of resumption planning, an office capacity assessment and review of ventilation arrangements is currently underway. This will determine maximum numbers that the council can safely accommodate and assist next steps.</p>

APPENDIX 1 - COVID-19 pandemic recovery - Risk Assessment

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>the virus arises because of inadequate mitigation measures and/or relaxation of former rules. In addition increased pressures on hospitals and local health services due to winter flu season having greater impact than in previous years</p> <p>(iv) <u>Risk</u> - Pandemic experience presents ongoing physical, mental, and emotional health impact on staff, volunteers, and residents</p>			<p>business premises. 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>Sickness monitoring by Human Resources including COVID-19 infections to determine level of staff affected.</p> <p>Human Resources are aware of 'long covid' amongst the workforce with the impact being monitored. It is expected that the NHS monitor 'long Covid' in the wider population and identify with local councils the role they can then play in supporting residents.</p>	
<p>D. POSITIVE OPPORTUNITIES</p> <p>AMBER RISK</p>			<p>(i)The Council's pandemic recovery plan gives due consideration to how opportunities can be taken forward across various operations.</p>	<p>ACTION IN PROGRESS (NOVEMBER 2021): Human Resources developing new performance monitoring requirements</p>

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
<p>(i) Risk – Failing to seize positive opportunities arising from the pandemic experience and reverting to old approaches may present new risks</p>	(i)2	(i)3	<p>(ii) Positive lessons from extended remote working have been assessed and examined in moving to a ‘new normal’ and hybrid model. Managers have been offered training on effective remote team management and Human Resources are developing a refreshed training programme for return to the office.</p> <p>(iii)Climate Emergency declared and Environmental and Sustainability Committee established under new Committee system. Approval of green initiatives fund of £747k. The Environment and Sustainability Committee will determine how to prioritise this Budget provision. Hybrid models (for Spelthorne and other local employers) will support reduced traffic (air emissions from traffic is one of the biggest contributors to Climate Change)</p>	<p>for staff in line with the hybrid working policy and training for managers will be delivered in due course.</p> <p>ONGOING ACTION: The Council has identified and applied positives, around new ways of working, as part of the ‘new normal’. This coincides with hybrid working policy development which has been completed and outlined to staff at the October meeting. The written version has been circulated to staff on 16 November 2021, confirming that the Management team in consultation with Unison have agreed the Hybrid working policy.</p> <p>ONGOING ACTION: 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>COMPLETED ACTION - Further strengthening of resources to support delivery of green initiatives and related objectives in seizing positive</p>
<p>(ii) <u>Opportunity</u> - There may be opportunities for increased productivity and efficiencies to be built upon from new flexible patterns of working.</p>	(ii)3	(ii)3		
<p>(iii) <u>Opportunity</u> - 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		

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Risk Area	Likelihood	Impact	Control Measures / Mitigation	Risk or Issue Action Plan & Further Considerations (Including Residual Risk)
			and contribute to sustainability measures.	opportunities. <i>A Climate Change Officer has been recently appointed.</i>
<p>E. HOUSING</p> <p>AMBER RISK</p> <p>(i) Risk - Central Government lifting of bans on tenant evictions and ending the weekly uplift in universal credit payments presents new risks for local councils in terms of managing the likely impact on homelessness and housing service provision</p>	(i)3	(i)3	<p>Central Government have announced additional funding to Local Authorities, for the sum of £65m, Homeless Prevention Grant for 2021-22 intended to prevent or minimise evictions and homelessness caused by loss of a tenancy for vulnerable households. Spelthorne are due to receive £120, 000.</p> <p>In addition, Surrey County Council have received 5.6 million government funding and allocations from this fund will also be distributed (approx. 1.7 million to Spelthorne).</p>	<p>ACTION (ADDED JUNE 2021) - Eviction bans operating during the earlier phases of Covid came to an end from May 2021. It is estimated around 1million rented households may be concerned about the threat of eviction and the Housing Service have encouraged tenants to get in touch to discuss options at the outset and minimize risks of landlord eviction.</p> <p>ACTION STATUS UPDATE (NOVEMBER 2021): IN PROGRESS. Further mitigation measures are in place to minimise the risks and associated impact relating to eviction threats, such as government funding to assist vulnerable families that are in rent arrears and to prevent homelessness. Further £1.7million allocation to Spelthorne will be used to pay for school meals over the holiday period, as well as enabling the Citizens Advice Bureau to support vulnerable households with their tenancy issues.</p>

APPENDIX 1 - COVID-19 pandemic recovery - Risk Assessment

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Evaluating risks and Risk Matrix
(In accordance with the 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 “amber” risks while “green” risks are regarded as acceptable. The above risks associated with COVID-19 (reference A to E) have been plotted on the graph below.

Impact	4 (Catastrophic)			A (i)(ii)	
	3 (Major)		D (i)	B(ii & iii) C D (ii, iii) E	A (iii) B (i)
	2 (Medium)				
	1 (Trivial)				
		1 (Rare)	2 (Unlikely)	3 (Likely)	4 (Almost certain)
		Likelihood			

Audit Committee

25th November 2021



Title	Update of LGA Corporate Finance Peer Review Action Plan and CIPFA Financial Management Self-Assessment
Purpose of the report	To note
Report Author	Terry Collier, Chief Finance Officer
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	Financial Sustainability
Recommendations	<p>Committee is asked to:</p> <p>The Committee is asked to note</p> <ul style="list-style-type: none"> a) Update on progress against the Action Plan for recommendations made by the LGA Corporate Peer Review on Finance b) Updated Self-Assessment against the principles set out in the CIPFA Financial Management Code.
Reason for Recommendation	Important that the Committee is given the chance to review the progress being made against the Peer Review Action Plan and to view the updated Financial Management Code Self-Assessment as we approach 2022-23 when the Code is now intended to fully take effect.

1. Key issues

A) LGA Corporate Peer Review on Finance- Action Plan

- 1.1 The Council invited the Local Government Association to undertake a Corporate Peer Challenge review focused on the Council's finances. Peer Reviews involve experienced local government officers, including an experienced chief executive, along with an experienced leader, constructively reviewing opportunities for improvement. This was originally scheduled to take place in spring 2020 but was postponed due to the COVID-19 pandemic. The review was rearranged to be undertaken as the first virtual review of a council in November 2020. The draft report was received in the January 2021 and the

final report issued in late January 2021. An action plan was presented to and approved by Cabinet in April 2021.

- 1.2 The Peer Review undertook a thorough exercise with the team spending around 300 hours developing its findings and this report. The Review team met a range of officers from across the organisation and at different levels including Chief Finance Officer and Corporate Management Team, Group Heads, Assets Manager, Audit Manager, and a range of councillors including Leader, Finance Portfolio Holder, Deputy Leaders, Cabinet, Chair of Audit Committee, Chair of Overview and Scrutiny.
- 1.3 The Review team whilst recognising the strong response the Council made to the COVID-19 emergency identified a number of opportunities for improvements which are set out in 24 recommendations. Some of the recommendations extend beyond purely financial matters, for example the Peer Review team suggested (recommendation 1) that the Council “pause, reflect, align” to refresh its Corporate Strategy and priorities and to become clearer in what it is wishing to prioritise which in turn will drive future budget prioritisation decisions.
- 1.4 The April 2021 report commented a number of recommendations had already in part been addressed examples being:
 - the Reserves Strategy (part of recommendation 11) was refreshed and considered by both Overview and Scrutiny and Cabinet in January 2021 as part of the 2021-22 Budget process.
 - Additional time was built into the Budget process for scrutiny with two sessions at Overview and Scrutiny (recommendations 10, 12. 22)
 - Additional scenario planning built into the Outline Budget process (recommendations 3 and 10)
 - The Medium Term Financial Strategy was refreshed (recommendation 3 and 12) as part of the 2021-22 Budget process
 - Improving the embedding of risk management (recommendation 16) with a refresh of the Corporate Risk Management Policy and production of an executive summary which will now be rolled out via training across services
 - The reports talks about making clear the Council’s appetite for subsidising social housing, the Administration in January 2021 called an Extraordinary Council to set out its aspiration to deliver at least 50% affordable rental units on all the Council’s residential schemes (recommendation 24)
 - Improving the focus on programme management (recommendation 5) with the establishment of the Assets Programme Board which will be a sub-committee of the new Policy and Resources Committee.
- 1.5 Since then, further progress has been made against the recommendations, see Appendix 1 which is an updated progress summary against the Action Plan. In particular note below position on each recommendation and RAG assessment of progress):
 - Recommendation 1 “Ensure that there is alignment of key strategies and priorities and that they are supported by a clear and sustainable financial

strategy. The Council may need to: pause – reflect – realign” – Corporate Policy and Resources Committee is progressing a new Corporate Plan for 2021-23 which will inform the prioritisation within the 2022-23 Budget Process and the Capital Strategy 2022 - 2025. Increased focus has also been placed on the relationship between the Council’s Housing Strategy and how that should direct the work of Knowle Green Estates Ltd (KGE) **Amber**

- Recommendation 2 “Be clear on your priorities, articulate what non-prioritisation means and how resources are aligned within the finite capacity of the organisation” – MAT have briefed staff at staff briefings on the new draft priorities. Group Heads and Managers have been asked to prioritise any growth bids taking into account the new priorities. As part of the Budgeting process Chairs and Vice Chairs and Committee will be looking at aligning budget proposals with priorities. **Amber**
- Recommendation 3 “Understand and manage risk and its impact on future financial performance and sustainability” – Concise summary of refreshed Corporate Risk Strategy produced and approved by Audit Committee. Training sessions on risk run for managers led by Group Head of Corporate Governance and Audit Manager. A training on risk management has been provided to councillors. **Green**
- Recommendation 4 “Improve capital programme scheme implementation performance and be satisfied that delivery vehicles can successfully realise the scale of ambition” – Development Sub-Committee set up to provide clear asset project initiation and gateway sign off governance. Terms sheets implemented for new projects. A competitive process undertaken to appointed experienced Non-Executive Directors who bring added value to KGE. **Green**
- Recommendation 5 “Ensure that effective programme and project management is embedded across the organisation for both capital and revenue spend reflecting internal controls and proportionate risk management.” – Development Sub-Committee established. A corporate programme manager has been appointed within Transformation and Commissioning and the newly appointing postholder is already reviewing approach to programme and project management. **Green**
- Recommendation 6 “To continue to promote openness and transparency by ensuring decisions are taken at the most appropriate level in accordance with a practical and proportionate scheme of delegation” – Council moved to new Committee governance with political proportionality embedded. New Constitution and scheme of delegation approved. **Green**
- Recommendation 7 “Recognise and articulate the challenges ahead for both capital and revenue in the present day and medium to longer term.” – November 8 Budget Briefing to members of Corporate Policy and Resources Committee (CPRC) highlighted the challenges ahead in medium term for both capital and revenue. KGE Business Plan being refreshed on a 50 year basis. **Green**
- Recommendation 8 “Continue to recognise the importance of the investment and commercial income stream to the revenue budget in

reporting.” - detailed budget for 2022-23 will make more transparent the resources underpinning the delivery of investment income. Assets Working Group set up on a formal basis to ensure Chair and Vice Chair of CPRC have sight of and approve actions with respect to investment, commercial and municipal assets **Amber**

- Recommendation 9 “Consider simplifying financial reporting to members to make it clearer what options the council faces. Within this, model different scenarios and openly consider the impacts of these on financial sustainability”. Chair of CPRC has agreed that this is to be actioned once the Finance system is moved to Centros (Spring 2022) and able to apply more powerful reporting functionality. Officers to consider inviting further external perspectives on our financial reporting. Reports will have more visual and clearer highlighting of issues (Half Year Treasury Management Report a small step in this direction). **Amber**
- Recommendation 10 “Extend scenario planning for the refreshed Medium-Term Financial Strategy (MTFS) scenarios beyond the existing worst-case approach which is modelled for the sinking fund reserve” – Budget Briefing 8th November 2021 for CPRC considered a number of scenarios (model has been refreshed to make easier to flex and explore different parameters). KGE integrated model (Profit and Loss, Balance Sheet and cashflow) has been refreshed. A considerable number of permutations with respect to developments and heights have been explored on a fifty year basis. **Green**
- Recommendation 11 “Ensure you have clear strategies on the core elements of financial planning and bring them together – Reserves Strategy, (including Sinking Fund), Commercial Strategy, Housing Strategy” – Reserves Strategy to be go to November CPRC for annual refresh **Amber**
- Recommendation 12 “Work collaboratively within a culture of cooperative working between members and officers to continually refresh the Medium Term Financial Strategy (MTFS).” – MTFS discussed with members of CPRC on 8th November Budget Briefing and Outline Budget report going to November CPRC meeting **Green**
- Recommendation 13 “Consider bringing an independent voice to the Audit Committee to strengthen overall audit resilience”. Independent lay member of Audit Committee approved as part of the new Council Constitution. Officers liaising with Councillors to ensure short listed candidates are interviewed and recommendation to be made to December Council **Green**
- Recommendation 14 “Ensure outcomes of budget consultations and engagement with stakeholders are clearly reported to members as part of the budget setting process.” – Budget consultation in November 2021 with residents, businesses and staff and the outcome of that consultation will be reported to members in budget briefings and at Full Council when the budget is agreed **Green**

- Recommendation 15 “Continue to explore further opportunities for Scrutiny Committee to be engaged in strategy development and financial decision-making and review.” – Overview and Scrutiny does not exist under the new Constitution. However, the scrutiny function has been embedded in all of the Committees (for example, capital and revenue monitoring reports go to the individual committees for their review before being considered by CPRC). Chairs and Vice Chairs are actively engaged in budget briefings. No longer applicable
- Recommendation 16 “Consider how to ensure that co-ordination of risk management activity throughout the organisation is appropriately embedded and resourced with a strong corporate overview” – See recommendation 3 above. **Green**
- Recommendation 17 “Ensure that the council’s compliance with the statutory duty to consult representatives of nondomestic ratepayers – section 65 LGFA 1992 is clearly communicated and the results of this are seen to clearly influence decision-making.” Addressed through annual Spelthorne Business Forum Budget meeting. **Green**
- Recommendation 18 “Continue to keep the capacity and skills of the finance function under review, and ensure it is fit for purpose.” New Chief Accountant undertaking a structure review in parallel with exploring partnership with Mole Valley designed to address resilience. **Amber**
- Recommendation 19 “Continue to regularly review the resourcing of Internal Audit to ensure it is appropriately resourced to reflect the scale of risk the council is managing.” A growth bid has been submitted for an apprentice in Internal Audit. **Amber**
- Recommendation 20 “Consider how to better integrate the key functions of the council to deliver financial sustainability and build a strong culture of shared risk management that encompasses assets, property, income, and service delivery.” Culture of risk management being addressed through embedding risk management across the organisation as reported above. Additional focus on programme management with Programme Manager for Digital Transformation appointed and new Development Sub-Committee in place. **Amber**
- Recommendation 21 “Explore how to maximise all opportunities for community and service improvements, such as more effective use of section 106 agreements.” Recovery plan looking to build on creative partnership working undertaken during Pandemic. CIL Task Group regularly making recommendations. **Green**
- Recommendation 22 “Consider how to engage staff and stakeholders in the refresh of the council’s MTFS and promote a wide understanding of the council’s future options” Budget consultation in November 2021. Regular updates on Budget position provided at staff briefings and at councillors briefings. **Green**
- Recommendation 23 “Have an open dialogue about the financial implications of the council’s emerging priorities, including potential impacts on the council’s borrowing” Being addressed as part of the 2022-23 Budget process, at the 8th November Budget briefing. Also

report on the cost of delays which went to Development Sub-Committee on 1 November highlighted the very significant potential revenue budget impacts of delaying delivery of residential schemes. **Amber**

- Recommendation 24 “Consider what does a diverse mix of housing really mean for the borough? How will the council use both Private Rented Sector and Market Sale to meet local need and to deliver financial returns?” Considered by Councillors at Extraordinary Council Meeting on 25th January 2021 which decided to accept strategy of council developments delivering at least 50% affordable rental units. Kept under regular review by Development Sub-Committee. **Amber**

1.6 It can be seen from above that it is felt progress is being made against all the recommendations, with thirteen of the recommendations considered to have a Green status, ten with an amber status and one recommendation no longer applicable.

CIPFA Financial Management Code Self Assessment

1.7 There is a certain amount of overlap between the Peer Review focus and the issues falling within the CIPFA Financial Management Code (FM Code). Hence why a refreshed FM Code Self Assessment is being brought back to the Committee alongside the review of the Peer Review Action Plan. An initial Self Assessment against the Code was reported to the Audit Committee in November 2020.

1.8 The Chartered Institute of Public Finance and Accountancy (CIPFA) as part of a number of measures it put in place in response to concerns (even before COVID-19) around financial resilience of Councils introduced a new Financial Management Code (FM Code). Although the FM Code comes into effect from April 2020, in recognition of the pressures facing local authorities, full implementation was delayed until 2022-23. This allows authorities a shadow year to work towards full implementation

1.9 On the eve of COVID-19 lockdown in February 2020 officers and Cabinet members invited CIPFA to the Council Officers to do a workshop on the requirements of the new code.

1.10 The Code focuses on Value for Money, Governance and financial management styles, financial resilience and financial sustainability. The Code identifies the risks to financial sustainability and introduces an over arching framework of assurance which builds on existing financial management good practice. The Code is a principles based approach, rather than prescriptive setting out six principles

- Leadership
- Accountability
- Transparency
- Standards
- Assurance
- Sustainability

Each of these principles is supported by a set of guidance standards against which Councils should be assessed.

1..11 In turn the Code is structured around 7 areas of focus:

- The Responsibilities of the Chief finance officer and Leadership Team
- Governance and Financial Management Style
- Long to Medium Term Financial Management
- The Annual Budget
- Stakeholder Engagement and Business Plans
- Monitoring Financial Performance
- External Financial Reporting

Each of these areas are supported by standards against which councils should be assessed.

1.11 Appendix 2 is an updated Self Assessment against the principles set out by the Code.

2. Options analysis and proposal

Finance Peer Review Action Plan

- 2.1 The recommended option is for the Committee to note the Action Plan and recommend that progress is regularly reported to the future meetings of the Committee.
- 2.2 Alternatively the Committee may wish that some of the recommendation responses are further refined.

CIPFA FM Code Self Assessment

- 2.3 The recommended option is for the Committee to note the Self-Assessment recommend that progress is regularly reported to the future meetings of the Committee.
- 2.4 Alternatively the Committee may wish that some elements of the Self-Assessment are further refined.

3. Financial implications

- 3.1 The Action Plan and the FM Code Self-Assessment will support the Council's ability to meet the challenges generated by the COVID-19 economic impacts and uncertainties as we move into Recovery and to ensure that we continue to manage our finances effectively

4. Other considerations

- 4.1 In responding to the recommendations around policy clarity and prioritisation the Council will have regard to Equality impacts and where relevant will undertake Equality Impact Assessments, for example if decisions are made about changing the way services are provided.

5. Equality and Diversity

5.1 In determining the alignment of resources with priorities, account will be taken of equality impacts and where appropriate equality impact assessments will be undertaken.

6. Sustainability/Climate Change Implications

6.1 In addressing recommendations around policy prioritisation, one of the clear priorities will be tackling Climate Change.

7. Timetable for implementation

7.1 The Peer Review Action Plan has a set of target implementation dates

Background papers: (There are none.

Appendices:

Appendix A: Updated as at November 2021 Finance Peer Review Action Plan

Appendix B : Updated as at November 2021 CIFPA FM Code Self Assessment

**APPENDIX A
Spelthorne Finance Peer Review Action Plan – October 2021
26/10/21 2021**

Recommendation	Action	Owner	Target for implementation	Progress to date including key documents	Measure of Success
1.Ensure that there is alignment of key strategies and priorities and that they are supported by a clear and sustainable financial strategy. The Council may need to: pause – reflect – realign	Cabinet to approve updated Outline Budget Strategy in January 2021. Outline Budget gap projections supported by modelling of a number of scenarios.	CPRC/MAT/Chief Finance Officer	27/1/21 29/11/21	Outline budget and appendices 2021/22 approved by Council. 22-23 Outline Budget report going to CPRC 29/11/21 following Budget Briefing	Ensure that all sub strategies align to the Council approved corporate plan and are both clear and sustainable
	Prepare/update Council corporate plan coordinating all other strategies & setting out vision and priorities.	Leader	29/11/21 25/5/21	Leader agreed draft Corporate Plan and circulated to Chairs. Going to CPRC 29/11/21	
	Review all future Council sub strategies, activity and services to ensure they align with the corporate plan.			Capital Strategy approved by Council	

	Carry out a financial review of all the sub strategies.			Risk Management Strategy – refreshed strategy and summary approved	
2. Be clear on your priorities, articulate what non-prioritisation means and how resources are aligned within the finite capacity of the organisation.	<p>Cabinet to put forward new priorities and corporate plan to Council, Corporate Plan to be developed and approved.</p> <p>New Corporate Plan and priorities to inform Outline Budget, Detailed Budget and Capital Strategy process for 2022-23 in autumn</p> <p>Follow up on IESE workshop (Prioritisation exercise)</p> <p>Review all service areas to identify work that does not contribute to the delivery of the goals</p>	Cabinet, Corporate Policy and Resources/LO’N	<p>Stage 1 – agree new Corporate Plan</p> <p>Stage 2- new Corporate Plan priorities to feed into Outline Budget, Detailed Budget and Capital Strategy process for 2022-23</p>	<p>Leadership have provided input and comments on the outline of new plan and new priorities. Proposed new priorities have been published, corporate plan being developed’</p> <p>Managers briefed at MAT plus and staff at staff briefing on new corporate priorities and values</p>	<p>All job descriptions are updated and align with the corporate plan.</p> <p>All staff have been fully briefed by the Leader and CEO on the new corporate plan. Yes</p> <p>Full review of every role to ensure focus is on delivering</p>

	<p>of the corporate plan. Stop doing this type of task and focus on those that will deliver the results required.</p> <p>All Group Heads and Service Managers to review individual job descriptions and work carried out to realign with the corporate plan.</p> <p>Reassess staff numbers and future requirements in order to deliver the corporate plan.</p> <p>Have we got the infrastructure to deliver the results of the corporate plan?</p>			<p>Budget Group prioritisation exercise for 22-23 23-24 Budget application of zero based budgeting</p>	<p>the corporate plan and those tasks that don't fit are stopped.</p> <p>Carry out a staff planning exercise to align FTEs with delivering the goals set out.22-23 Budget to include FTE summary</p> <p>Ensuring that we have the IT infrastructure to deliver the plans.</p> <p>Council agrees and signs off</p>
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					Corporate Plan
<p>3. Understand and manage risk and its impact on future financial performance and sustainability. (The tools for this will be a new corporate plan that aligns commercial, affordable housing, climate action and financial planning. This should be married with a refreshed MTFS including detailed scenario planning. The peer team recognise that progress on this is already underway.)</p>	<p>Links to 1 and 2 above Outline Budget gap projections supported by modelling of a number of scenarios.</p> <p>Review and consider the impact of the pandemic and how this will influence financial performance and sustainability & risk management strategy going forward and for future incidents.</p> <p>Weekly monitoring of rent performance and managing financial risk through a 10 year review of the sinking funds, with the administration and Officers.</p> <p>Develop financial models to provide</p>	<p>Chief Finance Officer, Chief Accountant</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Outline Budget approved</p> <p>Follows on from 2 above.</p> <p>Risk Management Strategy approved 2020</p> <p>Risk Management Policy summary produced and approved by Audit Committee</p> <p>Risk Management Training rolled out across staff. Undertaken by Group Head Corporate Governance and Audit Manager</p> <p>Weekly Rent Collection Meeting transitioned into</p>	<p>Risk Management Strategy & COVID-19 Risk Assessment & Recovery Plan (TBC).</p> <p>Terms of reference for the Rent Collections meeting.- Terms of Reference for Assets Portfolio Working Group approved</p>

	<p>improved risk management and scenario planning at a variety of levels.</p> <p>Where appropriate utilise Integra (Financial system) to produce dash boards to reflect the above for relevant officers and work with officers to produce automated monthly reports to monitor progress against plan, to avoid data dumping into excel for further manipulation.</p>		<p>Spring</p>	<p>fortnightly Assets Portfolio Working Group</p> <p>Paul Taylor refreshed rental viability models being used to support proposals going to Development Sub-Committee</p> <p>To be aligned with move to Centros and potentially the partnership with Mole Valley</p>	
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4. Improve capital programme scheme implementation performance and be satisfied that delivery vehicles can successfully realise the scale of ambition.	Chief Accountant working with Accountancy team to improve level of support and critical challenge provided to service managers. Chief accountant looking to have monthly summary reporting for our larger projects, say, over £10m in order to keep a closer eye on major projects and manage risk. Will focus on refining phasing of capital budget so we can	Chief Accountant	Allow time for new Committee system to bed in October 2021	Initial discussions have taken place on improved monthly summary reports Paul has refined the reports further – Deputy Leader and Leader requested a further external review Growth bid approved for additional resource in Assets. Report to MAT in April for formal	Improved Capital Monitoring Reporting from Q1 Lewis + fin model

	<p>monitor planned expenditure against actuals. This would be one for Lewis to lead with the accountants.</p> <p>An additional resource has been agreed as a growth bid from 2021/22 onward within the Assets team. The postholder will be responsible for detailed budget monitoring and project management reporting for the development programme.</p> <p>Capital programme multi year reporting</p> <p>50 year projections for KGE (Property acquisition or development)</p> <p>KGE & SDS strategic plan, budget and capital monitoring to align with</p>		<p>February 2022</p>	<p>agreement and then out to advert</p> <p>Development Sub-Committee Set up</p> <p>Terms sheets set to ensure clarity at outset of proposals</p>	
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	Spelthorne BC timetable. Improve Capital Programme Reporting - Lewis				
5. Ensure that effective programme and project management is embedded across the organisation for both capital and revenue spend reflecting internal controls and proportionate risk management.	<p>Asset Projects New Development Sub Committee being set up which will cover Investment and Development projects</p> <p>Other projects Other project capital and revenue projects are overseen by the Project Team and will be reported to the Corporate Policy and Resources Committee</p> <p>PID system to be implemented and followed – refreshed across the council (Route 1 or 2), with</p>	<p>Group Head Regeneration</p> <p>Group Head Transformation</p>	Allow time for new Committee system and sub-committee to bed in October 2021	<p>Terms of reference for new Development Sub Committee to be recommended for approval at ECM on 25th March 2021</p> <p>Sub Committee up and running considering viability proposals. Term Sheets now being used to make clearer at outset the deliverables for development projects</p> <p>[Sandy to update]</p>	<p>Programme Board</p> <p>PID process</p>

	finance involved from Day 1				
6. To continue to promote openness and transparency by ensuring decisions are taken at the most appropriate level in accordance with a practical and proportionate scheme of delegation	Will be achieved with a move to the Committee system Update Scheme of Delegations and implement it	MAT	End May 2021 (assuming committee system is agreed)	Move to Committee system and updated Constitution to be recommended for approval at ECM on 25 th March 2021 New Constitution and scheme of delegation approved Detailed Budget for 22-23 to make clear resources supporting assets and KGE	Internal Audit reports CIP (Root and Branch) External audit New Constitution
7. Recognise and articulate the challenges ahead for both capital and revenue in the present	Address in Outline Budget, Capital Strategy, Revenue Budget and Capital Programme reports. Chief Accountant	CFO, Chief Accountant	This will need to feed into next Budget process which Chief Accountant is	Outline Budget, Reserves Policy and Capital Programme and Capital Strategy approved for 2021-22	

<p>day and medium to longer term.</p>	<p>working to start the Budget process earlier which will help provide clarity earlier (with MAT+ for consideration).</p> <p>Need to consider ongoing impact of COVID-19 on next few years.</p>		<p>already working on (with a view to bringing forward earlier most of the process and integrating better with service plan. February 2022</p>	<p>Detailed Budget, Capital Strategy being developed for 2022-23</p>	
<p>8. Continue to recognise the importance of the investment and commercial income stream to the revenue budget in reporting.</p>	<p>Officers in liaison with councillors' feedback to continue to refine the Revenue Monitoring reports. Officers to work with Financial Reporting Task Group</p> <p>Finance and CIP to develop a programme of support to help managers increase frequency of spend and customer numbers.</p> <p>What do we need to continue doing, stop</p>	<p>CFO, Chief Accountant</p>	<p>October 2021</p>	<p>Leader agreed to defer in order to align with move to new Centros platform in April/May 2022</p> <p>2022-23 Detailed Budget will make more transparent the resources underpinning the delivery of investment income</p>	

	<p>doing or start doing in respect of our discretionary spends?</p> <p>Carry out a consultation about what we want to deliver. (put in item 1 and 2 above) Ethical investments?</p>			<p>[Paul/Sandy] any update?</p> <p>Zero based budgeting to be undertaken for 2023-24</p> <p>Budget consultation with residents and businesses being undertaken in November 2021</p>	
<p>9. Consider simplifying financial reporting to members to make it clearer what options the council faces. Within this, model different scenarios and openly consider the impacts of these on financial sustainability.</p>	<p>Links to 5 - 8 above. Chief Accountant to focus on drawing out key issues in executive summary at front of reports. Outline Budget to model more scenarios. Budget process to have more sessions involving councillors</p>	<p>CFO, Chief Accountant</p>	<p>October 2021</p>	<p>Initial meeting of Financial Reporting Task Group taken place Leader agreed to deferred to April 2022 to align with Centros</p> <p>Leader and Deputy requested external perspective to review</p>	<p>PT to populate</p>

<p>. 10. Extend scenario planning for the refreshed Medium-Term Financial Strategy (MTFS) scenarios beyond the existing worst-case approach which is modelled for the sinking fund reserve</p>	<p>Links to 3 above. Outline Budget scenario modelling</p>	<p>CFO, Chief Accountant</p>	<p>Will feed into next Budget process – February 2022</p>	<p>Outline Budget for 21-22 included 7 different scenarios which were discussed with Opposition Groups, O&S as well as Cabinet. Outline Budget scenario model refreshed for 22-23 to make easier to model multiple scenarios Extensive modelling of a number of different permutations on developments with respect to number of storeys to explore impact on viability</p>	<p>KGE 50 years model New budget model Uploaders</p>
<p>11. Ensure you have clear strategies on the core elements of financial planning and bring them together – Reserves Strategy, (including Sinking</p>	<p>Reserves Strategy being refreshed and brought to Cabinet January 2021 Sinking Funds reserves methodology has been reviewed by O&S and</p>	<p>Chief Accountant, Chief Finance Officer, Group Head Regeneration, Joint Group Heads</p>	<p>27/1/21</p>	<p>Reserves Strategy approved, Housing Strategy approved but to be refreshed and updated</p>	<p>Reserves Strategy Fin Man Code Self Assessment.</p>

Fund), Commercial Strategy, Housing Strategy	encompassed in Capital Strategy Housing Strategy approved by Council February 2020 and being updated with increased targets for affordable housing rental units Include a Movement in Reserves Statement (MiRS)	Community Wellbeing			
12. Work collaboratively within a culture of cooperative working between members and officers to continually refresh the MTFS.	LGA Top Team work will focus on this. Support Cabinet members with appropriate briefings and training for example Treasury Management training Do Councillors understand the impact of their decision making Budget setting process understanding	Leader, Cabinet (now CPRC), MAT	December 2021	Refreshed MTFS (Outline Budget approved) following sessions with Cabinet and O&S Budget Briefing Session November 2021 Treasury Management training session for councillors run on 18 th March- highlighted councillors	MTFS

	New titles for the reports under the sub committees - refresh			responsibilities as well as officers' Weekly review with the administration specific on finance and cash flow and general day to day	
13. Consider bringing an independent voice to the Audit Committee to strengthen overall audit resilience	To be considered as part of Governance Review	Monitoring Officer	June 2021	Lay member being recruited November 2021 – Audit Committee will have an independent lay member, officers have started to explore approach to recruiting	
14. Ensure outcomes of budget consultations and engagement with stakeholders are clearly reported to members as part of the budget setting process.	Will raise option of undertaking structured budget consultation to feed into 2022-23 Budget process In hand and expand here	Chief Finance Officer, Chief Accountant	February 2022	To address as part of Budget Plan for 2022-23 November 21 Budget Consultation to feed into the Budget process	
15. Continue to explore further opportunities for Scrutiny Committee to	The proposed new committee system will have the Overview and	Monitoring Officer, Chief Finance Officer, MAT	End May 2021	Move to Committee system approved on 25 th March 2021 -	

be engaged in strategy development and financial decision-making and review.	Scrutiny function built into to each committee.			part of each committee's responsibility now This recommendation no longer applicable	
16. Consider how to ensure that co-ordination of risk management activity throughout the organisation is appropriately embedded and resourced with a strong corporate overview.	Executive summary of new Corporate Risk Management Strategy to be produced Risk Management training to be provided to officers and councillors	Monitoring Officer, Chief Finance Officer, Chief Accountant	Ongoing Date for training in here?	Executive Risk Strategy approved at Audit Committee on 18 th March 2021 Visual rather than narrative- Councillors happy with more visual document	
17. Ensure that the council's compliance with the statutory duty to consult representatives of nondomestic ratepayers – section 65 LGFA 1992 is clearly communicated and the results of this are seen	Addressed through session with Spelthorne Business Forum (SBF) in February	Chief Finance Officer	Ongoing	SBF Budget consultation took place on 15 th February 2021 (and is done annually)	

to clearly influence decision-making.					
18. Continue to keep the capacity and skills of the finance function under review, and ensure it is fit for purpose.	Chief Finance Officer and Chief Accountant reviewing training requirements. New technical Accountant post commenced November 2020	Chief Accountant, Chief Finance Officer	Ongoing	Chief Accountant reviewing team structure and resources- S151 and Chief Accountant bringing forward partnership proposal with Mole Valley to address resilience and ensure right skills in the team	Internal Audit
19. Continue to regularly review the resourcing of Internal Audit to ensure it is appropriately resourced to reflect the scale of risk the council is managing.	Some additional budget being provided to enable additional buying in of flexible resource	Monitoring Officer, Audit Manager		Monitoring Officer undertaking a review A growth bid has been submitted for an apprentice in Internal Audit.	Audit Committee
20. Consider how to better integrate the key functions of the council to deliver financial sustainability and build a strong culture of shared risk management that		MAT, Policy and Resources, Audit Committee		Corporate Risk Management Policy updated and approved by Audit Committee October 2020	

encompasses assets, property, income, and service delivery.					
22. Explore how to maximise all opportunities for community and service improvements, such as more effective use of section 106 agreements.	<p>Recovery Plan will include how the borough will deliver community improvements in light of the changed circumstances brought about by COVID-19.</p> <p>Review s106 agreements and their use for any opportunities for community.</p> <p>Infrastructure Delivery Plan (part of the revised Local Plan) sets out strategic requirements which will inform future Community Infrastructure Levy (CIL) spend</p>	MAT, Group Head Regeneration, Group Head Transformation	<p>October 2021 for S106</p> <p>March 2022 for IDP (linked to Local Plan timetable)</p>	<p>Recovery Plan being approved and being regularly reported on with respect to progress</p> <p>CIL Task Group regularly making recommendations for application of CIL fund</p>	
22. Consider how to engage staff and stakeholders in the	Session for Group Leaders and Group finance leads in	Chief Finance Officer, Chief Accountant	December 2022	Revised outline Budget report approved for 2021	

refresh of the council's MTFS and promote a wide understanding of the council's future options	<p>December 2020. Outline Budget going to O&S in January 2021</p> <p>Regular updates provided at staff meetings and at Council meetings</p> <p>Consider options for wider stakeholder engagement including with residents on priorities for spend</p>			<p>after taking through Overview and Scrutiny in January 2021</p> <p>Budget consultation with residents. Officers engagement with new committee chairs</p>	
23. Have an open dialogue about the financial implications of the council's emerging priorities, including potential impacts on the council's borrowing.	<p>Part of the discussion at the ECM on 21 January 2021 and through the Capital Strategy</p> <p>Ongoing series of briefing/training sessions for the new committees once they are up and running and the corporate priorities have been agreed.</p>	Chief Finance Officer. MAT, Corporate Policy and Resources Committee	Ongoing	<p>Capital Strategy approved for 2021-22</p> <p>Mini TM report around CFR and impact on Councils funding.</p> <p>TM reporting being made concise and visual</p>	

	<p>Quarterly liaison meetings with Arlingclose.</p> <p>Incorporate Movement in Reserves Statement (MiRS) within budget monitoring and Capital Financing Requirement (CFR) requirement</p>			<p>Leader attending quarterly monitoring with ArlingCLOse</p> <p>Being addressed as part of the 2022-23 Budget process, highlighting the impact on revenue budget of development delays</p> <p>[Paul we have yet to do this]</p>	
<p>24. Consider what does a diverse mix of housing really mean for the borough? How will the council use both Private Rented Sector and Market Sale to meet local need and to deliver financial returns?</p>	<p>March 2021 Cabinet and KGE Board in parallel discussed viability of housing delivery and potential need for element of private sales as part of the delivery mix highlight.</p> <p>KGE Integrated Business Plan has been refreshed.</p>	<p>Strategic Housing Group and KGE Board</p>	<p>June 2021</p>	<p>Highlighted as an issue in the Benwell House transfer reports which went to Cabinet and KGE Board in March 2021</p> <p>Discussed at Extraordinary Overview and Scutiny Committee 7th April</p>	<p>Agreed strategy document with full costings and scenario planning</p>

	<p>Focus on key risks including blended interest rate between Social Housing & Keyworker v private rental.</p> <p>Select balance to fit with Council's Corporate plan in 1 above whilst minimising financial impact on the council</p> <p>Monitor voids on a weekly basis and report monthly with remedial action taken.</p> <p>Recommendations from O&S 7th April accepted by Cabinet also address</p>			Revised steer from January 21 ECM with developments to have at least 50% affordable housing.	
25. Clarify how the council is going to deal with viability issues for both individual housing schemes and the performance of your housing company.	<p>KGE Business Plan being refreshed over 50 year time frame</p> <p>Cabinet has provided a steer on valuation basis to be used for transferring</p>	Chief Accountant, Chief Finance Officer	June 2021	<p>Budget and 5 year business plan for KGE Being refreshed.</p> <p>50 year KGE viability model covering P&L, Balance Sheet and Cashflow produced</p>	<p>Set out in strategy document in 23.</p> <p>Quarterly revenue and</p>

	<p>developments from Council to KGE. New NEDs will provide additional expertise and challenge on KGE Board</p> <p>As 23 above KGE 5 Year integrated business plan refreshed</p> <p>Align KGE with budget monitoring and financial reporting time line for the Council.</p>			<p>2022-23 KGE Budget being produced in parallel to SBC budget and KGE elements highlighted within SBC detailed budget</p>	<p>budget monitoring</p> <p>Annual budget and planning setting.</p> <p>Monthly Board meetings to agree and evaluate information.</p> <p>Raise any issues with Spelthorne BC within 7 days of Board meeting.</p>
26. Consider what delivery models will be most appropriate and allow the Council to deliver agreed ambitions, and whether	Council in context of the unitary discussion having exploratory discussions with neighbouring Surrey councils about potential	MAT, Corporate Policy and Resources Committee	February 2022	Spelthorne Direct Services set up and making good progress.	Review completed and programme developed

<p>existing models are fit for this purpose?</p>	<p>for collaborative service delivery</p> <p>Consider transactional services in particular, i.e., Council Tax, NNDR, Benefits, Income, Payments,</p> <p>Are there opportunities for Spelthorne Council to be the main contractor for refuse services in other Districts</p>			<p>To be reviewed as part of a) Options for closing Outline Budget 22-23 and b) as Working Group on Delivery Options</p>	
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APPENDIX A
Spelthorne Finance Peer Review Action Plan – October 2021
26/10/21 ~~6th April~~ 2021

Page 57

Recommendation	Action	Owner	Target for implementation	Progress to date including key documents	Measure of Success
1.Ensure that there is alignment of key strategies and priorities and that they are supported by a clear and sustainable financial strategy. The Council may need to: pause – reflect – realign	Cabinet to approve updated Outline Budget Strategy in January 2021. Outline Budget gap projections supported by modelling of a number of scenarios.	Cabinet (now CPRC) /MAT/Chief Finance Officer	27/1/21 <u>29/11/21</u>	Outline budget and appendices 2021/22 approved by Council. <u>22-23 Outline Budget report going to CPRC 29/11/21 following Budget Briefing</u>	Ensure that all sub strategies align to the Council approved corporate plan and are both clear and sustainable
	Prepare/update Council corporate plan coordinating all other strategies & setting out vision and priorities.	<u>Leader</u>	<u>29/11/21</u>	<u>Leader agreed draft Corporate Plan and circulated to Chairs. Going to CPRC 29/11/21</u>	
	Review all future Council sub strategies, activity and services to ensure they align with the corporate plan.		25/5/21	Capital Strategy approved by Council	

	Carry out a financial review of all the sub strategies.			Risk Management Strategy – refreshed strategy and summary approved	
2. Be clear on your priorities, articulate what non-prioritisation means and how resources are aligned within the finite capacity of the organisation.	<p>Cabinet to put forward new priorities and corporate plan to Council, Corporate Plan to be developed and approved.</p> <p>New Corporate Plan and priorities to inform Outline Budget, Detailed Budget and Capital Strategy process for 2022-23 in autumn</p> <p>Follow up on IESE workshop (Prioritisation exercise)</p> <p>Review all service areas to identify work that does not contribute to the delivery of the goals</p>	Cabinet, Corporate Policy and Resources//LO'N	<p>Stage 1 – agree new Corporate Plan</p> <p>Stage 2- new Corporate Plan priorities to feed into Outline Budget, Detailed Budget and Capital Strategy process for 2022-23</p>	<p>Leadership have provided input and comments on the outline of new plan and new priorities. Proposed new priorities have been published, corporate plan being developed'</p> <p>Managers briefed at MAT plus and staff at staff briefing on new corporate priorities and values</p>	<p>All job descriptions are updated and align with the corporate plan.</p> <p>All staff have been fully briefed by the Leader and CEO on the new corporate plan. Yes</p> <p>Full review of every role to ensure focus is on delivering</p>

	<p>of the corporate plan. Stop doing this type of task and focus on those that will deliver the results required.</p> <p>All Group Heads and Service Managers to review individual job descriptions and work carried out to realign with the corporate plan.</p> <p>Reassess staff numbers and future requirements in order to deliver the corporate plan.</p> <p>Have we got the infrastructure to deliver the results of the corporate plan?</p>			<p>Budget Group prioritisation exercise for 22-23 23-24 Budget application of zero based budgeting</p>	<p>the corporate plan and those tasks that don't fit are stopped.</p> <p>Carry out a staff planning exercise to align FTEs with delivering the goals set out.22-23 Budget to include FTE summary</p> <p>Ensuring that we have the IT infrastructure to deliver the plans.</p> <p>Council agrees and signs off</p>
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	<p>improved risk management and scenario planning at a variety of levels.</p> <p>Where appropriate utilise Integra (Financial system) to produce dash boards to reflect the above for relevant officers and work with officers to produce automated monthly reports to monitor progress against plan, to avoid data dumping into excel for further manipulation.</p>		<p>Autumn 2021 Spring</p>	<p>transitioned into fortnightly Assets Portfolio Working Group</p> <p>Paul Taylor refreshed rental viability models being used to support proposals going to Development Sub-Committee</p> <p>To be aligned with move to Centros and potentially the partnership with Mole Valley</p>	
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4. Improve capital programme scheme implementation performance and be satisfied that delivery vehicles can successfully realise the scale of ambition.	Chief Accountant working with Accountancy team to improve level of support and critical challenge provided to service managers. Chief accountant looking <u>to</u> have monthly summary reporting for our larger projects, say, over £10m in order to keep a closer eye on major projects and manage risk. Will focus on refining phasing of capital	Chief Accountant	Allow time for new Committee system to bed in October 2021	Initial discussions have taken place on improved monthly summary reports Paul has refined the reports further – Deputy Leader and Leader requested a further external review Growth bid approved for additional resource in Assets. Report to MAT in	Improved Capital Monitoring Reporting from Q1 Lewis + fin model

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	<p>monitoring to align with Spelthorne BC timetable.</p> <p>Improve Capital Programme Reporting - Lewis</p>				
<p>5. Ensure that effective programme and project management is embedded across the organisation for both capital and revenue spend reflecting internal controls and proportionate risk management.</p>	<p>Asset Projects New Development Sub Committee being set up which will cover Investment and Development projects</p> <p>Other projects Other project capital and revenue projects are overseen by the Project Team and will be reported to the Corporate Policy and Resources Committee</p> <p>PID system to be implemented and followed – refreshed across the council (Route 1 or 2), with</p>	<p>Group Head Regeneration</p> <p>Group Head Transformation</p>	<p>Allow time for new Committee system and sub_committee to bed in October 2021</p>	<p>Terms of reference for new Development Sub Committee to be recommended for approval at ECM on 25th March 2021</p> <p>Sub Committee up and running considering viability proposals. Term Sheets now being used to make clearer at outset the deliverables for development projects</p> <p>[Sandy to update]</p>	<p>Programme Board</p> <p>PID process</p>

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7. Recognise and articulate the challenges ahead for both capital and revenue in the present	Address in Outline Budget, Capital Strategy, Revenue Budget and Capital Programme reports. Chief Accountant	CFO, Chief Accountant	This will need to feed into next Budget process which Chief Accountant is	Outline Budget, Reserves Policy and Capital Programme and Capital Strategy approved for 2021-22	

<p>day and medium to longer term.</p>	<p>working to start the Budget process earlier which will help provide clarity earlier (with MAT+ for consideration).</p> <p>Need to consider ongoing impact of COVID-19 on next few years.</p>		<p>already working on (with a view to bringing forward earlier most of the process and integrating better with service plan. February 2022</p>	<p>Detailed Budget, Capital Strategy being developed for 2022-23</p>	
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	<p>doing or start doing in respect of our discretionary spends?</p> <p>Carry out a consultation about what we want to deliver. (put in item 1 and 2 above)</p> <p>Ethical investments?</p>			<p>[Paul/Sandy] any update?</p> <p>Zero based budgeting to be undertaken for 2023-24</p> <p>Budget consultation with residents and businesses being undertaken in November 2021</p>	
<p>9. Consider simplifying financial reporting to members to make it clearer what options the council faces. Within this, model different scenarios and openly consider the impacts of these on financial sustainability.</p>	<p>Links to 5 - 8 above. Chief Accountant to focus on drawing out key issues in executive summary at front of reports.</p> <p>Outline Budget to model more scenarios. Budget process to have more sessions involving councillors</p>	<p>CFO, Chief Accountant</p>	<p>October 2021</p>	<p>Initial meeting of Financial Reporting Task Group taken place</p> <p>Leader agreed to deferred to April 2022 to align with Centros</p> <p>Leader and Deputy requested external perspective to review</p>	<p>PT to populate</p>

<p>. 10. Extend scenario planning for the refreshed Medium-Term Financial Strategy (MTFS) scenarios beyond the existing worst-case approach which is modelled for the sinking fund reserve</p>	<p>Links to 3 above. Outline Budget scenario modelling</p>	<p>CFO, Chief Accountant</p>	<p>Will feed into next Budget process – February 2022</p>	<p>Outline Budget for 21-22 included 7 different scenarios which were discussed with Opposition Groups, O&S as well as Cabinet.</p> <p>Outline Budget scenario model refreshed for 22-23 to make easier to model multiple scenarios</p> <p>Extensive modelling of a number of different permutations on developments with respect to number of storeys to explore impact on viability</p>	<p>KGE 50 years model New budget model Uploaders</p>
<p>11. Ensure you have clear strategies on the core elements of financial planning and bring them together – Reserves Strategy, (including Sinking</p>	<p>Reserves Strategy being refreshed and brought to Cabinet January 2021 Sinking Funds reserves methodology has been reviewed by O&S and</p>	<p>Chief Accountant, Chief Finance Officer, Group Head Regeneration, Joint Group Heads</p>	<p>27/1/21</p>	<p>Reserves Strategy approved, Housing Strategy approved but to be refreshed and updated</p>	<p>Reserves Strategy Fin Man Code Self Assessment.</p>

Fund), Commercial Strategy, Housing Strategy	encompassed in Capital Strategy Housing Strategy approved by Council February 2020 and being updated with increased targets for affordable housing rental units Include a Movement in Reserves Statement (MiRS)	Community Wellbeing			
12. Work collaboratively within a culture of cooperative working between members and officers to continually refresh the MTFS.	LGA Top Team work will focus on this. Support Cabinet members with appropriate briefings and training for example Treasury Management training Do Councillors understand the impact of their decision making Budget setting process understanding	Leader, Cabinet (now CPRC), MAT	December 2021	Refreshed MTFS (Outline Budget approved) following sessions with Cabinet and O&S Budget Briefing Session November 2021 Treasury Management training session for councillors run on 18 th March- highlighted councillors	MTFS

	New titles for the reports under the sub committees - refresh			responsibilities as well as officers' Weekly review with the administration specific on finance and cash flow and general day to day	
13. Consider bringing an independent voice to the Audit Committee to strengthen overall audit resilience	To be considered as part of Governance Review	Monitoring Officer	June 2021	Lay member being recruited November 2021 To be addressed as part of new Committee's governance – Audit Committee will have an independent lay member, officers have started to explore approach to recruiting	
14. Ensure outcomes of budget consultations and engagement with stakeholders are clearly reported to members as part of the budget setting process.	Will raise option of undertaking structured budget consultation to feed into 2022-23 Budget process In hand and expand here	Chief Finance Officer, Chief Accountant	February 2022	To address as part of Budget Plan for 2022-23 November 21 Budget Consultation to feed into the Budget process	

<p>15. Continue to explore further opportunities for Scrutiny Committee to be engaged in strategy development and financial decision-making and review.</p>	<p>The proposed new committee system will have the Overview and Scrutiny function built into to each committee.</p>	<p>Monitoring Officer, Chief Finance Officer, MAT</p>	<p>End May 2021</p>	<p>Move to Committee system to be recommended for approval at ECM <u>approved</u> on 25th March 2021 - part of each committee's responsibility now</p> <p><u>This recommendation no longer applicable</u></p>	
<p>16. Consider how to ensure that co-ordination of risk management activity throughout the organisation is appropriately embedded and resourced with a strong corporate overview.</p>	<p>Executive summary of new Corporate Risk Management Strategy to be produced Risk Management training to be provided to officers and councillors</p>	<p>Monitoring Officer, Chief Finance Officer, Chief Accountant</p>	<p>Ongoing Date for training in here?</p>	<p>Draft Executive Risk Strategy considered <u>approved</u> at Audit Committee on 18th March <u>2021</u></p> <p>Visual rather than narrative- <u>Councillors happy with more visual document</u></p>	
<p>17. Ensure that the council's compliance with the statutory duty to consult representatives of</p>	<p>Addressed through session with Spelthorne Business Forum (SBF) in February</p>	<p>Chief Finance Officer</p>	<p>Ongoing</p>	<p>SBF Budget consultation took place on 15th February 2021 (and is done annually)</p>	

nondomestic ratepayers – section 65 LGFA 1992 is clearly communicated and the results of this are seen to clearly influence decision-making.					
18. Continue to keep the capacity and skills of the finance function under review, and ensure it is fit for purpose.	Chief Finance Officer and Chief Accountant reviewing training requirements. New technical Accountant post commenced November 2020	Chief Accountant, Chief Finance Officer	Ongoing	Chief Accountant reviewing team structure and resources- S151 and Chief Accountant bringing forward partnership proposal with Mole Valley to address resilience and ensure right skills in the team	Internal Audit
19. Continue to regularly review the resourcing of Internal Audit to ensure it is appropriately resourced to reflect the scale of risk the council is managing.	Some additional budget being provided to enable additional buying in of flexible resource	Monitoring Officer, Audit Manager		Monitoring Officer undertaking a review A growth bid has been submitted for an apprentice in Internal Audit.	Audit Committee
20. Consider how to better integrate the key functions of the council		MAT, Policy and Resources, Audit Committee		Corporate Risk Management Policy updated and	

to deliver financial sustainability and build a strong culture of shared risk management that encompasses assets, property, income, and service delivery.				approved by Audit Committee October 2020 f	
22. Explore how to maximise all opportunities for community and service improvements, such as more effective use of section 106 agreements.	<p>Recovery Plan will include how the borough will deliver community improvements in light of the changed circumstances brought about by COVID-19.</p> <p>Review s106 agreements and their use for any opportunities for community.</p> <p>Infrastructure Delivery Plan (part of the revised Local Plan) sets out strategic requirements which will inform future Community</p>	MAT, Group Head Regeneration, Group Head Transformation	<p>October 2021 for S106</p> <p>March 2022 for IDP (linked to Local Plan timetable)</p>	<p>Recovery Plan being approved and being regularly reported on with respect to progressdrafted</p> <p>CIL Task Group regularly making recommendations for application of CIL fund</p>	

	Infrastructure Levy (CIL) spend				
22. Consider how to engage staff and stakeholders in the refresh of the council's MTFS and promote a wide understanding of the council's future options	<p>Session for Group Leaders and Group finance leads in December 2020. Outline Budget going to O&S in January 2021</p> <p>Regular updates provided at staff meetings and at Council meetings</p> <p>Consider options for wider stakeholder engagement including with residents on priorities for spend</p> <p>A+</p>	Chief Finance Officer, Chief Accountant	December 2022	<p>Revised outline Budget report approved for 2021 after taking through Overview and Scrutiny in January 2021</p> <p>Budget consultation with residents.</p> <p>Officers engagement with new committee chairs</p>	
23. Have an open dialogue about the financial implications of the council's emerging priorities, including	Part of the discussion at the ECM on 21 January 2021 and through the Capital Strategy	Chief Finance Officer. MAT, Corporate Policy and Resources Committee	Ongoing	<p>Capital Strategy approved for 2021-22</p> <p>Mini TM report around CFR and</p>	

<p>potential impacts on the council's borrowing.</p>	<p>Ongoing series of briefing/training sessions for the new committees once they are up and running and the corporate priorities have been agreed.</p> <p>Quarterly liaison meetings with Arlingclose.</p> <p>Incorporate Movement in Reserves Statement (MiRS) within budget monitoring and Capital Financing Requirement (CFR) requirement</p>			<p>impact on Councils funding.</p> <p>TM reporting being made concise and visual</p> <p>Leader attending quarterly monitoring with ArlingClose</p> <p>Being addressed as part of the 2022-23 Budget process, highlighting the impact on revenue budget of development delays</p> <p>[Paul we have yet to do this]</p>	
<p>24. Consider what does a diverse mix of housing really mean for the borough? How will the council use both Private Rented Sector and Market Sale to</p>	<p>March 2021 Cabinet and KGE Board in parallel discussed viability of housing delivery and potential need for element of private sales as part of</p>	<p>Strategic Housing Group and KGE Board</p>	<p>June 2021</p>	<p>Highlighted as an issue in the Benwell House transfer reports which went to Cabinet and KGE Board in March 2021</p>	<p>Agreed strategy document with full costings and scenario planning</p>

<p>meet local need and to deliver financial returns?</p>	<p>the delivery mix highlight. KGE Integrated Business Plan has been refreshed.</p> <p>Focus on key risks including blended interest rate between Social Housing & Keyworker v private rental.</p> <p>Select balance to fit with Council's Corporate plan in 1 above whilst minimising financial impact on the council</p> <p>Monitor voids on a weekly basis and report monthly with remedial action taken.</p> <p>Recommendations form O&S 7th April accepted by Cabinet also address</p>			<p>Discussed at Extraordinary Overview and Scutiny Committee 7th April</p> <p>Revised steer from January 21 ECM with developments to have at least 50% affordable housing.</p>	
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<p>25. Clarify how the council is going to deal with viability issues for both individual housing schemes and the performance of your housing company.</p>	<p>KGE Business Plan being refreshed over 50 year time frame Cabinet has provided a steer on valuation basis to be used for transferring developments from Council to KGE. New NEDs will provide additional expertise and challenge on KGE Board</p> <p>As 23 above KGE 5 Year integrated business plan refreshed</p> <p>Align KGE with budget monitoring and financial reporting time line for the Council.</p>	<p>Chief Accountant, Chief Finance Officer</p>	<p>June 2021</p>	<p>Budget and 5 year business plan for KGE Being refreshed.</p> <p>50 year KGE viability model covering P&L, Balance Sheet and Cashflow produced</p> <p>2022-23 KGE Budget being produced in parallel to SBC budget and KGE elements highlighted within SBC detailed budget</p>	<p>Set out in strategy document in 23.</p> <p>Quarterly revenue and budget monitoring</p> <p>Annual budget and planning setting.</p> <p>Monthly Board meetings to agree and evaluate information.</p> <p>Raise any issues with Spelthorne BC within 7 days of Board meeting.</p>
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<p>26. Consider what delivery models will be most appropriate and allow the Council to deliver agreed ambitions, and whether existing models are fit for this purpose?</p>	<p>Council in context of the unitary discussion having exploratory discussions with neighbouring Surrey councils about potential for collaborative service delivery</p> <p>Consider transactional services in particular, i.e., Council Tax, NNDR, Benefits, Income, Payments,</p> <p>Are there opportunities for Spelthorne Council to be the main contractor for refuse services in other Districts</p>	<p>MAT, Corporate Policy and Resources Committee</p>	<p>February 2022</p>	<p>Spelthorne Direct Services set up and making good progress.</p> <p>To be reviewed as part of a) Options for closing Outline Budget 22-23 and b) as Working Group on Delivery Options</p>	<p>Review completed and programme developed</p>
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Spelthorne Self-Assessment Against FM Code- Review as at October 2021

Financial Management Standard A

The leadership team is able to demonstrate that the services provided by the authority provide value for money.

The Council has invested in a Root and Branch team to work with services to improve the efficiency and effectiveness of services, and particularly to look at how the customer experience can be improved. We have also looked for external support and challenge from IESE to ensure that what we are doing can maximise the effective delivery of services. In February 2020, our Root and Branch team received a national award from IESE.

Just prior to COVID-19 restrictions, the Council was about to commence a transformation programme using digital technologies to create new — or modify existing — business processes, culture, and customer experiences to meet changing business requirements. As part of this programme, and despite the continuing pressures of dealing with COVID-19, the Council invested in a new telephony system for Customer Services which went live in May 2021 and will enable better management of calls and queries. A programme of developments to build on the functionality of the new telephony platform has been defined and a Transformation Programme Manager has been appointed to drive a programme of improvement

In order to ensure that the Council is maximising value for money from its use of assets, the Council, with some independent support and input, has completed a major refresh of its Asset Management Plan which has been approved by Corporate Policy and Resources Committee

Spelthorne has delivered below inflation council tax increases for 4 years; the increase for 2020-21 was 1.29%, the lowest in Surrey, whilst there was a nil increase for 2021-22. At the Budget Briefing for all councillors on 8th November it was agreed that moving forward the Council, given the budget pressures it faces, will need to protect its taxbase by setting maximum increase allowed for 2022-23 This has been achieved while at the same time continuing to invest in service resilience and protecting front line services. Taking into account that some districts and boroughs have parishes, Spelthorne at the borough/parish level has the eighth lowest council tax level in Surrey. Move forward however, the Council will need to protect its council taxbase.

Financial Management Standard B

The authority complies with the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government*.

The S151 officer is a member of the Corporate Management Team, which includes the Chief Executive, Deputy CEs, and Group Heads of services. The post of s151 officer as a member of the senior management team as set out in the Council's Constitution, has access to members and has active involvement in strategic decision-making.

Financial Management Standard C

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Both Corporate Management Team (MAT) and Corporate Policy Resources Committee receive regular monitoring reports (monthly salaries, income and treasury management for MAT; quarterly revenue and capital monitoring for MAT), and on issues relating to the Corporate Risk Register. The Corporate Risk Register is reported to every Audit Committee meeting. These are reviewed by MAT and reported to Corporate Policy and Resources three times per year, and are used to help target resources. Additionally each service committee receives at each meeting a revenue and capital monitoring report for the services within that committee's remit. A Corporate Debt Group meets regularly to review debt collection performance, and has recently refreshed the Corporate Debt Policy which was approved by Corporate Policy and Resources Committee. MAT and members of Corporate Policy and Resources Committee participate in 3 Budget Briefings per year at which budget issues and strategy are discussed. MAT supports the role of Internal Audit, which was strengthened by being moved to Corporate Governance, providing the team with more support from the Group Head. MAT critically reviews monitoring reports, seeking clarification from and challenging services (via managers and the finance team), and pursuing actions to mitigate performance issues that arise. MAT seeks to ensure that any new initiatives clearly identify any associated financial implications.

The leadership team seeks to continuously improve the usefulness and effectiveness of financial reporting and monitoring. The Corporate Risk Register has been regularly refined and presented in a more digestible format in response to feedback from Audit Committee. We brought in external support specifically to providing direction in updating the Register in line with modern best practice, with particular focus on those strategic risks limited to no more than ten risk categories) having greatest impact on the delivery of corporate objectives, and to help refresh the Corporate Risk Management Policy. Establishing a Risk Appetite Framework (RAF) is a work in progress and represents an important stage in the Council's risk maturity. It has been agreed with the Leader that when Finance upgrades from Integra to Centros we will make use of the improved reporting functionality to improve reporting including provision of dashboard report. In parallel, officers, the Chairman of Overview and Scrutiny and the Finance Portfolio holder discussed how we can improve the usefulness of reports going to Overview and Scrutiny Committee. The November 2020 Capital Monitoring reports were expanded to report on multi-year schemes cumulative spend and variance, as well as the spend and variance in year. Since Paul Taylor's arrival as Chief Accountant he has refreshed the approach to monitoring and ensured that on capital we are capturing multi-year projects full cumulative costs.

The Council invested considerable time in producing a clear, well-defined report to an Extraordinary Council Meeting on 21 May 2020, setting out how COVID-19 had impacted the borough and its residents, and how the Council had

responded, particularly to support its most vulnerable residents and businesses. The report included 20 pages setting out the financial impacts on the Council and the measures the Council had in place to mitigate financial risks to the Council arising from the impacts of the pandemic. The Council felt it was important to be accountable to residents on how it was responding to the crisis. The report has been highlighted by the LGA as an example of good practice reporting on COVID-19.

During the COVID-19 crisis, MAT and senior officers have provided weekly virtual meetings to all councillors on the impacts, including financial matters, of COVID-19, and on how the Council has been responding. MAT has also communicated key issues to management and all staff through regular interactive meetings and briefings during this time.

A Covid-19 Risk Assessment is periodically monitored and reported to MAT and the Audit Committee, capturing emerging and evolving risk considerations, with more recent focus on the impact of the pandemic and wider issues on the recovery phase.

Financial Management Standard D

The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).

As part of the annual process of producing the Annual Governance Statement, officers review our compliance with the Framework, together with the Local Code of Corporate Governance, the role of Audit Committee; and compliance with regulations. The Internal Audit role and function is covered in the AGS including the annual audit opinion of the internal control environment and adequacy of risk management and governance arrangements. Significant issues are set out in the AGS and monitored.

Financial Management Standard E

The financial management style of the authority supports financial sustainability.

The Council provided regular training for members of the Overview and Scrutiny Committee and Audit Committee to assist them in scrutinising the Council's financial arrangements. The Council actively engaged with the Overview and Scrutiny Committee in the process of producing the first Capital Strategy. The Council has put 50 FAQs with respect to its commercial acquisitions on its website these have recently been updated. These explain further the Council's strategy to ensure financial sustainability.

The Council provides regular revenue and budget monitoring reports to Corporate Policy and Resources Committee of the overall Budget and Capital Programme position and to Management Team and individual monitoring reports for the service Committees. The Council invited in Peter Robinson, as a Finance lead from the LGA in to review its monitoring reports and make improvement suggestions which were taken on board, for example expanding information about financial impacts of commercial assets. We are looking to do

a further exercise to bring in an external perspective to review the usefulness of our monitoring reports.

We are asking service managers to take more responsibility for their budgets to ensure greater ownership. This includes monthly review meetings between service managers and accountancy, regular review of income, variances and better forecasting by the services

The budget setting process involves members at every stage. SBC has a balanced budget for the year and continues to monitor income and expenditure against it. Moving from a Cabinet and Strong Leader model to a Committee Governance model has required a major rethink of the Budget process. Paul Taylor has brought forward the Budget production process to ensure sufficient time is available for service committees to consider impact of growth and savings relating to their areas. Officers will be working with Committee Chairs as members of Corporate Policy and Resources to have a corporate perspective focusing on how we balance the overall budget as well as supporting the services under their individual committees.

There are currently challenges around helping councillors understand the potential impact on the Council's financial sustainability arising from councillors decisions on progressing residential development schemes potentially increasing pressures on the Council's Revenue Budget.

The unanticipated COVID-19 impact has had major impacts on the Council's financial position and is necessitating a change of approach to balancing the budget as a result of the reduction in sales, fees and charges income and increased inflationary pressures. MAT are working with the political leadership to ensure a clear focus on robustly prioritising and justifying any growth bids and to focus on identifying saving bids. Officers are looking to engage with councillors on strategic steers for the options to be pursued to close the Budget gaps over the Outline Budget period.

Managers are encouraged to take ownership of their budget and to be innovative in looking at how they can ensure the financial sustainability of their services. The Group Head for Assets was effectively asked to go back to the beginning and build up a zero based budget for 20/21 looking at what we needed to deliver the service as it looked at that point in time. The objective was to be able to "wash its own face", and this was duly delivered. As part of the process of closing the budget gaps over the medium term we are looking to undertake a zero based budgeting exercise across all services as part of the 2023-24 Budget process.

The Independent Living team is exploring the use of smart technology and working with health sector partners to lever in additional funding.

The increase in income generation from investment assets supported service delivery and staffing provision rather than the service cuts experienced in previous years and by other councils. However as a result of the impacts of the

pandemic we again need to have a strong focus on how we can do things more efficiently and make savings. Additional resource, funded from a slice of the commercial income, had been invested in support services, including the finance team, to ensure that the right skills and aptitudes are in place to help support the organisation in focusing on and delivering financial sustainability and resilience. The finance function was strengthened with new posts in the accountancy and operations teams, along with a new treasury management system. In the Assets service, a property system which deals with rent accounting was implemented and a property accounts manager appointed.

The Finance team recognises the need to improve further the usefulness of the financial monitoring reports provided to Committees and the interim Chief Accountant is doing some useful work looking to improve monitoring reports.

As the Council has looked through its housing delivery company to provide more affordable and key worker housing for its residents increased focus has been applied on ensuring robust viability analysis of both KGE as a whole and of individual residential developments, with the 50 year viability model covering profit and loss, balance sheet and cashflow being revamped. At the October 2021 Corporate Policy and Resources Committee as a result additional short term cash flow support for KGE was agreed.

Financial Management Standard F

The authority has carried out a credible and transparent financial resilience assessment.

The Council invited the LGA to undertake an independent Corporate Finance Peer Review.

Across a number of service areas managers have been asked effectively to zero-base budget. For 2023-24 budget zero based budgeting will be applied across the board

As highlighted above a very considerable amount of additional work has been done to improve the viability analysis of KGE and individual residential schemes with a clear focus now on the rental viability. This is to ensure that KGE does not get into a similar position as happened with the Croydon housing delivery company.

We have periodically invited Deloitte to undertake critical reviews of our approach to managing risk with respect to our commercial assets. Since COVID-19 outbreak began senior officers, the Leader, Deputy Leader and Finance Portfolio Holder have met regularly to review collection performance for rental for commercial and retail assets and to review the 10 year worst and expected case scenarios for our sinking funds to ensure that our sinking funds (current balance £27m) are more than sufficient to insulate the Revenue Budget and council taxpayers from any drops in income. Currently we have collected more than 99,3% of the investment assets rent due for 2020-21 with nearly all of the remainder covered by deferral agreements with tenants.

For the COVID-19 report which went to the May 2021 ECM, the Council undertook a financial assessment of the potential financial impact of COVID-19 on the Council's revenue budget and setting out a range of scenario figures from best case to worst case. This informed the debate at the ECM which resulted in the approval of a supplementary estimate of up to two million pounds to be funded from revenue reserves if necessary.

Financial Management Standard G

The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

The Council produces a 4 Year Outline Budget or Medium Term Financial Strategy which is reported to Cabinet every year. For the 2020-21 Budget process, in the context of the risks of funding reductions in 2021-22, with negative grant, Fair Funding, Business Rates retention/rebasing etc, the Council has sought to take a medium term approach in balancing its budget and in February 2020 (prior to COVID-19) not only balanced the 2020-21 Budget without the use of reserves, but on an indicative basis balanced the 2021-22 and 2022-23 Budgets. The Council is aware that as a result of the broader impacts of the COVID-19 pandemic it, like other councils is facing a much more challenging budget position and that it needs to put in place a range of both short and medium term measures to close the gaps and ensure financial sustainability/n

For its commercial asset acquisitions, the Council models at least 50 years into the future (the recent Elmsleigh acquisition modelled on 70 years) in order to identify future needs in capital expenditure to periodically refurbish the assets and to bear the risk of rent free and void periods. The Council's sinking funds methodology is designed to build up funds to cover future liabilities. As at the end of 2020-21, the balance in sinking funds was approximately £27m. The total cash backed reserves as at end of 2020-21 were £84m (although this is partially distorted by COVID-19 grant monies).

Financial Management Standard H

The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities*.

The Council works closely with its Treasury Management advisers Arlingclose to ensure that it complies. At key stages in past the Council has obtained Counsel's Advice on interpretation. The Council has all the strategies/policies in place as required. Regular reporting to members on capital expenditure takes place.

Considerable time was invested by the Council in producing a detailed and easy to follow Capital Strategy supplemented by an Executive Summary. The Council reports on performance against its prudential indicators in both the half year and outturn treasury management reports.

The Council last made a debt for yield acquisition in 2018 and is now focused on managing effectively its existing investment asset portfolio in line with the

Prudential Code and investing in housing delivery, service delivery (particularly the new leisure centre) and regeneration across the Borough

Financial Management Standard I

The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

See response to Standard G above. There is a close link between the Corporate Plan and the Medium Term Financial Strategy.

Financial Management Standard J

The authority complies with its statutory obligations in respect of the budget setting process.

The Council sets a balanced budget. The S151 officer has expanded his s25 and s26 sections in the Budget report. The Council consults representatives of the business community on its budget proposals. The Council sets a council tax increase within the council tax referendum limits and a properly recorded vote takes place at Council meetings.

Financial Management Standard K

The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

See Standard J above. This part of the Budget report was significantly expanded for the 2020-21 Budget process. In the context of COVID-19 was expanded further for 2021-22. The Council continues to monitor very carefully the adequacy of its sinking fund reserves. Benchmarking suggested Spelthorne had the highest ratio of unallocated revenue reserves to net Budget of any district or borough council in the country. This has arisen as a result of the strategy of building up our sinking fund reserves (currently £27m)

Financial Management Standard L

The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Officers engage with and work closely with Cabinet members on the long term financial strategy, plan and budget. Under the Cabinet and Strong Leader model Officers briefed the Overview and Scrutiny Committee on plans and brief opposition parties on the budget proposals. Officers have brought forward proposals in the past for budget consultation with residents. Under the new Committee governance model officers work with the Chairs (who are appointed on a party proportional basis) to ensure all groups and all committees understand the financial position.

For the 2022-24 Budget process, additional time is being built into the budget, to allow for the individual service committees to scrutinise their growth and savings proposals

The Council is undertaking in November 2021 a budget consultation exercise with residents, businesses and staff. This will feed into the Budget process.

Financial Management Standard M

The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

The Council has a developed project management methodology designed to ensure that projects achieve deliverables on time and within budget. The Council has a thorough evaluation methodology for evaluation of asset acquisitions and this includes evaluation of financial robustness of tenants. The methodology for asset development projects has been strengthened by the creation of the Development Sub-Committee which reviews and signs off gateway stages. Asset projects now commence with a term sheet to make clear the key assumptions and anticipated deliverables.

The Council receives regular benchmarking information on its investment performance from its Treasury Management advisers.

The Council refreshed its Procurement Strategy. It has identified that in terms of spend the biggest area of spending is now its ambitious housing delivery and regeneration programme. In order to ensure that it maximises value for money in this area of spend it has developed and implemented framework contracts for professional construction related services and construction services.

Similarly robust business cases are prepared with appropriate professional advice for new ventures such as KGE or trade waste. This was the case for the new Leisure Centre proposals.

Financial Management Standard N

The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

As commented above MAT and the Corporate Policy and Resources Committee receive regular revenue, capital monitoring reports and Treasury management reports which flag emerging variances. Individual services also receive their own revenue and capital monitoring reports. There is also the monthly monitoring with Group Heads. Variances are probed and concerns are followed up and tracked using actions tracking. Budget monitoring has been expanded to focus particularly on the impacts of COVID-19.

As commented above since the outbreak of COVID-19, MAT, the Leader, Deputy Leader, Finance Portfolio holder and senior managers have been reviewing weekly the impact of COVID-19 on its commercial, retail and municipal income streams. The meetings focus on identifying issues with specific tenants and discussing actions for addressing those concerns, which

may then lead onto reports going to the Property Investment Committee or to Cabinet.

The MAT and senior officers meet weekly for a Development and Investment Group (DIG) to review performance in its commercial and residential assets and the progress of its residential development and regeneration schemes. The focus is on reporting by exception and identifying issues to be addressed and agreeing actions to be taken to address risks.

Financial Management Standard O

The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

We are focused on some aspects such as value of assets, level of borrowing and level of reserves. A number of new KPIs have been introduced as part of the refreshed AMP which will help. The Corporate Debt Group is put in place improved monitoring of debtors. Officers also monitor other things that could be on the horizon eg changes in legislation, climate change, new burdens grants for anything. New sources of income are also considered.

The Council has updated its Corporate Debt Policy and has a corporate Debt Group which meets regularly to ensure a holistic and joined up approach is taken to debt recovery. The Council makes good use of additional investigatory resource and expertise that Reigate and Banstead Council has in counterfraud, This has been particularly beneficial with respect to housing and a data matching initiative to target social housing fraud (subletting and illegal tenancy succession) has been approved (subject to funding).

Financial Management Standard P

The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting in the United Kingdom*.

The s151 officer assumes these responsibilities in accordance with the Constitution, the scheme of delegation, and has responsibility for audit and internal control.

Financial Management Standard Q

The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

See above comments.

The monthly monitoring by finance, MAT and the Corporate Policy and Resources Committee ensure continuous monitoring before the final outturn figures are produced. In addition to the formal reports, the combined Leadership team (ie MAT and Corporate Policy and Resources consisting of the service committee Chairs and Vice Chairs) meet informally at least three times a year in Budget Briefing to discuss budget implications of outturns, and issues relating to the budget process.

Spelthorne Self-Assessment Against FM Code- Review as at October 2021

Financial Management Standard A

The leadership team is able to demonstrate that the services provided by the authority provide value for money.

The Council has invested in a Root and Branch team to work with services to improve the efficiency and effectiveness of services, and particularly to look at how the customer experience can be improved. We have also looked for external support and challenge from IESE to ensure that what we are doing can maximise the effective delivery of services. In February 2020, our Root and Branch team received a national award from IESE.

Just prior to COVID-19 restrictions, the Council was about to commence a transformation programme using digital technologies to create new — or modify existing — business processes, culture, and customer experiences to meet changing business requirements. As part of this programme, and despite the continuing pressures of dealing with COVID-19, the Council invested in a new telephony system for Customer Services which went live in May 2021 and will enable better management of calls and queries. A programme of developments to build on the functionality of the new telephony platform has been defined and a Transformation Programme Manager has been appointed to drive a programme of improvement

In order to ensure that the Council is maximising value for money from its use of assets, the Council, with some independent support and input, has completed a major refresh of its Asset Management Plan which has been approved by Corporate Policy and Resources Committee.

Spelthorne has delivered below inflation council tax increases for 4 years; the increase for 2020-21 was 1.29%, the lowest in Surrey, whilst there was a nil increase for 2021-22. [At the Budget Briefing for all councillors on 8th November it was agreed that moving forward the Council, given the budget pressures it faces, will need to protect its taxbase by setting maximum increase allowed for 2022-23](#) This has been achieved while at the same time continuing to invest in service resilience and protecting front line services. Taking into account that some districts and boroughs have parishes, Spelthorne at the borough/parish level has the eighth lowest council tax level in Surrey. Move forward however, the Council will need to protect its council taxbase.

Financial Management Standard B

The authority complies with the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government*.

The S151 officer is a member of the Corporate Management Team, which includes the Chief Executive, Deputy CEs, and Group Heads of services. The post of s151 officer as a member of the senior management team as set out in

the Council's Constitution, has access to members and has active involvement in strategic decision-making.

Financial Management Standard C

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Both Corporate Management Team (MAT) and Corporate Policy Resources Committee ~~abinet~~ receive regular monitoring reports (monthly salaries, income and treasury management for MAT; quarterly revenue and capital monitoring for MAT ~~and Cabinet~~), and on issues relating to tThe Corporate Risk Register. The Corporate Risk Register is reported to every Audit Committee meeting ~~These are~~, reviewed by MAT and reported to ~~Cabinet~~ Corporate Policy and Resources three times per year, and are is used to help target resources. Additionally each service committee receives at each meeting a revenue and capital monitoring report for the services within that committee's remit. A Corporate Debt Group meets regularly to review debt collection performance. and has recently refreshed the Corporate Debt Policy which was approved by Corporate Policy and Resources Committee. MAT and members of Corporate Policy and Resources Committee ~~Cabinet~~ participate in 3 Budget Briefings per year at which budget issues and strategy are discussed. MAT supports the role of Internal Audit, which was ~~recently~~ strengthened by being moved to Corporate Governance, providing the team with more support from the Group Head. MAT critically reviews monitoring reports, seeking clarification from and challenging services (via managers and the finance team), and pursuing actions to mitigate performance issues that arise. MAT seeks to ensure that any new initiatives clearly identify any associated financial implications.

The leadership team seeks to continuously improve the usefulness and effectiveness of financial reporting and monitoring. The Corporate Risk Register has been regularly refined and presented in a more digestible format in response to feedback from Audit Committee.

We ~~recently~~ brought in external support specifically to providing diretion in updatinge the Register in line with modern best practice, with particular focus on those strategic risks limited to no more than ten risk categories) having with greatest impact on the delivery of corporate objectives, and to help refresh the Corporate Risk Management Policy. Establishing a Risk Appetite Framework (RAF) is a work in progress and represents an important stage in the Council's risk maturity. ~~The monitoring reports are continuously reviewed and the Leader has set up a Task Group to look at further developing Financial Reporting. It has been agreed with the Leader that when Finance upgrades from Integra to Centros we will make use of the improved reporting functionality to improve reporting including provision of dashboard report.~~ In parallel, officers, the Chairman of Overview and Scrutiny and the Finance Portfolio holder ~~have~~ discussed how we can improve the usefulness of reports going to Overview and Scrutiny Committee. The November 2020 Capital Monitoring reports ~~will be were~~ expanded to report on multi year scheme's cumulative spend and variance, as well as the spend and variance in year. Since Paul Taylor's arrival as Chief Accountant he has refreshed the approach to monitoring and ensured that on capital we are capturing multi-year projects full cumulative costs.

The Council invested considerable time in producing a clear, well-defined report to an Extraordinary Council Meeting on 21 May 2020, setting out how COVID-19 had impacted the borough and its residents, and how the Council had responded, particularly to support its most vulnerable residents and businesses. The report included 20 pages setting out the financial impacts on the Council and the measures the Council had in place to mitigate financial risks to the Council arising from the impacts of the pandemic. The Council felt it was important to be accountable to residents on how it was responding to the crisis. The report has been highlighted by the LGA as an example of good practice reporting on COVID-19.

During the COVID-19 crisis, MAT and senior officers have provided weekly virtual meetings to all councillors on the impacts, including financial matters, of COVID-19, and on how the Council has been responding. MAT has also communicated key issues to management and all staff through regular interactive meetings and briefings during this time.

[A Covid-19 Risk Assessment is periodically monitored and reported to MAT and the Audit Committee, capturing emerging and evolving risk considerations, with more recent focus on the impact of the pandemic and wider issues on the recovery phase.](#)

Financial Management Standard D

The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).

As part of the annual process of producing the Annual Governance Statement, officers review our compliance with the Framework, together with the Local Code of Corporate Governance, the role of Audit Committee; and compliance with regulations. The Internal Audit role and function is covered in the AGS [including the annual audit opinion of the internal control environment and adequacy of risk management and governance arrangements.](#) Significant issues are set out in the AGS and monitored.-

Financial Management Standard E

The financial management style of the authority supports financial sustainability.

The Council provides [ds](#) regular training for members of the Overview and Scrutiny Committee and Audit Committee to assist them in scrutinising the Council's financial arrangements. The Council actively engaged with the Overview and Scrutiny [Committee](#) in the process of producing the first Capital Strategy. The Council has put 50 FAQs with respect to its commercial acquisitions on its website [htese have recently been updated.](#) These explain further the Council's strategy to ensure financial sustainability.

The Council provides regular revenue and budget monitoring reports to [Corporate Policy and Resources Committee of the overall Budget and Capital Programme position and to Management Team and individual monitoring](#)

reports for the service Committees Cabinet, Overview and Scrutiny and Management Team. The Council invited in Peter Robinson, as a Finance lead from the LGA in to review its monitoring reports and make improvement suggestions which were taken on board, for example expanding information about financial impacts of commercial assets. We are looking to do a further exercise to bring in an external perspective to review the usefulness of our monitoring reports.

We are asking service managers to take more responsibility for their budgets to ensure greater ownership. This includes monthly review meetings between service managers and accountancy, regular review of income, variances and better forecasting by the services

The budget setting process; involves members at every stage. SBC has a balanced budget for the year ~~2020/21~~ and continues to monitor income and expenditure against it. Moving from a Cabinet and Strong Leader model to a Committee Governance model has required a major rethink of the Budget process. Paul Taylor has brought forward the Budget production process to ensure sufficient time is available for service committees to consider impact of growth and savings relating to their areas. Officers will be working with Committee Chairs as members of Corporate Policy and Resources to have a corporate perspective focusing on how we balance the overall budget as well as supporting the services under their individual committees.

There are currently challenges around helping councillors understand the potential impact on the Council's financial sustainability arising from councillors decisions on progressing residential development schemes potentially increasing pressures on the Council's Revenue Budget.

The unanticipated COVID-19 impact has had major impacts on the Council's financial position and is necessitating a change of approach to balancing the budget as a result of the reduction in sales, fees and charges income and increased inflationary pressures. MAT are working with the political leadership to ensure a clear focus on robustly prioritising and justifying any growth bids and to focus on identifying saving bids. Officers are looking to engage with councillors on strategic steers for the options to be pursued to close the Budget gaps over the Outline Budget period.

Managers are encouraged to take ownership of their budget and to be innovative in looking at how they can ensure the financial sustainability of their services. The Group Head for Assets was effectively asked to go back to the beginning and build up a zero based budget for 20/21 looking at what we needed to deliver the service as it looked at that point in time. The objective was to be able to "wash its own face", and this was duly delivered. As part of the process of closing the budget gaps over the medium term we are looking to undertake a zero based budgeting exercise across all services as part of the 2023-24 Budget process.

The Independent Living team is exploring the use of smart technology and working with health sector partners to lever in additional funding.

The increase in income generation from investment assets~~has~~ supported service delivery and staffing provision rather than the service cuts experienced in previous years and by other councils. However as a result of the impacts of the pandemic we again need to have a strong focus on how we can do things more efficiently and make savings. Additional resource, funded from a slice of the commercial income, ~~had~~s been invested in support services, including the finance team, to ensure that the right skills and aptitudes are in place to help support the organisation in focusing on and delivering financial sustainability and resilience. The finance function was ~~has and is being~~ strengthened with new posts in the accountancy and operations teams, along with a new treasury management system. In the Assets service, a property system which deals with rent accounting was ~~has been~~ implemented and a property accounts manager appointed.

The Finance team recognises the need to improve further the usefulness of the financial monitoring reports provided to Cabinet and Overview and Scrutiny Committees and the interim Chief Accountant is doing some useful work looking to improve monitoring reports.

As the Council has looked through its housing delivery company to provide more affordable and key worker housing for its residents increased focus has been applied on ensuring robust viability analysis of both KGE as a whole and of individual residential developments, with the 50 year viability model covering profit and loss, balance sheet and cashflow being revamped. At the October 2021 Corporate Policy and Resources Committee as a result additional short term cash flow support for KGE was agreed.

Financial Management Standard F

The authority has carried out a credible and transparent financial resilience assessment.

The Council invited the LGA to undertake an independent Corporate Finance Peer Review.

Across a number of service areas managers have been asked effectively to zero-base budget. For 2023-24 budget zero based budgeting will be applied across the board

As highlighted above a very considerable amount of additional work has been done to improve the viability analysis of KGE and individual residential schemes with a clear focus now on the rental viability. This is to ensure that KGE does not get into a similar position as happened with the Croydon housing delivery company.

We have periodically invited Deloitte to undertake critical reviews of our approach to managing risk with respect to our commercial assets. Since COVID-19 outbreak began senior officers, the Leader, Deputy Leader and Finance Portfolio Holder have met regularly~~weekly~~ to review collection

performance for rental for commercial and retail assets and to review the 10 year worst and expected case scenarios for our sinking funds to ensure that our sinking funds (current balance £270m) are more than sufficient to insulate the Revenue Budget and council taxpayers from any drops in income. Currently we have collected more than 99.36% of ~~the investment assets~~ ~~the commercial~~ rent due for ~~first 6 months of~~ 2020-21 with nearly all of the remainder covered by deferral agreements with tenants.

For the COVID-19 report which went to the May 2021 ECM, the Council undertook a financial assessment of the potential financial impact of COVID-19 on the Council's revenue budget and setting out a range of scenario figures from best case to worst case. This informed the debate at the ECM which resulted in the approval of a supplementary estimate of up to two million pounds to be funded from revenue reserves if necessary.

~~Since the start of COVID-19, the Council has been running weekly Rent Collection Review meetings with the Leader, Deputy Leader and Finance Portfolio Holder and relevant officers to review performance of commercial rent and retail rent. Due to the pro-active actions of officers in consultation with key councillors, the Council has maintained good collection rates.~~

Financial Management Standard G

The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

The Council produces a 4 Year Outline Budget or Medium Term Financial Strategy which is reported to Cabinet every year. For the 2020-21 Budget process, in the context of the risks of funding reductions in 2021-22, with negative grant, Fair Funding, Business Rates retention/rebasing etc, the Council has sought to take a medium term approach in balancing its budget and in February 2020 (prior to COVID-19) not only balanced the 2020-21 Budget without the use of reserves, but on an indicative basis balanced the 2021-22 and 2022-23 Budgets. The Council is aware ~~it faces a budget gap of approx. £1.8m for 2023-24 but it focused on~~ ~~that as a result of the broader impacts of the COVID-19 pandemic it, like other councils is facing a much more challenging budget position and that it needs to put in place a range of both short and medium term measures to close the gaps and ensure financial sustainability/n~~ ~~measures to close that gap over the next three years. Measures which will help close this gap include setting up in April 2020 a wholly owned trade waste and environmental services company~~

For its commercial asset acquisitions, the Council models at least 50 years into the future (the recent Elmsleigh acquisition modelled on 70 years) in order to identify future needs in capital expenditure to periodically refurbish the assets and to bear the risk of rent free and void periods. The Council's sinking funds methodology is designed to build up funds to cover future liabilities. As at the end of 2020-21 ~~19-20~~, the balance in sinking funds was approximately £270m. The total cash backed reserves as at end of 2020-21 ~~19-20~~ were £8442.5m ~~(although this is partially distorted by COVID-19 grant monies).~~

Financial Management Standard H

The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities*.

The Council works closely with its Treasury Management advisers Arlingclose to ensure that it complies. At key stages in past the Council has obtained Counsel's Advice on interpretation. The Council has all the strategies/policies in place as required. Regular reporting to members on capital expenditure takes place.

Considerable time was invested by the Council in producing a detailed and easy to follow Capital Strategy supplemented by an Executive Summary. [The Council reports on performance against its prudential indicators in both the half year and outturn treasury management reports.](#)

[The Council last made a debt for yield acquisition in 2018 and is now focused on managing effectively its existing investment asset portfolio in line with the Prudential Code and investing in housing delivery, service delivery \(particularly the new leisure centre\) and regeneration across the Borough](#)

Financial Management Standard I

The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

See response to Standard G above. There is a close link between the Corporate Plan and the Medium Term Financial Strategy.

Financial Management Standard J

The authority complies with its statutory obligations in respect of the budget setting process.

The Council sets a balanced budget. The S151 officer has expanded his s25 and s26 sections in the Budget report. The Council consults representatives of the business community on its budget proposals. The Council sets a council tax increase within the council tax referendum limits and a properly recorded vote takes place at Council meetings.

Financial Management Standard K

The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

See Standard J above. This part of the Budget report was significantly expanded for the 2020-21 Budget process. ~~It is anticipated, in~~ the context of COVID-19 ~~was this will be~~ expanded further for 2021-22. [The Council continues to monitor very carefully the adequacy of its sinking fund reserves. Benchmarking suggested Spelthorne had the highest ratio of unallocated revenue reserves to net Budget of any district or borough council in the country. This has arisen as a result of the strategy of building up our sinking fund reserves \(currently £27m\)](#)

Financial Management Standard L

The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Officers engage with and work closely with Cabinet members on the long term financial strategy, plan and budget. [Under the Cabinet and Strong Leader model](#) Officers briefed the Overview and Scrutiny Committee on plans and brief opposition parties on the budget proposals. Officers have brought forward proposals in the past for budget consultation with residents. [Under the new Committee governance model officers work with the Chairs \(who are appointed on a party proportional basis\) to ensure all groups and all committees understand the financial position.](#)

For the 2024-242 Budget process, additional time is being built into the budget, to allow for ~~an additional Overview and Scrutiny session on the draft Budget~~[the individual service committees to scrutinise their growth and savings proposals](#)

~~The Council has set up a Residents Forum (with representatives invited from all the local residents associations) this will provide an opportunity in future to discuss budget proposals with residents' representatives.~~
[The Council is undertaking in November 2021 a budget consultation exercise with residents, businesses and staff. This will feed into the Budget process.](#)

Financial Management Standard M

The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

The Council has a developed project management methodology designed to ensure that projects achieve deliverables on time and within budget. The Council has a thorough evaluation methodology for evaluation of asset acquisitions and this includes evaluation of financial robustness of tenants. [The methodology for asset development projects has been strengthened by the creation of the Development Sub-Committee which reviews and signs off gateway stages. Asset projects now commence with a term sheet to make clear the key assumptions and anticipated deliverables.](#)

The Council receives regular benchmarking information on its investment performance from its Treasury Management advisers.

The Council ~~has recently~~ refreshed its Procurement Strategy. It has identified that in terms of spend the biggest area of spending is now its ambitious housing delivery and regeneration programme. In order to ensure that it maximises value for money in this area of spend it has developed and ~~is implementing~~ framework contracts for professional construction related services and construction services.

Similarly robust business cases are prepared with appropriate professional advice for new ventures such as KGE or trade waste. ~~This will also bewas the case for~~ Similarly for the new Leisure Centre proposals.

Financial Management Standard N

The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

As commented above MAT and the [Corporate Policy and Resources Committee](#) ~~Cabinet~~ receive regular revenue, capital monitoring reports and Treasury management reports which flag emerging variances. [Individual services also receive their own revenue and capital monitoring](#) reports. There ~~is also the~~ Plus monthly monitoring with Group Heads. ~~etc~~ Variances are probed and concerns are followed up and tracked using actions tracking. Budget monitoring has been expanded to focus particularly on the impacts of COVID-19.

As commented above since the outbreak of COVID-19, MAT, the Leader, Deputy Leader, Finance Portfolio holder and senior managers have been reviewing weekly the impact of COVID-19 on its commercial, retail and municipal income streams. The meetings focus on identifying issues with specific tenants and discussing actions for addressing those concerns, which may then lead onto reports going to the Property Investment Committee or to Cabinet.

The MAT and senior officers meet weekly for a Development and Investment Group (DIG) to review performance in its commercial and residential assets and the progress of its residential development and regeneration schemes. The focus is on reporting by exception and identifying issues to be addressed and agreeing actions to be taken to address risks.

Financial Management Standard O

The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

We are focused on some aspects such as value of assets, level of borrowing and level of reserves. A number of new KPIs ~~have been~~ [are being](#) introduced as part of the refreshed AMP which will help. The Corporate Debt Group is ~~putting~~ in place improved monitoring of debtors. Officers also monitor other things that could be on the horizon eg changes in legislation, climate change, new burdens grants for anything. New sources of income are also considered.

The Council has updated its Corporate Debt Policy and has a corporate Debt Group which meets regularly to ensure a holistic and joined up approach is taken to debt recovery. The Council makes good use of additional [investigatory](#) resource and expertise that Reigate and Banstead Council has in counterfraud. This has been particularly beneficial with respect to housing [housing and a data](#)

[matching initiative to target social housing fraud \(subletting and illegal tenancy succession\) has been approved \(subject to funding\).](#)

Financial Management Standard P

The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting in the United Kingdom*.

The s151 officer assumes these responsibilities in accordance with the Constitution, the scheme of delegation, and has responsibility for audit and internal control.

Financial Management Standard Q

The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

See above comments.

The monthly monitoring by finance, MAT and the [Corporate Policy and Resources Committee](#) ensure continuous monitoring before the final outturn figures are produced. In addition to the formal reports, the combined Leadership team (ie MAT and [Corporate Policy and Resources consisting of the service committee Chairs and Vice Chairs](#)) meet informally at least three times a year in Budget Briefing to discuss budget implications of outturns, and issues relating to the budget process.

Audit Committee

25 November 2021



Title	Interim Internal Audit Report
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	All
Recommendations	Committee is asked to: (1) Note the Interim Internal Audit report
Reason for Recommendation	Not applicable

1. Key issues

- 1.1 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)
- 1.2 This report summarises work undertaken by the Internal Audit team for the period April to October 2021, with details set out at Appendix 1.
- 1.3 Appendix 1 includes recommendations arising from Internal Audit reviews aimed at reducing risks and strengthening internal controls, highlighting assurance opinions where appropriate. Progress on implementation of audit recommendations (status) is provided where appropriate and in other areas confirmation of recommendations agreed for implementation by corporate management team, Group Heads and managers has been recorded.
- 1.4 The team supported with externally commissioned audit resource continue to provide assurance across a diverse workplan and have reported on several areas of good practice operating with some examples as follows:
 - (i) ICT General Controls Health check audit - Barracuda Web Security Gateway software is used to provide proactive web security including the identification and blocking of potential known spyware/ virus threats; real time capacity reporting is used to identify any bandwidth/ performance issues; the configuration of internal and external firewalls provides

increased resilience as is it provides a redundant/ failover facility in the event that one fails; Active directory passwords are configured to require a good standard of complexity; a backup routine is in place to ensure regular backups of systems and data are taken and stored offsite for increased resilience.

- (ii) ICT Network Infrastructure Audit - An annual penetration test is undertaken to identify any network issues/ vulnerabilities to be addressed; Internal vulnerability scanning of the network is undertaken on a weekly basis; Network security roles and responsibilities are defined as part of the Information Security Policy framework.
- (iii) Commercial Asset Income -Robust monitoring arrangements for commercial asset income with an impressive collection rate of 99.3% for 2020/21 despite the pandemic challenges; well established system in place to ensure that loan repayments are generated in a timely manner, accurate and appropriately authorised; management information and performance monitoring is clear, comprehensive and timely, further improved during the pandemic as the risks of tenant failure and lost revenue was high.
- (iv) Property Development - Despite the pandemic challenges, it is acknowledged that the Assets team have continued to prioritise delivery of development schemes where possible. Strengthening of governance arrangements with a dedicated Corporate Policy and Resources Committee and Development Sub Committee in operation for development projects.
- (v) Climate Change and Workplace Culture audits - Corporate Commitment to pursue Climate Change measures and develop an Organisational values and behavioural framework.
- (vi) Debtors - Management oversight and approval of key debtor processes; timely raising of invoices; prompt completion of financial reconciliations; quarterly revenue monitoring reports highlighting variances; Corporate Debt officer working group oversight.
- (vii) Community Infrastructure Levy (CIL) – A significant proportion of CIL income transactions had been paid (86%) over a period of six years from 2015/16; evidence of compliance with key statutory requirements for CIL; Corporate Debt officer working group oversight.
- (viii) Business Support Grants – Prompt administration and processing of grants relating to multiple government schemes to support local businesses at a critical time; application of Spotlight, a tool to complement pre-award due diligence checks and highlight areas of risk to inform grant-making decisions.

1.5 In addition to planned audit reviews, there are several other workstreams undertaken by the team (including corporate roles and tasks), set out at Appendix 1. Some examples of how Internal Audit supports the organisation in achieving its objectives and adds value are summarised below:

- (a) Statutory Reporting to the Audit Committee – Several reports are produced and presented in accordance with the Committee work programme. This ensures adherence to Public Sector Internal Audit Standards (PSIAS) and supports corporate governance arrangements.

- (b) **Advisory Role** - Reactive and pro-active advice provided to services and corporate groups on various risk and control issues, including new systems and processes.
- (c) **Unplanned reviews** – Where the level of associated risk is deemed to be reasonably high, unplanned reviews or analysis work may be prioritised in the provision of assurance to the authority.
- (d) **Counter Fraud Oversight** - Coordination and reporting of counter fraud outcomes and progressing initiatives for tackling high risk public fraud through continued collaborative working with partners. Further to continuous efforts to target social housing fraud working alongside Housing and registered providers, we are able to initiate a data matching exercise which is anticipated to produce significant returns (subject to funding approval).
- (e) **Corporate Risk Management** – Coordination and reporting on the Council's Corporate Risk Register representing the Council's most significant strategic risks. Training has been delivered in September to raise awareness of corporate approaches to risk management and launch the summarised policy guide. Developing a Risk Appetite Framework (RAF) for Spelthorne is a work in progress and represents an important step in the Council's risk maturity.

2. Options analysis and proposal

- 2.1 There are no options.
- 2.2 Implementation of audit recommendations will reduce risks for the authority and enhance the robustness of the control environment which is acknowledged by the Council's Management Team and the Audit Committee.
- 2.3 Failure to undertake internal audit work to the required professional standards would lessen the reliability of assurance provision to the Council that effective control systems and governance arrangements are in place and could result in an increase in the Council's annual external audit fee.

3. Financial implications

3.1 Corporate fraud returns collated by Internal Audit demonstrate quantifiable financial returns in the form of fraud losses prevented/savings achieved for Spelthorne. From January 2015 to June 2021, cumulative notional savings to the public purse exceed £2.72m (based on Cabinet Office estimated savings to the public purse) of which £555k represents quantifiable cashable savings for Spelthorne. A breakdown analysis of cumulative fraud returns across high-risk public fraud categories since the commencement of the Surrey Counter Fraud Initiative (January 2015 to June 2021) are shown below:

<i>Fraud Category</i>	<i>2015 to 2021 Notional Savings £</i>	<i>Percentage of cumulative total 2.72m</i>
Housing register and homelessness applications	1,163,380 1.16m (rounded)	42.63 43% (rounded)
Social Housing	162,000	5.93 6% rounded

Business rates	1,089,060 1.09m (rounded)	39.9 40% (rounded)
Council Tax Discount	242,694	8.89% 9% (rounded)
Council Tax Support	71,296	2.61 2% (rounded)
TOTALS	£2.72 m £2,728,430	100%

3.3 A further breakdown of quantified fraud returns (positive outcomes) reported over the last four financial years is set out in the table below.

<u>YEAR</u>	<i>Housing Register & Homelessness Applications (2 categories)</i>	<i>Social Housing Fraud</i>	<i>Business Rates</i>	<i>CTAX Discount</i>	<i>CTAX Support</i>	<u>NOTIONAL £</u>	<u>CASHABLE £</u>
2017/18	180,000 + 198,000 = 378,000	54,000	226,963	0	18,342	677,305	92,603
2018/2019	306,000 + 54,000 = 360,000	0	281,050	241,904	6,620	889,574	154,000
2019/2020	47,380 +69,840 =117,220	0	0	0	19,165	136,385	11,000
2020/21	48,600 +51,840 = 100,440	0	0	790	5,852	107,082	62,300
Totals Rounded	955,660	54,000	508,013	242,694	49,979	1,810,346 1.81m	319,903 320,000

3.4 From April 2019 Cabinet office estimated notional savings to the public purse applicable for each Housing register and homelessness application withdrawn were significantly reduced from 18,000 to 3,240 per case. This largely accounts for the decrease in notional savings reported from that period as indicated in the table above at 3.3. On the contrary the value of estimated fraud losses for all forms of social housing fraud were significantly increased by the Cabinet Office from 18,000 to £93,000 per case (property recovered) and are therefore being actively targeted. The cooperation of registered providers will be essential to promote positive progress and outcomes in this area (as referred to earlier at paragraph 1.5 (d)).

3.5 A further table below summarises anticipated positive outcomes for social housing fraud if a planned bulk data matching exercise proceeds (subject to funding approval of associated legal costs and a growth bid has been submitted by the Housing Strategy lead Officer). Such proactive approaches support Spelthorne's approved Counter fraud, bribery and corruption strategy and send a strong public message regarding zero tolerance to fraud. The strategy highlights the need to target social housing fraud given the likely extent of fraudulent activity and the anticipated social benefits and financial

returns to be derived. The figures in the table below quantify the high probability for achieving impressive financial fraud savings as well as wider social benefits in terms of freeing up social housing for those individuals and families in genuine need. This will of course contribute to delivering the Council's corporate priority of 'Affordable Housing'.

Registered Provider	Number of Social Housing Units	Proportion (%) of social housing tenancies estimated to be fraudulently occupied **	Cabinet office estimated fraud savings/financial losses prevented per case (property recovered) ***	Total estimated financial fraud savings
A2 Dominion *	4,435	5% equates to 221 units (rounded) **	£93,000 ***	£20,553,000 20.5m (rounded)

* The exercise is planned to target this registered provider's portfolio in the first instance given they hold the greatest number of affordable housing units across Spelthorne.

**Based on national average and guidance from professional counter fraud and government organisations where a social housing portfolio has not been previously subject to large scale review or data matching exercises.

*** This estimated savings figure (notional) advised by the Cabinet Office relates to every social housing tenancy recovered.

3.6 Continued referrals of suspected fraud and pursuit of proactive and collaborative counter fraud initiatives accessible across all high-risk fraud categories will contribute to maximising financial returns.

4. Other considerations

4.1 There are none.

5. Equality and Diversity

5.1 Appendix 1 gives reference to an audit review of Workplace Culture where the importance of embedding a values and behavioural framework across key Council policies, processes and practices has been recommended.

6. Sustainability/Climate Change Implications

6.1 Appendix 1 gives reference to an audit review of Climate Change and there is also inclusion on the Council's Corporate Risk Register, given that it represents a significant risk category of a global nature.

7. Timetable for implementation

7.1 Implementation of audit recommendations within target timescales proposed and audit status (open or closed) will continue to be monitored as part of the follow up process, to coincide with Audit Committee reporting timescales throughout the year (November, March and July).

Background papers:
Internal audit reports
Corporate Risk Register
Counter Fraud Returns

Appendices

Appendix 1 – Summary of workstreams undertaken by the Internal Audit team for the period April to October 2021

The role of **Internal Audit** is to provide independent **assurance** that an organisation's risk management, governance and **internal** control processes are operating effectively. An assurance opinion (key) is attached to Internal Audit reports and recommendations are made based on the traffic light system (Red, Amber, Green).

***ASSURANCE KEY** (Column 2 of table):

Effective - Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed - A few specific control weaknesses were noted; generally, however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory - Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

~ RECOMMENDATIONS (Column 4/5 of table):

High		Urgent action required to reduce exposure to high risk/ major adverse impact on achievement of organisational objectives.
Medium		Action required to avoid exposing the organisation to significant risks.
Low		Desirable action to enhance control, improve value for money and minimal impact on organisational objectives.

Internal Audit Recommendations Status Key (Column 6 of table): # Reporting on the status of whether internal audit recommendations have been implemented or remain outstanding is based on confirmation from Group Heads/ Managers i.e., Internal Audit have not verified this. MAT & Members should note the comments recorded under the Progress column when considering the direction of travel.

Audit Review & issue date of draft / final report	Assurance Level granted at time of audit * (see assurance key page 1)	Accountable Officer	~Audit Recommendations Red (Column 4) / Amber or Green (Column 5)		#Current Status and Progress Please Record whether recommendations are implemented
1. Commercial Assets and Investments June 2021 (Final)	Effective	Group Head Regeneration & Growth	There are no recommendations arising from audit work undertaken.	There are no recommendations arising from audit work undertaken.	Closed
2. Property Development September 2021 (Final)	Some Improvement Needed	Group Head Regeneration & Growth	1. The significant risk and issues associated with the self-imposed Moratorium continue to be reported to Members and monitored.	2. The wider organisational implications arising from the delay in completion of the Harper House project should be reported and reviewed by the relevant Committee to ensure appropriate transparency. This approach should also be followed for other development schemes where delays are encountered. 3. There needs to be greater coordination across the Council when analysing and reporting on risks and wider implications of project delays relating to property development schemes. This	Open 1. Completed and Ongoing, with reference on the Corporate Risk Register. 2. Target for implementation January 2022. A report on lessons learnt on Harper House will go to the development sub-committee (including impact of project delays). The matter will also be reflected in the development update slides for all schemes. 3. Target for implementation October 2021. There will be closer liaison between assets and housing to ensure that

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				will ensure that all relevant costs and impact are captured as part of reporting with the possibility of the Housing Team specifically reporting to the Development Investment Group on accommodation costs incurred as a result of development scheme delays such as Bed and Breakfast paid out per week.	all the impacts of delays are captured. In addition, considerable amount of work has been undertaken with the aim of attaining greater transparency over finance costs so that these matters will be reported on and discussed at DIG as required.

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3.Treasury Management May 2021 (Final)	Some Improvement Needed	Chief Accountant	All recommendations for Treasury Management were previously reported in the annual audit report of July 2021. The following recommendation is being followed up to confirm implementation. 1. In view of the ongoing and increased Treasury Management activity, it seems prudent that the Chief Accountant (or other independent officer) carry out periodical management spot checks to incorporate high value transactions. (This is a re-recommendation from 2018/19 & 2019/20).		Open 1.Agreed to implement. Target – end of June 2021. Please confirm status.
4.Creditors June 2021 (Final)	Some Improvement Needed	Chief Accountant & Creditors Manager	All recommendations for Creditors were previously reported in the annual audit report of July 2021. The		Open

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			<p>following recommendations are being followed up to confirm implementation.</p> <p>1.The number of credit card holders should be reviewed based upon their usage. In particular, a review of the credit card holder that has not used their credit card since inception should be revoked.</p> <p>2.The authorisation process of credit card transactions should be reviewed and strengthened whilst aligning with the need for operational flexibility. Line managers should either authorise and / or spot check credit card transactions for reasonableness incurred by their staff. This area should be reviewed in tandem with any existing checks undertaken by the Finance Team.</p>		<p>1.Completed and further review scheduled August 2021.</p> <p>2.Agreed and in progress. Target 31 July 2021.</p> <p>3. Completed with further review of limits operating scheduled for August 2021.</p>

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			<p>3.The Section 151 Officer – CFO / Deputy Chief Executive should consider reviewing the £20k temporary authorisation limit of the Mayoral and Civic Events Officer’s credit card.</p> <p>4.The Creditors Control Account should be reconciled to the General Ledger on a monthly or quarterly basis. Evidence should be readily available to show that reconciliations have been undertaken and should also be subject to a periodic management review to ensure that the reconciliations are completed in a timely manner.</p>		<p>4. Agreed for full implementation by 31 July 2021.</p>

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5. Covid related workstream - Business Support Grants November 2021 (Final)	<p style="text-align: center;">Some Improvement Needed</p>	Chief Finance Officer and Deputy Group Head Customer Relations		<p>1.Going forward for future grants, an exception report should be produced to ensure all potential duplicates are identified and validated in advance of the actual grant payments being generated. Adequate authorisation controls should also be consistently in place particularly as this was reported as a contributing factor for the numerous duplicate payments being generated in the first instance.</p> <p>2.Regular reconciliation processes will provide an opportunity to review whether the spreadsheet showing duplicate payments refunded by businesses aligns with what has been received and posted on the Council's financial system (Integra).</p>	<p>Closed – no further action proposed.</p> <p>1.The Service Manager considers the controls now in place to be sufficient to minimise any loss of public funds. All apart from one Duplicate payment was either returned to the Council or offset from future grant payments. A single spreadsheet contains all the grant payments, and no further payments are allowed to be processed where the FS unique number has been used previously – unless expressly granted by the Deputy Group Head of Customer Relations only.</p> <p>2.Not agreed. Because of offsetting and the fact that returned money could be actioned in more than one way this reconciliation will</p>

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				<p>3.A template supplied by BEIS provided the mechanism whereby Local Authorities can refer their uncollectable debt either through error, non-compliance or fraud.</p> <p>4.Plans by Customer Services to produce a post-event assurance plan and complete a financial reconciliation once all grant payments have been issued are acknowledged.</p>	<p>be very difficult. A spreadsheet is retained of the actions regarding all duplicated payments.</p> <p>3.Fraud cases and other future anomalies discovered would always be reported to BEIS / Communities where recovery has not proved successful or successful but where underlying fraud is suspected.</p> <p>4.This is an acknowledgement by Internal Audit and not a recommendation.</p>

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6.Debtors October 2021 (Final)	Some Improvement Needed	Customer Services and Revenues Manager		<p>1.The Chief Finance Officer should review and update the paragraph of the Council’s Financial Regulations Part 4 Section (d) – (Write Off Section D20) to ensure that the write off limits and delegated authority is brought in line with the current Write Off Policy (part of the Corporate Debt Policy)</p> <p>2. All Write Offs should be performed in a timely manner within the financial year and in accordance with the Corporate Write Off Policy.</p> <p>3.The Corporate Debt Group should seek management assurance that Write Off activity for sundry debts is taking place on a regular basis. This</p>	<p>Open All audit recommendations have been agreed for implementation, with some actioned. It is too early to follow up full implementation.</p> <ol style="list-style-type: none"> 1. Agreed for implementation, target March 2022, as it will coincide with the next update of the Council’s Constitution. 2. Implemented. Quarterly review and submission of write offs to Corporate Policy and Resources Committee built into Forward Plan. 3. Agreed and included as standing item on the agenda of CDG. Full implementation of actions in the

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				<p>action should be included as a standing item on the Corporate Debt Group (CDG) agenda and a requirement for a management information report to be shared with the Corporate Debt Group to evidence write off monitoring is underway.</p> <p>4.A Sales Ledger Write Off Proforma for all debts due to be written off should be completed and approved prior to any Write Off taking place. The completed proforma will highlight the action taken in pursuing the debt and confirm whether all feasible options have been explored.</p> <p>5.The Customer Services and Revenues Manager should produce a useful management report of all</p>	<p>recommendation by September 2022.</p> <p>4. Agreed for implementation, target 30/09/22.</p> <p>5. Agreed for implementation, target 30/09/22.</p>

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				<p>outstanding debts and present it to the Corporate Debt Group.</p> <p>This practical managerial tool to be used for:</p> <ul style="list-style-type: none"> • Enhancing the quality of management information relating to the extent of aged debt, thereby providing greater oversight of debt monitoring and analysis purposes • Informing the Corporate Debt Group on aged debt, thereby promoting visibility of collection rates and arrears outstanding • Establishing the cost effectiveness of chasing longstanding debts 	<ol style="list-style-type: none"> 6. Agreed and implemented. 7. Agreed and implemented. 8. Agreed for implementation, target 30/11/21. 9. Agreed for implementation, target 30/11/21. 10. Agreed for implementation, target 30/11/21. 11. Agreed and implemented.

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				<p>which the Authority is unlikely to recover</p> <p>6.Services across the Authority should ensure a regular review of the age and status of debts to ensure that the appropriate recovery action or write off action is promptly initiated in accordance with the agreed Corporate Debt Policy and the expected timeframes set by Customer Services.</p> <p>7.Where Services fail to respond to Customer Services regarding outstanding debts within a four-week timeframe, Customer Services should take ownership and exercise their professional judgement in pursuing relevant recovery action. This ensures consistency</p>	

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				<p>with the Corporate Debt Policy.</p> <p>8.Regular Unmatched Credit reports should be produced and reviewed in a timely manner.</p> <p>9.The Customer Services and Revenues Manager should undertake a regular review of unallocated credits to ensure that the Debtor is either promptly refunded or query with the Service whether further invoices are required to offset the credits.</p> <p>10.The Customer Services and Revenues Manager should ensure compliance with HMRC requirements in relation to payments, in particular the VAT element.</p>	

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				11.The long-standing entries held in the Sales Ledger Suspense Account should be reviewed to ensure appropriate action has been taken to match outstanding items. Where there is little likelihood that items will be allocated, these should be written back.	
7. Community infrastructure Levy November 2021 (Final report)	Some Improvement Needed	Group Head Corporate Governance / Deputy Group Head Customer Services	-	The Group Head of Corporate Governance and the Deputy Group Head of Customer Services should discuss and review the option of transferring the CIL income recovery process (at an appropriate point of the recovery stage) from the Customer Services Team to the Legal Team. Any proposed decision based on	Open Discussions are to be held between relevant Group Heads to agree a way forward.

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				benefits envisaged for the authority should also be raised with the Chief Finance Officer for approval.	
8.Climate Change July 2021 (Final)	Some Improvement Needed	Group Head Commissioning and Transformation (Corporate lead)		<p>1.As part of drafting the new Climate Change strategy / action plan, expected items highlighted by audit should be incorporated as far as possible.</p> <p>2.Template project documentation (for example business cases) to be reviewed and updated to ensure that Climate Change risks/implications are considered as part of decision making.</p> <p>3.Governance arrangements should be incorporated into the new Climate Change</p>	<p>Open</p> <p>1.Agreed for implementation supported by new resource, target March 2022.</p> <p>2.Agreed for implementation, target September 2021.</p> <p>3.Agreed for implementation supported by new resource, target November 2022.</p>

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				<p>Strategy / Action Plan to ensure that roles and responsibilities are clearly defined.</p> <p>4.Training to be arranged for Officers and Members to enhance understanding of managing Climate Change and the responsibilities of individuals across the organisation to address climate related risks. This will assist effective scrutiny and decision making to ensure appropriate actions are taken to maximise carbon reduction.</p> <p>6. Periodic monitoring and reporting arrangements to the relevant governing body should be incorporated into the new Climate Change</p>	<p>4.Agreed for implementation, target November 2022.</p> <p>5.Agreed for implementation supported by new resource, target December 2021.</p>

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				Strategy / Action Plan to ensure transparency and enable appropriate scrutiny of actions taken.	
9. Workplace Culture and Ethics September 2021 (Final)	Some Improvement Needed	Corporate Management Team	-	<p>1.Prior to formal adoption of a set of associated behaviours, consideration should be given to obtaining employee feedback to ensure that staff understand the values and are aligned with the proposed behaviours.</p> <p>2.The Council should establish an action plan to outline its overall approach, timeframes, and desired outcomes for embedding values and behaviours into the organisation’s working culture. This should include consideration of the extent to which values and behaviours should be</p>	<p>Open</p> <p>1.This recommendation relies on the corporate plan being implemented first. Work is currently in progress around the revised CARES priorities and the proposed PROVIDE values. These were introduced to staff at the staff meeting on 18 August 2021. From those values a set of behaviours can be derived, and it is currently proposed that staff will be consulted on those through winter 2021, subject to agreement on the corporate plan.</p> <p>2.The parameters are accepted but COVID-19 and</p>

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				incorporated into key policies and practices, including the areas as outlined in the detailed finding.	changes to the systems of governance and political administration have led to an immediate focus on the life and wellbeing of staff, Councillors and residents. Target for action plan October 2021. Target for formal adoption of the corporate plan from the end of the year further to approval by full Council in December 2021 . Target to work with staff to build on behaviours over the following 6 months.
10.ICT Audit (Health check and general IT Controls) September 2021 (Final)	Some Improvement Needed	Group Head Commissioning and Transformation	-	1.ICT to develop and maintain updated IT Strategy and Service Plan documents for 2021/22. 2.ICT management to document key ICT risks and mitigating controls as part of a risk register. Managers are encouraged to undertake this as part of	Open 1. Agreed for implementation, target June 2022. In the interim ICT will produce a service plan (target date 31/10/2021). 2. Agreed for implementation, target 31/12/21.

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				<p>the service planning process.</p> <p>3. ICT management to review and update the Patch Management Policy to reflect any recent changes to processes and procedures.</p> <p>4. ICT management to introduce a documented regular review of firewall rulesets and ensure this is performed on an at least annual basis.</p> <p>5. ICT management to review and update the Network Password Policy document to reflect current password requirements and controls.</p> <p>6. ICT management to review options for renaming/ disabling the</p>	<p>3. Agreed for implementation, target 31/10/21.</p> <p>4. Agreed for implementation, target November 21 and recurring annual basis.</p> <p>5. Agreed for implementation, target 31/10/21.</p> <p>6. Agreed to disable the account by 31/10/21.</p> <p>7. Agreed for implementation, target 31/10/21.</p> <p>8. Action completed. A Disaster Recovery test was undertaken in September and a full report of the outcomes followed.</p>

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				<p>Active Directory 'Administrator' account.</p> <p>7. ICT management should ensure the 'Information Back Ups Policy' and 'Appendix' documents are updated to reflect current backup requirements and controls. These should include documentation of processes and requirements around the backup of key services, roles and responsibilities and required backup schedules.</p> <p>8. Disaster recovery arrangements should be tested following completion of the updated DR plan, and this should be completed on an annual basis. Test results should be documented as part of a formal test report which details test objectives,</p>	

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				outcomes, and lessons learned. This can then be used in updating and improving the DR plan and supporting documents.	
11.ICT Audit (Network Infrastructure) September 2021 (Draft) Final report to be issued on receiving completed management responses	Some Improvement Needed	Group Head Commissioning and Transformation	-	1.ICT management to review and update Information Security framework policies and procedures. 2.ICT management to document infrastructure device and firmware patching requirements and controls as part of the Patching Policy. 3.ICT management to update the Change Control Policy to include the criteria to be used when assigning Impact and Risk ratings. 4.ICT management to implement dedicated administrator accounts in	Open Management responses will be provided.

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				addition to standard user accounts for IT administrators. 5.ICT management to introduce a documented annual IT training needs assessment process. 6.ICT management to ensure all required data is migrated from Sharepoint 2010 prior to its decommissioning.	
12.Finalisation of 2020/2021 Audits Completed	Various	Various	Some recommendations relating to the 2020/21 Audit workplan are referred to above whilst other recommendations have been previously reported to the Audit Committee in July 2021.	-	The status of audit recommendations relating to the 2020/21 Audit workplan have been previously reported to the Audit Committee in July 2021 whilst further updates are provided above.

WORK IN PROGRESS

Audit assignments in progress are set out below. Any recommendations or key findings arising from this work will be reported to a future Audit Committee:

- Payroll and Human Resources incorporating recruitment processes and review of HR policies - the draft findings and recommendations are being discussed.
- Pandemic recovery Workstream - Council Revenue Streams (excludes commercial asset income).
- Review of Spelthorne Leisure Centre Accounts for April to July 2021 including identification, collation and review of key source data and supporting documentation (Unplanned assurance work to support the authority).

Planning is underway for the following audit assignments scheduled for quarter 3:

- Creditors
- Main Accounting Systems (Financial Ledger)
- Council Tax
- New Committee system

ALL OTHER WORKSTREAMS AND TASKS INCLUDING CORPORATE ROLES

Statutory requirements & Reporting
Audit Committee

- ❖ Reporting to Audit Committee three times a year (approx. 12 reports per year) includes Internal Audit activity, risk management reporting and requirements for Public Sector Internal Audit Standards (PSIAS)
- ❖ Meetings with the Audit Committee Chair, Vice -Chair, Chief Finance Officer and Group Head Corporate Governance
- ❖ Following up and responding to actions/ questions raised by Audit Committee members
- ❖ Appointment of Independent Member of Audit Committee – ongoing
- ❖ Input to Audit Committee Member Training provided by external trainer in July 2021
- ❖ Annual Audit Opinion & input to Annual Governance Statement for 2020/21
- ❖ Quarterly liaison meetings with the s.151 Officer on audit matters as part of ‘dotted reporting line’
- ❖ Audit Plan monitoring
- ❖ Audit Planning including timings, allocations, scoping and prioritisation review
- ❖ Preparation of audit briefs, terms of reference and work programmes
- ❖ Supervision and guidance including quality assurance review process for every audit review undertaken
- ❖ Exit Meetings with managers and finalising audit reports
- ❖ Responding to Senior Management requests to defer planned audit assignments
- ❖ Escalation where necessary to enable finalisation of work

<p><u>Corporate Risk management</u></p>	<ul style="list-style-type: none"> • Coordination of the Council’s Corporate Risk Register and regular reporting to Audit Committee took place. The register focuses on significant strategic risks impacting effective delivery of corporate priorities. It also aligns to methodology set out in the fully refreshed Corporate Risk Management Policy. • As part of ongoing development work, a summarised policy guide has been prepared to assist colleagues in managing risk. The Group Head of Corporate Governance and Internal Audit Manager delivered training to officers in September to raise awareness of corporate approaches and relevant training material was prepared. • Developing a Risk Appetite Framework (RAF) for Spelthorne is a work in progress and represents an important step in the Council’s risk maturity. Essentially it will guide how much risk the Council is willing to seek and accept to assist and enable consistent, transparent, and informed risk-based decisions in delivering corporate priorities and objectives. We continue to work with Elizabeth Humphrey and have communicated the rationale and benefits of introducing a RAF to the corporate management team, Group Heads, and senior managers. Further detail is provided in the corporate risk management cover report also being reported to the November Audit Committee.
<p><u>Corporate Counter Fraud</u></p>	<ul style="list-style-type: none"> • Refreshing the Counter Fraud, Bribery and Corruption Strategy • Rolling out Counter Fraud, Bribery and Corruption online training for officers and seeking management team endorsement to make this mandatory • Input to training material aimed at teams administering high risk public fraud activities. Reigate Counter fraud team delivered these sessions. • Collate and monitor Spelthorne’s quarterly fraud returns for submission to Surrey County Council. Savings (fraud losses prevented or stopped) are continuing to be achieved from the counter fraud work and Spelthorne’s cumulative fraud returns from the start of the Surrey Counter Fraud Partnership in January 2015 up to June 2021 exceed £2.71m (represent financial savings to the public purse based on Cabinet Office estimated figures) of which quantifiable cashable savings for Spelthorne equate to £555k. An analysis of the levels of fraud returns achieved across six high-risk public fraud categories and over recent years has been undertaken and the information is presented in the cover report. • Several meetings have taken place with Housing colleagues, Reigate Counter fraud team and registered providers to encourage greater focus on social housing fraud and to specifically target this area through exploration of a data matching initiative. Input to paper presented by Housing to the Strategic Housing Group. Reigate are also investigating referrals for Council Tax support, benefit investigations and more recently Business Rates including Business Support Grants. Pro-active fraud initiatives relating to Business Rates (such as the Destin Solutions hub for small business rate relief) are accessible as well as a County wide Single Person Discount (Council Tax) exercise (funded by County) in the fight against fraud. • Internal Audit, Finance, Communications, and other teams circulate details of frauds and scams identified nationally or locally to make staff aware of risks and asses their impact as necessary.

	<ul style="list-style-type: none"> • All audit reviews and advisory work consider fraud risks as necessary. However, it remains the responsibility of Service managers as the first line of defence in the overall assurance framework to ensure they have adequate systems of control in place to minimise risks of fraudulent activity and robust detection mechanisms in operation.
<p><u>Audit Contractor Resource Management</u></p>	<p>Liaison with the service provider TIIA has provided access to both generalist and specialist skills such as ICT auditing. Where Auditors have conducted similar reviews at other local authorities or other organisations any best practice can be shared.</p>
<p><u>Audit Support</u></p> <p>Audit advice to management & Liaison (responsive and pro-active work)</p>	<ul style="list-style-type: none"> ❖ COVID-19 Pandemic - Monitoring the Council’s ongoing response and recovery from the pandemic, identification and assessment of emerging and evolving risks and periodical reporting to Audit Committee. Highlighting risk mitigation actions underway as well as those areas that are impacted heavily by externalities. ❖ Attendance at working groups to offer advice where appropriate on risk and control implications, (Corporate Risk Management Group, Corporate Debt Group, ICT SIG). ❖ Confidential advice to some service areas ❖ Various MAT and Committee reports – governance, risk, and control issues ❖ Planned Advisory areas including Housing/Building Control/Environmental Health/Neighbourhood Services ❖ Service requests ❖ Knowle Green Estates (KGE) – initial steer and advice to the officer lead in preparation of a risk assessment ❖ New and emerging processes in response to supporting communities from the impacts of the pandemic ❖ Assurance Statement for Annual Governance Statement ❖ Test and Trace payments- review of supporting documentation to support grant sign off ❖ Compliance and Enforcement surge funding – review of supporting documentation to support grant sign off ❖ Input to authority’s feedback to BEIS regarding Business Support Grants ❖ Procurement and supplier risks ❖ Gifts and Hospitality ❖ Housing - Electronic signatures ❖ Finance and Customer Services - Duplicate Payments ❖ Finance and Parking Services – arrangements for secure collection and banking of monies ❖ Finance and Independent Living –banking of monies ❖ Customer Services – counter fraud approach ❖ Exploring a forensic software system that uses data analytics to detect and prevent the occurrence of financial errors in an accounts payable (Creditors) function, including discussions with external representatives and internal stakeholders <p>There are various other examples of audit support – the above is not a complete list.</p>

<u>Miscellaneous</u>	Various as summarised below: <ul style="list-style-type: none">❖ Attendance at Corporate training sessions❖ Continuous Professional Development and keeping abreast of audit technical developments/emerging best practice/Professional internal audit forums/participation in surveys led by professional auditing bodies such as CIPFA❖ Service Planning❖ Performance Management / 1-1's❖ Team management (staff support/ admin/GDPR Compliance Plans and Information Asset Registers/ Document retention policy/Health and Safety/ Budget monitoring and various budgetary processes such as growth bid/Legal Liaison on contractual agreements/ resumption planning/IT technical support/planning for migration to SharePoint)❖ Team meetings❖ Corporate staff meetings❖ V-BEC Managers Briefings
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