



Please reply to:

Contact: Fiona Connelly
Service: Committee Services
Direct line: 01784 446240
E-mail: f.connelly@spelthorne.gov.uk
Date: 15 March 2023

Notice of meeting

Audit Committee

Date: Thursday, 23 March 2023

Time: 7.00 pm

Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

To the members of the Audit Committee

Councillors:

H. Harvey (Chairman)

J. Button (Vice-Chairman)

S. Buttar

T. Fidler

I.T.E. Harvey

K. Howkins

L. E. Nichols

P. Briggs

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

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

www.spelthorne.gov.uk customer.services@spelthorne.gov.uk Telephone 01784 451499

RESPONSIBILITIES OF THE AUDIT COMMITTEE

Purpose

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

1. Core Functions

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

2. To receive Corporate Project Management updates

AGENDA

	Page nos.
1. Apologies and Substitutes To receive any apologies for absence and notification of substitutions.	
2. Minutes To confirm the minutes of the meeting held on 24 November 2022.	5 - 10
3. Disclosures of Interest To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.	
4. KPMG 2017/18 Audit Opinion To receive and note the KPMG 2017/18 Audit Opinion. This document is to follow.	To Follow
5. Public Interest Report Recommendations Action Plan To note the Public Interest Report Recommendations Action Plan and agree the Recommendations Action Plan.	11 - 16
6. Report on DLUHC's Review of Councils with High Debt Levels To receive and note a verbal update on DLUHC's Review of Councils with High Debt Levels.	Verbal Report
7. Corporate Risk Management To consider and present to Corporate Policy and Resources Committee the significant strategic risks and issues highlighted in the report from the Internal Audit Manager.	17 - 60
8. The Council's Risk Exposure to Wider Externalities and Impact To receive and note a report on the Council's Risk Exposure to Wider Externalities and Impact from the Internal Audit Manager.	61 - 86
9. Internal Audit Annual Plan 2023/24 To note and approve the Internal Audit Plan for 2023/24.	87 - 100
10. Counter Fraud, Bribery & Corruption Strategy To consider endorsing the Counter Fraud, Bribery and Corruption	101 - 118

Strategy and recommend to the Corporate Policy and Resources Committee any changes proposed to the Strategy.

- | | |
|---|------------------|
| 11. Introduction of New Audit Assurance Opinions | 119 - 124 |
| To note and endorse a report on the refreshed Audit Assurance Opinions from the Internal Audit Manager. | |
| 12. Committee Forward Plan | 125 - 128 |
| To consider and approve the forward plan for the municipal year 2023/24. | |

**Minutes of the Audit Committee
24 November 2022**

Present:

Councillor H. Harvey (Chairman)
Councillor J. Button (Vice-Chairman)

Councillors:

S. Buttar	I.T.E. Harvey	L. E. Nichols
T. Fidler	K. Howkins	

In Attendance: Councillor C. Bateson

33/22 Apologies and Substitutes

There were none.

34/22 Minutes

The minutes of the meeting held on 28 July 2022 were approved as a correct record.

35/22 Disclosures of Interest

There were none.

36/22 Review of the Internal Audit Charter

The Internal Audit Manager presented her report on the mandatory Public Sector Internal Audit Standards' (PSIAS) requirement for public bodies to have an audit charter and for this to be reviewed biennially by the Audit Committee.

The report included a clean version of the Internal Audit Charter alongside a track-changed version for completeness. The Internal Audit Charter set out the purpose, authority and responsibilities of the internal audit function with the aim of demonstrating compliance with standards and the effectiveness of systems of internal audit control. The covering report highlighted the wider responsibilities of the team, including non-audit duties.

The Committee discussed the capacity of the internal audit team and noted that additional work could be undertaken with additional resourcing. The Committee noted that a growth bid had been presented by the internal audit function and that CIPFA expectations for resourcing needed to be considered.

The Committee noted the ongoing development of risk management and of the Corporate Risk Register. A risk appetite framework was in the process of being implemented across the Council.

The Committee **resolved** to approve the Internal Audit Charter.

37/22 Corporate Risk Management

The Internal Audit Manager presented a report on corporate risk management. This included the Corporate Risk Register (CRR), which had been RAG rated in response to members' requests, and a Risk Action Plan, also colour coded, which demonstrated mitigating actions taken to control risks.

The Internal Audit Manager explained that CRR reporting was constantly evolving. A numerical risk score had been developed for each broad risk category and compared to a previous risk score, enabling that the most significant risks to be identified, managed, monitored and reported.

The Committee noted the Influence on risk of wider externalities, such as the macro-economic and geo-political situation. There were many activities which the Council was not able to directly mitigate or influence. The report set out those areas where the Council could exercise control or influence.

The Committee commended the new format for the CRR. They noted collective ownership and responsibility of all risk categories rested with the relevant Committees, the management team and lead officers. They requested minor changes such as attributing committee ownership for some categories and colour coding at the top of each item. The Committee thanked the Internal Audit Manager for her work on this report.

The Committee **resolved**

1. to note the significant strategic risks and issues highlighted in the report and, subject to the changes discussed, and
2. to recommend the report to the Corporate Policy and Resources Committee.

38/22 The Council's Risk Exposure to Wider Externalities and Impact

The Internal Audit Manager presented a report on the Council's exposure to wider externalities impacting the effective delivery of the Council's corporate priorities alongside a wider externalities and impact risk assessment report.

The Internal Audit Manager drew attention to two major areas of risk: the macro-economic environment (cost-of-living crisis, recession, increased borrowing costs) and the current geo-political situation (war in Ukraine). She highlighted key issues, actions being taken to mitigate risks, and the increased demands on the Council.

The Committee noted that £200k had been ringfenced for a grants programme to help with the cost-of-living crisis.

The Committee noted the written update provided by members on the council tax collection levels which had been slightly better than anticipated. Members noted that there would be a reduction in business rates funded by central government.

The Committee **resolved** to note the report setting out the impact and broader impact of wider externalities and the supporting risk assessment.

39/22 Interim Internal Audit Report

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

The report contained a work summary which provided evidence of and assurance to Council for corporate and non-audit work as well as regular reporting to the Audit Committee. The Committee noted the evidence provided and recognised that some audits had a longer time scale for implementation than others and therefore would be open longer. The Committee noted that recruitment for a new Group Head of Assets was underway.

The Committee **resolved** to note the Interim Internal Audit Report.

40/22 Confidential Reporting Code

The Monitoring Officer advised the Committee that she had undertaken a review of the Confidential Reporting Code (Whistleblowing Policy). The Confidential Reporting Code was part of the Council's constitution and set how to raise serious concerns about any aspect of the Council's work.

The Monitoring Officer informed members that she had not needed to make any significant changes and that the Code was robust and fit for purpose. The Code formed part of the new staff induction programme, information had been disseminated at the November staff meeting and online training was being developed.

The Committee **resolved** to note the review of the Confidential Reporting Code by the Monitoring Officer and to retain the current Whistleblowing Policy.

41/22 Appointment of Independent Person to Audit Committee

The Deputy Chief Executive advised the Committee that the previous Independent Person had been unable to continue in the role. A former

applicant had been interviewed but had not completed the requested assessment process. As the anticipated engagement from this candidate had not been forthcoming it was planned to go out to open recruitment.

Members expressed a desire to have a new Independent Lay Person in place by the next meeting. The remuneration for this role would be discussed by the Independent Remuneration Panel.

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

42/22 Procurement Action Plan Update

The Interim Head of Procurement presented her report on the progress of the actions in the Procurement Action Plan. The report sought to provide assurance to the Committee that adequate procurement controls were in place.

Following a review of the Council's constitution and an update of the contract standing orders further improvements had been made. A new procurement strategy had been developed in October 2021 and reviewed in October 2022. All live contracts had been published.

A new contract management system enabled automated contract renewals, and identification of savings. A Procurement Assistant was due to be recruited on an internal transfer. The Procurement Project Board had been reinstated and the Committee noted a new Procurement Bill, anticipated in March 2023.

The Committee noted that the Interim Head of Procurement would review all contracts in order to avoid evergreen contracts rolling forward from one year to another.

The Committee queried the absence of information about modern slavery. The Interim Head of Procurement advised that this would be included in the next policy update in order to ensure visibility of suppliers' supply chains and mandatory exclusion for those convicted of human trafficking offences. The Monitoring Officer agreed to add a modern slavery statement to the Council's website.

The Chair thanked the Interim Head of Procurement for her work on this.

The Committee **resolved** to note the progress on the actions in the Procurement Action Plan.

43/22 Audit Committee Training Needs

Committee members expressed a desire to receive external training, specific to the needs of the Audit Committee.

The Committee suggested a number of topics for training, both for all Councillors and training tailored to the needs of the Audit Committee, as well as a number of ways that training could be undertaken.

The Deputy Chief Executive agreed to circulate the slides from previous Audit Committee training.

The Chief Accountant agreed to provide training on accounts at an appropriate stage.

The Committee **resolved** to agree the topics for external training as suggested at the meeting.

44/22 Committee Forward Plan

The Committee considered its work programme for the remainder of the 2022/23 municipal year.

Members discussed a number of topics and the Chief Accountant agreed to circulate the audited accounts for Knowle Green Estates (KGE) and Spelthorne Direct Services (SDS) for 2021 to members.

The Committee **resolved** to note the Forward Plan for the remainder of the 2022/23 municipal year.

45/22 VFM Task Group Update

The Deputy Chief Executive advised the Committee that there was currently no formal Value for Money Task Group. The Committee noted that KPMG was close to completing its external audit and BDO would then take over and may be able to work on more than one year's Accounts at a time.

The Committee noted that PSAA (Public Sector Audit Appointments; the body responsible for appointing auditors for local authorities) had allocated Grant Thornton as external auditors for the next round of contracts commencing in 2023/24.

PSAA had also proposed an increase in external audit fees of 150%. The budget for external audit had been increased in anticipation of this rise.

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

This page is intentionally left blank

Audit Committee

23rd March 2023



Title	Public Interest Report Recommendations Follow up
Purpose of the report	To note and to agree response
Report Author	Terry Collier, Chief Finance Officer
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	This item is not in the current list of Corporate Priorities but still requires a Committee decision.
Recommendations	<p>Committee is asked to:</p> <p>To note the response, and;</p> <p><i>Agree the suggested action for addressing recommendation 5, with respect to putting in place an action plan to focus on further improving management of the portfolio, refinement of key performance indicators (KPIs) and drawing together a portfolio focused risk register</i></p>
Reason for Recommendation	The Public Interest Report is an important document and the Council needs to ensure it follows up and applies the learning and addresses outstanding actions.

1. Summary of the report

- 1.1 On 8th December 2022 the Council considered and agreed a response to the recommendations made within the Public Interest Report issued by KPMG. The Public Interest Report focused on acquisitions of investment assets made in the period up to 2018/19. Since 2018, the Council has not made any investment asset acquisitions.
- 1.2 The Auditors made 5 recommendations which were accepted by the Council. These are highlighted in the Key Issues section below together with a relevant response/action relating to each recommendation which we are looking for the Committee to support.

2. Key issues

- 2.1 This report focuses on how these recommendations are being followed up and monitored. The report will deal with each recommendation sequentially.
- 2.2 **Recommendation 1: The Council should obtain legal advice on its powers to enter into specific transactions where those transactions are unusual or high value.** The Council has an experienced in-house Legal Team that provides appropriate legal advice on its powers to enter into specific transactions. Where those transactions are unusual or of high value, external Legal advice is obtained from experienced counsel and such an approach will continue for any such future transactions. The in-house Legal Team is Lexcel accredited which means that it has been assessed as having appropriate risk management procedures in place. The Monitoring Officer is the lead officer for this recommendation and will keep the applicability of this approach under review.
- 2.3 **Recommendation 2: Officer reports should clearly identify the legal powers relied on in relation to decisions or transactions and ensure that decision makers are aware of the relevant legal test to lawfully exercise those powers.** All committee reports going to councillors for decisions are submitted to the Legal Team prior to publication. The committee report template includes a section on Legal Implications which is completed by the Monitoring Officer or another senior member of the Legal team to clearly set out the legal powers underpinning decisions and set out any other legal implications relating to the report. As per the recommendation external legal advice will continue to be sought where appropriate.
- 2.4 **Recommendation 3: The Council should ensure that it has regard to all relevant statutory guidance, including specific aspects of that guidance that apply to particular decisions or transactions, and specifically record its reasons for departing from such guidance if it decides to do so.** The Council has always had regard to all relevant statutory guidance seeking relevant expert advice and will continue to do so. It will in future more clearly record reasons for departure, if there are proposals that depart from prevailing guidance (which we are not anticipating). Note moving forward the Council's Capital Programme and Capital Strategy is focused on ensuring that all capital spend is consistent with the revised terms of the Public Works Loans Board and the CIPFA Prudential and Treasury Management Codes. The Chief Financial Officer and the Chief Accountant will review financial reports going to councillors to ensure that they reference professional and statutory guidance and to highlight where Councillors are being asked to consider departing from the guidance, however the Council intends to comply with the Prudential and Treasury Management Codes.
- 2.5 **Recommendation 4: The Council should develop its investment property portfolio modelling to bring these in line with the expected practice of an institutional investor. This should include robust stress testing and sensitivity analysis which incorporates scenarios that cover the highest level of risk for expenditure, revenue, tenant behaviour and external socio-economic factors. Consideration should also be given to the diversification of the portfolio and whether this should be addressed over medium to longer term.** The Council, consistent with the statutory guidance, is not looking to acquire any further debt for yield assets, which limits its ability to diversify its existing investments assets portfolio. However, it will keep under existing review the purpose for which assets are held, and when

redevelopment/investment requirements for particular assets are identified it will undertake options analysis which will include consideration of disposal as one option. The Council's overall property portfolio will be diversified by value as additional residential schemes, service (such as our new Leisure Centre) and community assets are completed in the coming years. Where opportunities arise, such as when assets become vacant, options analyses will be undertaken to look at any alternative uses for those sites. In the case of residential assets, they will be underpinned by residential rental income.

- 2.5 The Council has recently agreed a Sinking Funds Policy and set parameters under which a short (1 to 5 years) medium (5 to 20 years) and long term (20 years plus) refresh of the existing sinking funding modelling will be undertaken with aim of completing by end of 2023-24, as agreed by Corporate Policy and Resources Committee – we will within that timeframe seek to complete on a timely basis. Officers will look at opportunities to bring in external expertise. The refreshed modelling will focus on modelling a range of different parameter assumptions.
- 2.6 The Council, since the PIR was published, has published a full detailed Revenue Budget for 2023-24 and to aid councillors understanding has provided members of the Corporate Policy and Resources Committee with a detailed Budget of the “below the line” investment income budget lines in the Summary Budget. This is designed to assist transparency and scrutiny moving forwards.
- 2.7 The Council will continue to periodically commission reviews from external advisers of its investment assets portfolio, for example using Experian data.

Recommendation 5: The Council should develop an action plan as part of the management of its investment portfolio which addresses each of the weaknesses identified in paragraph 6.9 of the PIR document. This should be linked to a portfolio risk register, which monitors each of the KPIs, tenant performance and risk to the debt repayment strategy for each investment property asset. The text in paragraph 6.9 of the PIR is focused on elements of governance arrangements to be in place prior to making investment acquisitions. Whilst the Council ceased making acquisitions in 2018, some aspects of ongoing management of the portfolio are nevertheless relevant. Moving forwards, we will continue to refresh the Council's Capital Strategy to keep updated our strategic approach to managing the investment portfolio. We will also look to refresh the Asset Management Plan. The work to be undertaken in 2023-24 on the Sinking Funds Review will be particularly relevant. We will continue to refresh and keep under review the annual five yearly business plans for individual investment assets.

- 2.8 The Council continues to be very open to taking on board best practice from external sources, we have previously had positive discussions with the likes of the Local Government Association, National Audit Office, CIPFA and MHCLG. Finance will work with the new Group Head for Assets who took up post on 14th March 2023, to develop an **Action Plan**, to build on what the Council is already doing (including periodic reviews of financial health of tenants, annual review by councillor members of Development Sub-Committee of individual asset business plans (which includes risk analysis) for individual investment assets, Asset Management Plan (which includes KPIs), production of Annual Investment and Regeneration Assets Report etc) which addresses the points raise in 6.9 of the Auditors report, including developing a portfolio risk register (assets risks already feature on the Council's overall Corporate Risk Register).

Developing a portfolio risk register is a fair point and as discussed earlier the corporate service planning process should also continue to serve as an active prompt for Managers to identify and consider key/critical risks that may impact the effective delivery of their services, which should allow for greater embedding and integration of risk management over time. In addition, a corporate risk model/matrix was launched in 2021 as part of the revised RM Policy and risk management training delivered (to Managers).

- 2.9 Given that the Council is not acquiring any more investment assets and indeed under the latest regulations it would not be allowed to do so, it is difficult to further diversify the portfolio through new acquisitions. It should be noted that whilst the investment assets portfolio is concentrated within the Borough and the surrounding, Heathrow economic functional area, as the Council report in response to the PIR highlighted we do have diversification across tenants in a broad range of sectors. However when opportunities arise, such as investment premises becoming empty, we will undertake analyses to look at options, including disposal or utilisation in alternative use. This process is currently underway with one of the smallest assets in the portfolio. With the completion of more housing and regeneration schemes the Council's overall property portfolio will become
- 2.10 The Council already produces and reports on KPIs relating to its assets in its Asset Management Plan and an Annual Report on Investment and Regeneration Assets. It will review these assets' KPIs to ensure they continue to be appropriate and if necessary we will expand and refine those KPIs. We will review the current KPIs against the KPIs suggested in paragraph 6.7 of the PIR. The Council in its detailed Revenue Budget has improved the transparency of the breakdown of the budgets for investment assets.
- 2.11 *Action: Assets and Finance to produce an Action Plan to come to councillors (both on Development Sub-Committee and Audit Committee) by July 2023***

3. Options analysis and proposal

- 3.1 Option 1 (preferred): To note the response update and agree the proposed action re responding to Recommendation 5
- 3.2 Option 2.: To make recommendations for amending the response.

4. Financial implications

- 4.1 Effective management and scrutiny of investment assets is of crucial importance in underpinning the Council's financial performance.

5. Risk considerations

- 5.1 Risks relating to Assets will continue to be monitored in the Council's Corporate Risk Register (CRR) and additionally a Portfolio Risk Register will be developed. In promoting accountability, colleagues should reference risk ownership and Lead Officers within the Portfolio risk register to be developed. We have continued to emphasise in the CRR as an important governance process.

6. Procurement considerations

- 6.1 Corporate Procurement generally consults with Legal Services in the development of the most suitable contract and contracts terms as appropriate for the assets project. For example, any amendments to a build contract will support an appropriate level of risk transfer.

7. Legal considerations

- 7.1 The Local Audit and Accountability Act 2014 (“2014 Act”) governs and prescribes the way in which the Council should deal with an external auditor’s formal Report in the Public Interest. The recommendation in this report demonstrates that the Council has considered the Public Interest Report in accordance with the 2014 Act and is taking the necessary action to address matters raised regarding management of the investment portfolio.

8. Other considerations

- 8.1 None

9. Equality and Diversity

- 9.1 None

10. Sustainability/Climate Change Implications

- 10.1 In seeking to manage its assets on a long-term basis the Council will continue to focus on ensuring that its assets perform to high environmental standards, which in turn will help to retain and attract high quality tenants.

11. Timetable for implementation

- 11.1 To produce a draft Action Plan for Recommendation 5 by beginning of July 2023 and to report to the July Audit Committee

12. Contact

- 12.1 Terry Collier, Chief Finance Officer

Background papers: *KPMG Public Interest Report*

Appendices:
None

This page is intentionally left blank

Audit Committee

23rd March 2023



Title	Corporate Risk Register (Corporate Risk Management)
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	The Corporate Risk Register outlines significant strategic risks impacting the effective delivery of all corporate priorities (CARES). Community Affordable housing Recovery Environment Service delivery
Recommendations	The Audit Committee is asked to: 1. Consider the significant strategic risks and issues highlighted in this report and present these to the Corporate Policy and Resources Committee, ensuring continued wider reporting of the Corporate Risk Register and Risk Action Plan across other Committees.
Reason for Recommendation	The Corporate Risk Register continues to ensure that the Council's most significant risks in relation to achievement of corporate priorities and objectives are identified, managed, monitored, and reported. Continued visibility and ownership of the risks and issues raised in this report is recommended across the Council due to the significant and wide-reaching implications. This will support improved coordination in addressing risks and implementing mitigating actions.

1. Summary of the report

- 1.1 This report seeks to highlight significant strategic risks in delivering the Council priorities (CARES) and objectives, current actions to manage risks (these are defined as current control actions and current mitigating actions) as well as any further mitigation measures underway set out in the separate Risk Action Plan.

- 1.2 The Corporate Risk Management Officer Group (officer led) meets three to four times a year, chaired by the Deputy Chief Executive (Chief Finance Officer). This forum provides an opportunity for officers to consider the risk register and identify any further corporate risks emerging or evolving.
- 1.3 As part of ongoing development work, the format and presentation of the Corporate Risk Register was refreshed at the last review in November 2022 to make the content more visually appealing as well as highlighting the direction of travel in terms of RAG status and risk score. Both the Audit Committee and Corporate Policy and Resources Committee (CPRC) welcomed the changes at that time. In addition, CPRC were keen for exploration of software that may further enhance the visual presentation of risk management reporting as well as facilitate the analysis, collation and reporting of information. Some initial discussions have taken place with a recommended company to gain further insight and we are also exploring alternative options as to what may be possible to achieve in-house. This is discussed further under key issues.

2. Key issues

- 2.1 Risks continue to be assessed as before taking account of current controls and current mitigations in place as this approach reflects the Council's risk management policy requirements and good practice.
- 2.2 The corporate management team and lead Committee hold collective ownership and accountability for ensuring these strategic corporate risks are effectively managed, and designated lead officers are also recorded.
- 2.3 The revised corporate risk register is set out at Appendix A and the Risk Action Plan at Appendix B. The direction of travel is highlighted against each broad risk category at Appendix A regarding any movement of either the RAG rating, risk score or indicative risk score since the previous review of November 2022. Risk owners should ultimately be comfortable with the proposed positioning/ranking of the risks in the matrix on page 1 of Appendix A (subject to discussion as necessary).
- 2.4 Several risks on the corporate risk register continue to be significantly influenced by external factors, due to the economic crisis and macroeconomic environment (elevated inflationary pressures, increased rates of borrowing, continued Cost-of-Living strain, potentially looming recession) as well as the ongoing geopolitical uncertainty. Those risks are highlighted in blue to distinguish areas where risk mitigation measures may be limited in terms of actual outcomes due to externalities beyond the control of the council. Given all of this, it is important to recognise there are no simple fixes or solutions to many of the complex risks identified on the Council's Corporate Risk Register. A separate report on the impact and implications of wider externalities for the Council and its communities is also on the Audit Committee agenda, and we welcome a discussion around reducing duplication of themes, risks and issues being reported. This streamlined approach would seem timely in coinciding with the 2023/24 Audit work programme, subject to views at the March meeting.
- 2.5 The nature of all risks on the Corporate Risk Register are significant due to their strategic impact on corporate priorities and therefore continued visibility and recognition remains important, including current controls and mitigations to alleviate and manage identified risks. The corresponding risk action plan

attached at Appendix B highlights completed actions (green section), as well as 'work in progress' (white section), 'continuous actions' (blue section) and three new proposed actions (pink) under risk categories 3 - Financial Resilience and Commercial Assets and 4 – Finance and Communities.

A summary of key risks, issues and developments to highlight and draw to your attention are set out below at 2.5 a to e:

- (a) Wider externalities and other factors continue to present increased financial risk to the Council considering the significance of increased borrowing costs in delivering a range of strategies and schemes (which may lead to a detrimental impact on the communities it serves). This is a strategic theme carrying high impact across several categories on the register. Ongoing financial challenges and pressures continue to have a significant impact on the Council's budgetary position and financial sustainability. The Outline Budget report of January 2023 to CPRC for 2023/24 to 2026/27 provides updated medium term budget projections, anticipated budget deficits and sets out options for refreshed medium term financial strategy. (***Links in particular with 1A & B Housing – Development and Targets/Affordable Housing, 2 – Economic Prosperity, 3 – Financial resilience and Commercial Assets, 4 - Financial resilience and Supporting Communities, 5 – Treasury Management***)
- (b) **Risk category 1A Housing – Development and targets.**

Quantifying the impact of delayed property development schemes and accelerated construction inflation on the Council's budgetary position remains pivotal, as well as outlining mitigating actions moving forward in delivering the Council's core priorities and housing programme. ECM agreed a new strategic approach on 2nd February to ensure the housing delivery pipeline remains viable for the Council and Knowle Green Estates, placing the residential housing delivery programme on a more financially sustainable footing. This includes maximizing Homes England grant support for affordable and keyworker units, a capital injection into KGE, retaining Thameside and Benwell on Spelthorne's balance sheet for private rental and bringing forward Tothill regeneration scheme. Taking this update into account, the indicative RAG status and risk score could possibly move in a more favorable direction over time against risk category 1A. (Red to Amber)

Formal examination of the Local Plan is due to be undertaken by the Planning Inspectorate. A new risk has been added to this category at 1A highlighting that any delays in the examination and adoption of the Local Plan is likely to continue to impact on the ability to bring forward the appropriate quantum of housing development.

- (c) **Risk Category 2 - Economic Prosperity**

A separate report to Audit Committee on the Council's risk exposure to wider externalities provides further examples of local mitigating measures taken by the Economic Development team, to influence areas where a degree of local control can be applied. More specific reporting around this continues to the Economic Development Committee.

(d) **Risk category 3 – Financial resilience and Commercial Assets.**

In continuing to manage the Council's risk exposure relating to commercial investment assets, a review of sinking fund policy has been undertaken, approved by Corporate Policy and Resources Committee on 28 November 2022. Sinking fund modelling will be transferred to the Finance team from mid-March 2023. Outline and detailed budget modelling highlight a significant dip in investment asset income in 2023-24 which will be offset by use of £6m of sinking funds reserves. Whilst the sinking fund has been drawn upon, the Council are pursuing opportunities for managing rental voids and securing new tenants. A new action proposed in the Risk Action Plan is a strategy for the longer-term relationship management of existing tenants occupying commercial properties with a view to reducing associated risks of tenant departures.

Spelthorne are participating in a review of capital risk mitigation with CIPFA and DLUHC and will pursue any recommendations that may arise (new action for Risk Action Plan).

A further discussion has been held with the Corporate Management Team regarding the RAG rating for this category, and the collective consensus is for the RAG rating to remain at Amber as part of this review. It is considered that the rationale provides justification for this assessment in terms of continued control actions, governance arrangements and mitigation measures in addressing the risks in this category (as set out in the detailed register). In particular, the Council's ongoing management of voids is pivotal with proposals being put forward to a future CPRC in addressing the largest single void with a view to reducing the vacancy rate. The two new actions for this risk category have already been highlighted above which will further support additional risk mitigation measures.

(e) **Risk category 7 Corporate Capacity, Resources, Recruitment and Retention**

The interrelated risks and issues in this category have been highlighted extensively as part of previous reviews. CPRC have approved a Corporate Establishment Review of the Council with a Terms of Reference setting out objectives. Future reporting to CPRC by the Service lead will highlight any actions arising.

2.6 With regards exploring a risk management software product (note earlier reference under report summary), an initial discussion with a recommended provider offered insight to likely benefits. These include:

- Improved visual presentation making the information more digestible. This may in turn facilitate greater continued buy-in regarding risk management concepts and principles which of course are integral to robust organisational governance.
- Encourages enhanced risk ownership and accountability for managing risk across the Council through self-serve data input approach (rather than feeding in updates to a single point/Officer which requires coordination of information). This could in turn contribute towards embedding of a risk management culture.

- Improved visibility and governance around system updates and audit trails
- A more efficient organisational approach to collating information rather than use of spreadsheets or word documents which can become cumbersome to maintain.
- Tracking and monitoring - automated workflows reminding risk owners to update information.
- Management information - facility to extract reports and view dashboard information.
- Methodology - Facility to continue to apply existing corporate risk scoring matrix and criteria.

2.7 There are limitations to such software as follows, in that :

- It will not enable automated identification of new risks or pre-populate corresponding controls expected (i.e., the necessary cognitive process in considering emerging risks or ascertaining controls and mitigation measures is of course still necessary, applying professional judgement and knowledge)
- As with any system it will still require a good level of input to inform the risk management information system in making it meaningful and relevant.
- There will be a cost and currently no budget has been allocated.

2.8 Other risk management software products are likely to present similar benefits/approaches in improving visual presentation and encouraging a self-serve approach for better engagement and ownership. If the procurement of any external software product were to be pursued a budget growth bid would need to be made. The Council already has a range of software in use but with the associated costs of new software it is worth exploring if any systems we have can be used and to look at options within. SharePoint and Office 365 have been developed (and are being further developed) for project management reporting. A cost benefit analysis should be undertaken considering business need. We welcome a further discussion at Audit Committee and subsequently CPRC on any next steps in taking this forward.

3. Options analysis and proposal

The revised register at Appendix A is an accurate reflection of the high-level significant risks affecting the Authority, based on consultation with Managers and assessment of risk and controls in operation.

Option 1 - To consider the contents of the Corporate Risk Register including any new or expanded risk categories, residual risks highlighted, current control actions, current mitigating actions and further mitigating actions set out in the Risk Action Plan for perusal. To take necessary actions going forward in response to the significant issues raised in this report and as detailed in the register. The risk action plan at Appendix B outlines the progress made on actions previously proposed and includes new actions which should be addressed as they impact effective delivery of corporate priorities and objectives, (preferred option); or

Option 2 - To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

4. Financial implications

- 4.1 As previously reported, there are major financial implications arising from several corporate risk categories on the register (1a, 1b, 2, 3, 4 and 5), with some of these discussed under section 2.5 above. Whilst many of the current financial and organisational challenges are influenced by wider externalities, given the ongoing major inflationary pressures, increased cost of borrowing and continued impact of the Cost-of-Living Crisis strain, some of the local and collaborative measures being explored and taken forward to alleviate risks by the Council are highlighted under para 2.5.
- 4.2 If there is a strong steer to explore further the acquisition of risk management software, an assessment of all viable options (these could be in-house development or externally sought) will be necessary and the evaluation will determine next steps /any financial implications. If the procurement of any external software product were to be pursued a budget growth bid would need to be made.

5. Risk considerations

- 5.1 The Council's corporate and strategic risks impacting the achievement of corporate priorities, represent the most significant risks facing the authority. At Appendix A the broad strategic risk categories, specific risk considerations and implications are identified and articulated, as well as the current controls and current mitigation measures in place to manage these risks. Current controls are those actions intended to reduce the likelihood of occurrence of the risk event, whilst current mitigations are those actions intended to reduce the impact of a risk event should it occur. Taken together, current controls and current mitigating actions represent ways of managing risk. A risk action plan is set out at Appendix B, ensuring a mechanism to capture risk related SMART actions and assign a lead officer with target dates to monitor their progress in further alleviating the identified risks. However, to reiterate commentary under para 2.4 above, there are no simple fixes or solutions to many of the complex risks identified on the Council's Corporate Risk Register.

6. Procurement considerations

- 6.1 Any procurement considerations relating to the risk categories on the register should be identified by the respective Risk Owners and lead officers and are likely to form part of separate reporting/communications.
- 6.2 If there is a strong steer to explore further the acquisition of risk management software, an assessment of all viable options (these could be in-house development or externally sought) will be necessary and the evaluation will determine next steps /any financial implications.

7. Legal considerations

- 7.1 Some corporate risks facing the Council as identified on the register are driven or influenced by statutory requirements. For example, risk category 1b Housing – Affordable Housing – (iii) specific risk refers to the implications of the Domestic Abuse Act for the Council in terms of suitable housing provision. At risk category 8 - Equalities, Diversity and Inclusion refers to the Equality Act 2010.

8. Other considerations

- 8.1 The LGA Corporate Peer review recommendations arising from the review of November 2022 also supports the Council to address its significant strategic risks, considering overlapping themes around sustainability, developments, housing, supporting communities and finances. It remains the responsibility of designated officers to take these forward. If the Council does not effectively address the Peer Review recommendations this could impact further on risks presented in the Corporate risk register.

9. Equality and Diversity

- 9.1 The Corporate Risk Register incorporates Equality, Diversity and Inclusion as a specific strategic risk category with effect November 2022 and sets out current controls and current mitigation measures in place, as well as any further risk mitigating actions for perusal (risk action plan).

10. Sustainability/Climate Change Implications

- 10.1 There are none separate to those in the Corporate Risk Register.

11. Timetable for implementation

- 11.1 The Risk Action Plan at Appendix B shows lead Council officers responsible for progressing actions, together with target timescales for implementation. The register is reviewed and updated three times a year in consultation with the corporate management team, Group Heads and Managers. It is coordinated, analysed, and reported by the Internal Audit Manager.

12. Contact

- 12.1 Internal Audit Manager, Punita Talwar. P.talwar@spelthorne.gov.uk
01784 446454
- 12.2 Please also refer to contact names provided for Risk owners/accountable officers as well as lead Officers who hold responsibility for implementing systems of internal control and mitigating actions to manage and alleviate the risks identified against each broad risk category.

Background papers: There are none.

Appendices:

Appendix A – Corporate Risk Register – this includes (i) level of assessed risk i.e., Red/Amber/Green - RAG status of each risk category (ii) Numerical Risk

Appendix B – Risk Action Plan

This page is intentionally left blank

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Scoring Matrix (Plotted **March 2023** for current RAG rating and current risk score in consultation with Officers)

This is the matrix that forms part of the risk management policy. We currently assess the level of each risk category by plotting them on this matrix to provide a traffic light RAG rating. We also determine a numerical risk score by multiplying likelihood and impact scores. Please also refer to the next page for further detail on the approach and criteria applied.

When assessing the Council's risks in terms of likelihood and impact, we take into account the national and global picture for wider externalities such as the macroeconomic environment and geopolitical factors. Spelthorne's operations remain influenced by these external challenges and pressures, as is the case for other Councils. Due to these externalities, there are many activities that the Council cannot directly control/mitigate, or influence and continued recognition is important.

Red risks require prompt, planned management action **Amber** risks require planned management action **Green** risks are accepted risks. RC = Risk category on the detailed register e.g., RC2 = Risk Category 2 – Economy.

IMPACT	4 (Catastrophic)				
	3 (Major)			RC2 RC3 RC5 RC6 RC8 RC9	RC1a RC1b RC4 RC7
	2 (Medium)				
	1 (Trivial)				
		1 (Rare)	2 (Unlikely)	3 (Likely)	4 (Almost certain)
		Likelihood			

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

How risks are scored:

We assess and score risks, with their current controls and current mitigations in place, for likelihood and impact as shown below:

Score	Impact	Likelihood (over 4 years or timescale deemed appropriate)
1	Trivial	Rare (once)
2	Medium	Unlikely (a few times / less than annual)
3	Major	Likely (several times / more than annual)
4	Catastrophic	Almost certain (many times a year)

Impact can be measured in many ways and will be specific to what you are assessing, but the most common are on objectives, finance, and reputation. We then plot the risk on the risk matrix model shown on the prior page to provide a RAG rating, to determine and prioritise the most significant risks for action. The risk action plan (refer to separate document) sets out how the authority is working towards further addressing and mitigating the risks.

KEY TO TERMINOLOGY (SEE RISK REGISTER BELOW)

- Risk is the chance of something happening or not happening that will affect the achievement of corporate priorities and business objectives.
- Controls and Mitigation - Any action taken to manage risk and increase the likelihood that established objectives will be achieved.
- *Control Actions - These are specific actions to reduce the likelihood of a risk event or occurrence.
- **Mitigating Actions - These are specific actions to reduce the impact of a risk event should it occur.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 1a - Housing – Development and Targets

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 1a
Supporting Communities Affordable Housing Service Delivery	Management Team CPRC - Development Sub-Committee ESC (for Local Plan)	Group Head Assets (in the interim Deputy CX, Lee O'Neil) Group Head Place, Protection and Prosperity (Heather Morgan) Deputy Chief Executive (Terry Collier)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		12	12

Risk Descriptions
<p>1a (i) The delays in decisions, which occurred due to a number of factors, appear to have been a key contributory cause in schemes not taking off/progressing, leading to rising overall costs, and risk of adverse financial position of the Council. The risk of adverse impact from past delay and any further delay has now increased in the context of rising interest rates and significant construction inflation.</p> <p>1a (ii) Significantly increased interest rates from the Public Works Loan Board (PWLB) and rising inflationary pressures continue to significantly affect the financial viability of each project going forward, which could further impact delivery of housing schemes and development targets (both affordable and general housing).</p> <p>1a (iii) Market volatility including exchange rate fluctuations are further exacerbating frequent uplift of scheme prices and costs (such as materials / fuel / transportation / labour) leading to delays in finalising contracts and necessitating new approaches to contract management such as open booking accounting. This may provide greater uncertainty in terms of longer-term contract costs and budgetary impact but will enable fair value to be demonstrated.</p> <p>1a (iv) If overall direction for Knowle Green Estates (KGE) were to become unclear in the provision of the Council's Housing delivery programme this would present risks of failing to meet wider housing needs within the borough (beyond affordable housing), impacting effective delivery of housing development targets and increased payments to 3rd party landlords.</p> <p>1a (v) Any delays in the examination and adoption of the Local Plan is likely to continue to impact on the ability to bring forward the appropriate quantum of housing development.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
Approved timetable for adoption of Local Plan	Annual Housing Delivery Test Action Plan
Viability assessments for development schemes required to take account of accelerating costs to determine ongoing financial viability	Annual Planning Performance report
Exploring alternative options and funding opportunities in supporting delivery of development schemes (such as Grant funding)	Financial monitoring and reporting; quantifying the impact of delayed property schemes on the Council's budgetary position as well as outlining mitigating actions moving forward
Weekly progress reporting of Property Development projects to officer Development Investment Group (DIG)	<p>Exploring and reviewing options for reducing amount of borrowing required to fund the Housing Delivery programme. Options being explored set out below:</p> <ul style="list-style-type: none"> i) Exploring grant funding options to fund part of the residential developments – a positive initial meeting with Homes England on 07 October 2022. Also exploring with One Public Estate future potential of Brownfield Release grant funding and BEIS green energy grants. ii) Changing the tenure mix of residential schemes to include element of sales of units (reducing the amount of long-term borrowing required) iii) Reviewing with Treasury Management advisors borrowing strategy iv) Bringing forward to November 2022 capitalisation proposals for KGE along with blended mix of the above as to how the Council can facilitate transfer of completed residential schemes at a cost which is financially viable for KGE. <p>Above covered at Extraordinary Council Meeting on 02 February 2023.</p>
Bi-monthly Assets Portfolio Working Group (with Chair and Vice of both CPRC and Development Sub-Committee)	
Regular advisory reports to relevant Committee regarding status of schemes, to inform decision making	CPRC agreed an Appropriation policy for treating any long-term surpluses generated by KGE
CPRC policy steer regarding options for repatriating surplus funds from KGE over the long term; KGE annual report to CPRC; established policies and framework.	On 28 November 2022 CPRC received the KGE annual report.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

	ECM on 02 February 2023 agreed a new strategic approach to put the Council's residential delivery programme on a financially sustainable basis and to protect the viability of KGE.
--	---

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the indicative/additional indicative risk score after considering further mitigation measures set out in the Risk Action Plan? (At March 2023)	Direction of Travel After considering further mitigation set out in the Risk Action Plan? (Either) <ul style="list-style-type: none"> - Maintained risk score and RAG status - Reduced score with no change to RAG status - Reduced score and RAG status
9	Reduced score and RAG status.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 1b - Housing – Affordable

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 1b
Supporting Communities Affordable Housing Service Delivery	Management Team Community Wellbeing & Housing	Group Head Community Wellbeing (Karen Sinclair)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		12	12

Risk Descriptions
<p>1b (i) Lack of affordable housing supply increases homelessness</p> <p>1b (ii) Housing provision (types of units) does not meet local resident needs or address client special needs for accommodation.</p> <p>1b (iii) The Domestic Abuse Act presents additional pressures and demand as there is a requirement for victims of domestic abuse to be prioritised and rehoused in secure accommodation (parameters of what constitutes domestic abuse expanded under latest legislation)</p> <p>1b (iv) The ongoing conflict in Ukraine and refugee situation presents additional pressures in ensuring that fundamental needs are met in supporting new communities.</p> <p>1b (v) There is also pressure from neighbouring and London authorities placing households in the borough, often without our knowledge, however the Council has no powers to prevent this. It further reduces supply.</p> <p>1b (vi) Managing demand for social housing is extremely challenging given that anyone with a local connection can apply for housing to any Council.</p> <p>1b (vii) Cost of Living crisis and rising interest rates are adding increased pressure to (a) homeowners and landlords in repayment of mortgages as variable rates spiral. This may lead to landlords increasing rental charges presenting more homelessness cases (if rents cannot be afforded) with increased demand for social housing.</p> <p>The above risks lead to increased costs and pressure on the Council's Housing Service in responding to homelessness and growing numbers on the Housing register, impacting delivery of affordable housing provision across the borough. If fundamental housing needs are not met / maintained this may have a negative impact on the health and wellbeing of individuals / families.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
As part of the Housing Delivery Programme, Affordable Housing provision extends beyond those development schemes acquired by Spelthorne Borough Council (direct delivery)	Government funding to assist vulnerable families in rent arrears and who are at threat of eviction.
Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need; S106 agreements with Developers	Collaborative initiatives with Surrey County Council (e.g., Drug and alcohol abuse)
In complying with Homelessness Reduction Act, proactive measures taken to address risk of homelessness	Monitoring of Housing Register levels (currently approx. 3,500 households on the register). Re-registration process will take place this winter in accordance with the new terms of the revised Allocation Policy.
Measures to support Rough Sleepers, Afghan and Ukrainian refugee families under the government funded relocation and assistance scheme, including dedicated support workers. Applying Home Office funding to provide additional support to refugees.	Revised Allocation Policy approved in June 2022, with a view to adding greater efficiency to the housing register process and assigning social housing. Council applying for maximum grant funding for both Afghan and Ukrainian schemes and looking to put in place wrap around housing support to mitigate as much as possible housing accommodation risk pressures.
Housing and Homelessness Strategies. Quarterly monitoring of Strategic Action Plan. Regular review by officer Strategic Housing Group. Member approved tenancy strategy	Counter Fraud bulk data matching initiative being pursued with A2D (subject to finalization of contractual agreement), with the objective of identifying potential social housing fraud occurrences, to free up social housing for those in genuine need
Surrey reciprocal arrangement to re-house applicants across boroughs where local connection confirmed	The Housing Team have written to other Councils reminding them of legal obligation to notify where placing households in the borough
£35m property acquisition scheme via KGE – Knowle Green Estates to purchase and manage readymade properties approved by Full Council in February 2022, forming part of the capital programme. A process flowchart has been prepared, incorporating due diligence at key stages	
Approval of new Property Acquisition Project Manager with a view to them supporting the scheme through relevant skillset. This programme has also been impacted by increased borrowing costs	Council discussing with Homes England potential for some grant support for the Street Acquisition Programme
Review the s106 agreement process to increase robustness and delivery	Strengthening s106 agreements to ensure there is a review at the construction and completion stage to capture any potential additional affordable housing as a result of an uplift in value

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

	February 2023 CPRC approved Council engaging with the new Local Authority Housing Allocation Fund to receive capital grant in purchase of 8 properties for Ukrainian and Afghan families.
--	---

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the indicative/additional risk score after considering further mitigation measures set out in the Risk Action Plan? (At March 2023)	Direction of Travel After Considering further mitigation set out in the Risk Action Plan? (Either) <ul style="list-style-type: none"> - Maintained risk score and RAG status - Reduced score with no change to RAG status - Reduced score and RAG status
12	Maintained risk score and RAG status.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 2 – Economy

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 2
Supporting Communities Recovery from COVID	Management Team Economic Development Committee	Group Head Place, Protection and Prosperity (Heather Morgan)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		9	9

Risk Descriptions
<p>Evolving national economic strategy and policy and ongoing recovery from previous pandemic lockdowns continue to have an impact on economic wellbeing locally, nationally and globally. This is now being compounded by impact of the Cost-of-Living crisis. The risk implications and threats to the Council are:</p> <ul style="list-style-type: none"> Residual risk to be accepted – whilst Council actions aim to support businesses and the local economy, these actions alone can only have a limited impact due to the overarching effects and long-term uncertainty of the macroeconomic environment, market volatility and geopolitical factors over which the Council has incredibly little influence. Challenges around the full recovery of the aviation sector remains significant for Spelthorne’s local economy and communities due to its proximity to Heathrow as a major employer in the area. Significant longer-term reduction in income (fees and charges, such as parking and retail lettings of the Elmsleigh Centre) with decreased footfall in the town centres and uncertainty around future consumer activity patterns. This will continue to impact the Council’s finances. The potential for increased level of business failures as a result of wider economic instability (inflationary pressures and increase in borrowing) and the need to pass on increased costs to the consumer. This impacts economic prosperity of the borough and affects collections rates for business rate income, with reduced levels impacting finances and services available. The current economic environment may increase occurrences of anti-social behaviour, theft and fraud

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
An Economic Prosperity Strategy has been developed (2023 – 2028) which addresses the key actions which face the borough. It incorporates a detailed strategy	Government assisted Energy Bills Support Scheme (EBSS) to support increased energy costs / bills.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>action plan detailing performance management measures in anticipating outcomes. This was agreed by the Economic Development Committee on 12 January 2023.</p> <p>https://democracy.spelthorne.gov.uk/documents/s46623/App%20A%202023-28%20Economic%20Strategyv4.pdf</p>	<p>On 12 January 2023, the Economic Development Committee agreed a Town Centres Strategy for 2023 which sets out a series of key actions for our smaller shopping areas and parades. These will provide targeted support and interventions, with timescales and measures of success clearly identified.</p> <p>https://democracy.spelthorne.gov.uk/documents/s46628/TCM%20Strategy%20FINAL.pdf</p>
<p>Shared Prosperity Fund Investment Plan was submitted to government in August 2022 highlighting local priorities and projects to assist with economic regeneration (£1m to spend over three years but with 88% backloaded to 2024/25). DLUHC confirmed in December 2022 that our Investment Plan has been approved and the first tranche of monies is awaited.</p> <p>https://democracy.spelthorne.gov.uk/documents/s44963/CPR%20Ctee%2011.7.22%20SPF%20report%20v2.pdf</p>	<p>On 10 October 2022, Corporate Policy and Resources Committee approved frontloading of Shared Prosperity Fund schemes from the retained business rates retention reserve. This is to ensure that projects can be delivered in the immediate future (when they are needed) rather than waiting for government funding to come forward in 2024/25.</p> <p>https://democracy.spelthorne.gov.uk/documents/s46672/CPRC%2010.10.22%20-%20SPF%20and%20BBR.pdf</p> <p>A separate report went to ED committee in January 2023. A separate report to Audit Committee on the Council's risk exposure to wider externalities provides further examples of local mitigating measures taken by the Economic Development team (to influence areas where a degree of local control can be applied). These include measures to strengthen the resilience of local businesses in the face of future challenges enabling access to new equipment, free professional coaching and training on social media, free cost reduction clinics, free websites etc.</p> <p>Business incubator to support entrepreneurs. Provision of a Youth Hub to provide support into employment / training / education for 16 – 24-year-olds funded by DWP. In Spring 2023 this will become an Employment & Skills Hub focusing on both younger and older age groups.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Fortnightly monitoring of Business Rates and Council Tax collection rates as part of monitoring the effect of current pressures such as the Cost-of-Living crisis on the collection fund. Regular reporting on collection rates to Corporate Debt Group and as part of KPI's to Councillors.	
--	--

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the indicative/additional risk score after considering further mitigation measures set out in the Risk Action Plan? (At March 2023)	Direction of Travel After Considering further mitigation set out in the Risk Action Plan? (Either) - Maintained risk score and RAG status - Reduced risk score with no change to RAG status - Reduced risk score and RAG status
9	Maintained risk score and RAG status

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 3 – Financial Resilience and Commercial Assets

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 3
Recovery from COVID	Management Team CPRC /Development Sub-Committee	Section 151 Officer / Deputy Chief Executive / CFO (Terry Collier)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		9	9

Risk Descriptions

Evolving externalities arising since the aftermath of the pandemic now compounded by the Cost-of-Living crisis and inflation continue to increase the Council's exposure to financial risk, with possible implications for the investment portfolio, including loss of anticipated rental income from commercial assets and poor investment returns. This may impact on the financial position, leading in the worst-case scenario to the Council becoming financially unsustainable with associated reputational damage.

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
<p>Investment performance is monitored bi-monthly at weekly Councillor Assets Portfolio Working Group, and a quarterly performance report is produced for the Investment Portfolio.</p> <p>Fortnightly Asset Portfolio Working meetings are taking place to monitor income. (Investment portfolio – 99.98% collection rate last year (2021-22) despite the impacts of the pandemic).</p> <p>91% of overall Investment Portfolio let.</p>	<p>The Council is continuing to increase its sinking funds which increased from £26m to £34m at the end of 2021-22 and is expected to be approximately £36m at the end of 2022-23.</p> <p>Ten-year worst and expected case sinking fund scenario projections are reviewed on a fortnightly basis and will be shortly extended to a 20-year time frame.</p> <p>February CPRC 2023 approved refreshed Sinking Fund Policy and Strategy. A full review and refresh of the sinking funds modelling will be undertaken in 2023-24.</p>
<p>Due Diligence measures continue for tenant management.</p>	<p>Periodical reviews of financial health of tenants undertaken.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Development Sub-Committee approved a methodology for Business Plans for Investment Assets. Most of the investment assets have now had their Business Plans approved by the Development Sub-Committee.	Ongoing management of voids with a view to reducing the portfolio void rate.
Capital Strategy (updated Strategy approved by CPRC February 2023) includes key performance indicators with a particular focus on the investment portfolio. The Asset Management plan (reviewed annually) sets out key control measures. Development Sub Committee of Corporate Policy and Resources receives regular monitoring reports for scrutiny. Annual Performance Report. CIPFA FM Code self-assessment and Member reporting.	Assets team proactively working to fill voids quickly.
All Councillor Budget Briefing setting out financial risks in context of budgetary position, informing budgetary process.	
External review on arrangements	SBC participating in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and will take on board any improvement suggestions.

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the indicative/additional risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At March 2023)	Direction of Travel After Considering further mitigation set out in the Risk Action Plan? (Either) - Maintained score with no change to RAG status - Reduced score with no change to RAG status - Reduced score and RAG status
9	Maintained score with no change to RAG status

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 4 – Financial Resilience and Supporting Communities

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 4
Supporting Communities Recovery from COVID Service Delivery	Management Team CPRC and Community Wellbeing	Section 151 Officer / Deputy Chief Executive / CFO (Terry Collier)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		12	12

Risk Descriptions

4(i) Increased financial pressures faced by the Council arising from the continued inflationary pressures on fuel, gas and electricity, staff pay pressures, slowing down of the housing delivery programme, significantly increased PWLB loan rates and other external factors are collectively causing a significant increase in revenue costs and capital expenditure. This will have a significant impact on the Council's balanced budget for 2022/23 and the planned budget deficits from 2023/24 to 2025/26.

4(ii) Combined with reduced fee income and collection rates for Business Rates and Council Tax (exacerbated further by the Cost-of-Living crisis) this could have an impact on the Council's ability to deliver services as well as creating greater demands on community services, leading to a negative impact on the Borough's residents and communities (economic, social, physical and mental wellbeing). Ongoing financial pressures could lead to the Council becoming financially unsustainable.

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
Fully refreshed Reserves Strategy approved by February 2023 CPRC	Governance reporting including financial impact of current pressures on the Council's budget.
Financial impact assessment modelling	Inflationary pressure contingency reserve to assist with the predicted budget deficit.
Cashable savings working group set up to target efficiencies and savings. This Group is making process in identifying savings.	Proposals put forward for making efficiency savings over the next 4 years to further safeguard the authority in addressing the budget deficit.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

All Councillor Budget Briefings, undertaken 3 times a year setting out financial risks in context of budgetary position, informing budgetary process.	
Procurement Projects Board set up to ensure focus on delivering value for money from procurement.	Outline Budget report approved by January 2023 CPRC provided updated medium term budget projections and set out options for refreshed medium term financial strategy. This was considered alongside the refreshed Reserves Strategy.

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the indicative/additional risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At March 2023)	Direction of Travel After Considering further mitigation set out in the Risk Action Plan? (Either) <ul style="list-style-type: none"> - Maintained risk score and RAG Status - Reduced score with no change to RAG status - Reduced score and RAG status
12	Maintained risk score and RAG Status

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 5 – Treasury Management

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 5
Recovery from COVID Service Delivery	Management Team CPRC	Section 151 Officer / Deputy Chief Executive / CFO (Terry Collier) Chief Accountant (Paul Taylor)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		9	9

Risk Descriptions
<p>5(i) If the Council receives a reduced return on long term investments and/or investments become insecure in the current / future economic climate, then this will have an adverse impact on the Council's financial position, weakening financial resilience.</p> <p>5(ii) Stock market volatility due to uncertainty may lead to adverse investment returns.</p> <p>5(iii) Significant rises to interest rates and increased cost of borrowing / loans influence the Council's treasury activities.</p>

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
Treasury Management Strategy for 2023-24 approved by Members at February Council.	Fixed interest rate on most debt and for investments an interest equalisation reserve is in place. Refer also to mitigating actions under section 4 above.
Application of updated CIPFA Code of Practice and Prudential and Treasury Management Codes	Reviewing with Treasury Management advisors the Council's borrowing strategy in the context of interest rates rises and volatility – considering options such as greater internal borrowing, more short-term borrowing, generation of capital receipts to fund portion of Capital Programme.
Performance measurement and reporting	
Aim to select counter parties of the highest credit quality	
Credit ratings monitored	
Council's investments managed internally in consultation with specialist advisors Arlingclose. Explore options for diversifying the portfolio.	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Treasury Management training provided for all Councillors in September 2022	
---	--

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the additional risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At March 2023)	Direction of Travel after Considering further mitigation set out in the Risk Action Plan? (Either) - Maintained score - Reduced score with no change to RAG status - Reduced score and RAG status
9	Maintained risk score and RAG status.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 6 – Sustainability & Climate Change

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 6
Environment and Climate Change	Management Team Environment and Sustainability Committee	Group Head Commissioning & Transformation (Sandy Muirhead)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		9	9

Risk Descriptions

Climate change represents a significant global threat driving social and economic disruption with far ranging consequences for socioeconomic stability. Climate change and extreme weather events impact on health and safety, food systems, supply chains & procurement, economic productivity, and losses. Due to climate change, there is a specific risk to the Borough of Spelthorne in terms of more extreme heat and increased flooding, besides the more global threats such as severe storms (threat to loss of life and limb) impacting locally. If the Council is not pursuing measures or seeking positive opportunities to mitigate and adapt to climate change, it could result in criticism / bad press / public demonstration and additional organisational pressures may result in a loss of focus around climate change and green initiatives. A lack of preparedness for the impacts of climate change may lead to Council Services no longer being sustainable or in a suitable position to operate in the future.

***Current Control Actions** (See Key. These are specific actions to reduce the likelihood of a risk event or occurrence)

In view of Government targets for reducing carbon emissions / greenhouse gases to tackle climate change, the Environment and Sustainability Committee will continue to explore ways to meet a carbon neutral target by 2050 or earlier (Developed an action plan to move the Council towards net zero carbon emissions, agreed at Environment and Sustainability Committee September 2022) and to make recommendations on: (i) How to apply the £747k fund (ii) Promote climate change as an issue that needs to permeate all Council areas to ensure we reduce our carbon footprint and adapt to climate change.

****Current Mitigating Actions** (See Key. These are specific actions to reduce the impact of a risk event should it occur).

Recently installed solar panels at the Nursery as a renewable source of energy. Exploring options for improving energy efficiency of Nursery (including more solar panels) and Council offices.

Officers attended Carbon Literacy training day and have committed to a range of carbon saving pledges. Training days have been put in place for other officers. Training will be provided for Councillors as part of the 2023 Induction Programme.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>There are numerous examples of measures taken so far: Sustainability Strategy / Energy & Water Efficiency Policy / Currently developing climate change strategy and actions / Professional group membership to share best practice and knowledge / Implementing energy efficient measures in Council owned buildings / Increasing renewables capacity / Implementing sustainability principles within new builds undertaken by KGE.</p> <p>Officers working with relevant committees and Treasury Management advisors on how we can transition investment portfolio to a more sustainable basis.</p> <p>Surrey County Council have developed a strategy on Climate Change referred to as Greener Futures Delivery Plan which the Environment and Sustainability Committee have supported.</p>	<p>Development of list of projects to bring forward over the next 6 months for Green Initiatives Funding including ones on biodiversity.</p> <p>The Council is engaged with Talking Tree and the Open University in a net zero project aimed at involving the community in climate change opportunities and activities.</p>
--	---

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

<p>What is the additional risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At March 2023)</p>	<p>Direction of Travel after Considering further mitigation set out in the Risk Action Plan? (Either)</p> <ul style="list-style-type: none"> - Maintained risk score and RAG status - Reduced score with no change to RAG status - Reduced score and RAG status
<p>9</p>	<p>Maintained risk score and RAG status.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 7 – Corporate Capacity, Resources, Recruitment and Retention

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 7
All Priorities	Management Team CPRC & Admin Committee	Group Head Commissioning & Transformation (Sandy Muirhead)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		12	12

Risk Descriptions
<p>7(i) Overstretched capacity exacerbated by the additional workload, new Committee system of governance and demands arising from new schemes / initiatives in supporting communities (as well as the departure of several experienced staff) could lead to increased staff fatigue / burnout / sickness levels arising. This may impact further on employee stress levels and mental / physical wellbeing, which may also lead to reductions in expected service delivery.</p> <p>7(ii) Residual risk refers to the risk that remains after control processes and measures to eliminate some or all the inherent risks have been made. It could be deemed that due to the nature of the risk set out at 7(i) above and 7(iii) below with reference to causes and consequences, as well as the continuation of intense work pressures, some residual risk may continue. In acknowledging this, the Council may wish to either: do nothing on the basis that the controls have proven effective enough to reduce the risk to an acceptable level, OR increase or modify controls to reduce the risk to a level that is regarded acceptable OR evaluate the cost of revised control and mitigation measures vs benefits and whether this is deemed necessary to bring the risk to an acceptable level.</p> <p>7(iii) Unsuccessful recruitment and ongoing unfilled vacancies in a challenging and competitive labour market lead to reduced level of technical skills and relevant expertise operating across Services. Staff shortages further exacerbate workload pressures across teams. The consequences of this risk are set out earlier at 7(i).</p> <p>7(iv) Ineffective or inappropriate recruitment exacerbated by the skill shortages within the local government market could result in appointments that fail to effectively meet business need leading to reduced service quality.</p>

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
---	--

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Capacity management – Management to address workload issues across teams, with continued prioritisation of tasks	Staff can access welfare information on Intranet. Support is available for mental and emotional wellbeing including mental health first aiders and Care First. This scheme has been promoted through regular staff communications.
Responsibility to remain alert to stress related risks of demanding workload.	Monitoring of sickness absence providing corporate view of stress issues.
The need to treat colleagues respectfully has been recognized and communicated.	
Corporate values under the acronym 'PROVIDE' form part of the Corporate Plan. Over time it is the intention for the Council's values to become further embedded into behaviours, policy, and processes (including recruitment).	
Annual staff and Member survey commissioned Spring / Summer 2022 designed to ascertain employee and member views on several themes including workplace culture, values, recruitment and retention. Feedback from the survey has been analysed with a view to making any necessary improvements and changes. Both survey summaries are being reported to Councillors.	
Growth bids for additional resourcing form part of annual budget process (moratorium restrictions being implemented going forward), with 17 FTE's previously approved for 2022/23.	No net increase in FTE's approved as part of the 2023-24 Budget approved by February Council. Managers and Committees responded positively to the moratorium on new FTE growth bids implemented by CPRC.
<p>Several recruitment and retention measures have been underway for some time with examples below:</p> <ul style="list-style-type: none"> i) Recruitment and Retention Policy and Market Supplement Scheme to offer financial enhancements for hard to fill posts which are agreed by MAT. Anticipated £200k of the £250k corporate provision will be utilised in 2022/23 ii) An apprenticeship training programme to upskill existing staff and offer development opportunities to new hirers. As part of the Finance restructure (being funded within existing budget), two apprentice posts are being created. iii) An Employee Assistance Programme scheme and Mental First Aider scheme to assist with staff wellbeing. iv) Implementation of hybrid working in response to staff feedback and ensuring that staff are fully equipped to work from home. 	February Council approved pay uplift for 2023-24 – a fixed £1,925 per FTE equivalent to an average increase of 3.5%

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>v) Flexi time working arrangements.</p> <p>vi) An exit interview scheme routinely offered / undertaken that encourages leavers to engage, providing an opportunity for SBC to learn, improve and apply where appropriate for the future.</p> <p>vii) A 2.5% pay increase for 5 lowest grades approved for 2022/23 and 2% increase for all other staff (moratorium on staff establishment resource for 2023/24)</p> <p>viii) Members of South East Employers newly formed Reward and Recognition Network to share best practice and to learn from any initiatives taking place elsewhere (this is a work in progress). This highlights that all local authorities are experiencing recruitment issues.</p> <p>ix) Collaborative working and Partnerships being explored with a view to enhancing organisational and service resilience, promoting career opportunities and staff retention measures. Working group in place.</p>	
--	--

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

<p>What is the additional risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At March 2023)</p>	<p>Direction of Travel (Either) after considering further mitigation set out in the Risk Action Plan?</p> <ul style="list-style-type: none"> - Maintained risk score and RAG (Red/Amber or Green) - Reduced score with no change to RAG status - Reduced score and RAG status
<p>9</p>	<p>Reduced score and RAG status</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 8 – Equality, Diversity, and Inclusivity		
Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 8
All Priorities	Management Team Admin Committee	Management Team Group Head Commissioning & Transformation (Sandy Muirhead)

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		9	9

Risk Descriptions
If there is a failure to effectively adhere to the Equality Act (2010), this could lead to workplace practices and delivery of services that fail to incorporate necessary principles, standards and requirements in promoting equal opportunities, diversity and inclusivity. This may increase risks of discriminatory practices and consequentially, the Council could be subject to complaints or even claims resulting in reputational damage.

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
Training mechanisms to raise awareness and understanding such as use of Workrite and external trainer provided remote staff training during 2020/21.	Equality Impact Assessments are completed as a requirement on initiation of new projects and strategies.
Some examples of how the Council demonstrates its commitment to E, D & I principles include: (i) Recognising and celebrating diversity through communications and engagement amongst staff and local communities such as Black History Month and GBLT Pride month. (ii) Champions (Staff reps) introduced at staff meeting to explore further positive approaches relating to E, D & I. Inclusivity Working Group in place. (iii) Corporate Values – (PROVIDE) are incorporated into the Council's equality and diversity objectives (to be published next week) together with an internal equality and diversity policy. (iv) An Equality, Diversity and Inclusivity 'Statement of Intent' document has been recently reported.	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

(v) Internal and external websites have been updated.	
---	--

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the additional /indicative risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At March 2023)	Direction of Travel After Considering further mitigation set out in the Risk Action Plan? (Either) <ul style="list-style-type: none"> - Maintained risk score and RAG - Reduced risk score with no change to RAG status - Reduced risk score and RAG status
6	Reduced risk score with no change to RAG status

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Category 9 – Working arrangements across local government tiers

Corporate Priority Areas	Ownership & Accountability for Risk	Lead Officer (s) Risk Category 9
All Priorities	Management Team Corporate Policy and Resources Committee (CPRC)	Management Team

Previous RAG Status (Nov 2022)	Current RAG Status (March 2023)	Previous Risk Score (Nov 2022)	Current Risk Score (March 2023)
		9	9

Risk Descriptions
<p>9 (i) The County Deal presents potential implications for collaborative and partnership working approaches across Surrey Districts and Boroughs in serving local communities.</p> <p>9 (ii) In the context of wider financial / funding challenges being experienced across local government, there is a greater risk that pressures faced at County Council level may be diverted to districts and boroughs. This could lead to increased workload for smaller authorities like Spelthorne as well as extended complexity and risk in delivering high profile services / operations for which skills and expertise may not be held. (One example relates to Family Support where the volume of County referrals for high need cases have increased significantly, as well as the caseload category exceeding 'level 3').</p> <p>9 (iii) As Surrey County Council draw to an end a number of services and agency agreements (formerly undertaken by Spelthorne), this could lead to reduced service quality in areas such as on-site parking and verge maintenance, impacting local communities and residents.</p>

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).
Service Level Agreements to clarify roles and responsibilities of respective parties	Spelthorne is committed to working in partnership with a significant number of such arrangements already in place, with a view to promoting greater alignment of strategic responsibilities and resources to achieve greater effectiveness and optimising best value.
Strategic boards such as Surrey Delivery Board established in making broader decisions	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Liaison at senior executive level across tiers to discuss future management of high levels and changing complexity of referrals/ caseload.	
--	--

Please now refer to the Risk Action Plan at Appendix B. This sets out how the authority is working towards further addressing and mitigating the risks.

What is the additional/indicative risk score after considering further mitigation measures set out in the Risk Action Plan? (Once fully implemented) (At March 2023)	Direction of Travel After Considering further mitigation set out in the Risk Action Plan? (Either) - Maintained risk score and RAG status - Reduced score with no change to RAG status - Reduced score and RAG status
9	Maintained risk score and RAG status

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

RISK CATEGORY (RC) REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (INCLUDES ALL REVISED TARGET DATES)	STATUS (IMPLEMENTED / IN PROGRESS OR OUTSTANDING) (REPORTED STATUS AT MARCH 2023)
1a. HOUSING – Development & Targets	1a (i). Preparation and adoption of New Local Plan to meet future need and strengthen affordable Housing Policy	March 2020	Lead - Strategic Planning Manager (Ann Biggs) <i>Action reviewed by Group Head Place, Protection and Prosperity 07.10.21, 09.02.22, 24.06.22, 27.10.22, 20.02.23</i>	(i) March 2022 (ii) Revised – June 2023	IN PROGRESS On 08 November 2022, the Environment and Sustainability Committee agreed a revised Local Development Scheme timetable and minor alterations to the Staines Development Framework. The Local Plan was submitted to the Planning Inspectorate for formal examination on 25 November 2022. An Inspector was appointed mid-Dec 22. Examination dates are awaited.

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

1a. HOUSING – Development & Targets	1a (ii). Greater strategic direction for Knowle Green Estates (KGE) will support progress in delivering Council priorities, development targets and addressing housing needs (affordable and general).	October 2021	Lead - Management Team <i>Action reviewed by Chief Finance Officer, 14.10.22 & February 2023</i>	(i)March 2022 (ii)Revised – September 2022 (iii)Revised January 2023	IN PROGRESS On 28 November 2022 CPRC received KGE annual report. Extraordinary Council meeting on 02 February 2023 agreed a new strategic approach to ensure Council’s residential delivery plan remains financially sustainable on a long-term basis and in turn protects KGE’s sustainability.
1b HOUSING – Affordable	1b (i). Service Level Agreement to be put in place with registered providers to establish and take forward cases of any alleged tenancy fraud with a view to freeing up social housing.	March 2020	Lead - Housing Strategy Manager (Marta Imig) <i>Action reviewed by Housing Strategy Manager on 3.10.2021,28.1.22,28.6.22 & February 2023</i>	(i)October 2021 (ii) Revised March 2022 (iii) Revised July 2022 (iv) Revised October 2022 (v)Revised January 2023 (vi)Revised May 2023	IN PROGRESS To undertake a targeted bulk data matching exercise. Delays encountered in seeking buy-in. Further to finalisation of legal agreement with Registered Provider, this exercise can commence.

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

3i FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3i. Developing a long-term relationship management strategy with existing tenants	March 2023	Incumbent Group Head Assets	(i).July 2023	NEW ACTION
3ii. FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3ii.Consider and pursue any forthcoming recommendations from CIPFA and DLUCH review of Capital risk mitigation	March 2023	Incumbent Group Head Assets / Deputy Chief Executive/ Chief Finance Officer	(i).TBC	NEW ACTION
4.FINANCIAL RESILIENCE AND COMMUNITIES	4i. Progressing medium term financial strategy and efficiency savings plan in addressing budget deficit	Periodical Review	All Senior Management & Chief Finance Officer/Chief Accountant	(i)TBC	NEW ACTION
5.TREASURY MANAGEMENT	5i. Finalisation of the Council's borrowing strategy with Treasury Management Advisors in the context of the challenges presented in the current financial environment	October 2022	Deputy Chief Executive/ Chief Finance Officer <i>Action reviewed by Deputy Chief Executive (CFO) in February 2023</i>	(i)December 2022 (ii) Revised June 2023	IN PROGRESS. Several options are being considered as referred to on the register.
6. SUSTAINABILITY & CLIMATE CHANGE	6i Following approval of the £747k Green Initiatives Fund as part of the Council's 2021/22 Budget, recommendations to be made as to how to apply that fund including provision for salary of climate change officer post.	March 2021	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead) <i>Action reviewed by Group Head Commissioning & Transformation 10.2.22 & 26.10.22 & 27.2.23.</i>	(i)June 2021 (ii)Revised October 2022 (iii)Revised March 2023 (iv)Revised June 2023	IN PROGRESS Environment and Sustainability Committee of January 2022 agreed framework for prioritising bids to the Green Initiatives provision. Bids submitted to date

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

					cover a range of topics and more will be brought forward to Committee over the next 6 months including solar panels, wildflower meadows, development of biodiversity and mitigation of flood risk for Sweeps Ditch in Staines Park.
6. SUSTAINABILITY & CLIMATE CHANGE	6ii. Training is being arranged to raise awareness and enhance understanding of Climate Change issues across the Council (staff and Councillors).	June 2022	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead) reviewed 26.10.22 & 27.2.23.	(i)September 2022 (ii) Revised June 2023	IN PROGRESS Training delivered to initial group of staff September 2022 and starting to be rolled out in 2023 to all staff. As part of the induction process Councillors will be provided with training on climate change.
7. CORPORATE CAPACITY, RESOURCES,	7i. Monitoring impact of departure of experienced officers and managing	March 2021	ALL / Group Head Commissioning &	Continuous action	ONGOING Spelthorne are Members of South East

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

<p>RECRUITMENT AND RETENTION</p>	<p>associated loss of organisational knowledge and talent. Review of staff retention measures to reduce and mitigate the risk of staff departures.</p>		<p>Transformation (Sandy Muirhead) <i>Action reviewed by Group Head Commissioning & Transformation 10.2.22/26.10.22 /February 2023</i></p>		<p>Employers newly formed Reward and Recognition Network to share best practice and learn from new initiatives.</p>
<p>7.CORPORATE CAPACITY, RESOURCES, RECRUITMENT AND RETENTION</p>	<p>7ii. The continuation of excessive workload pressures exacerbated further by the Committee system of Governance and demands arising from new schemes / initiatives in supporting communities needs to be kept under regular review in view of the significant risk implications (as set out on the Corporate Risk Register at Appendix 1).</p>	<p>February 2022</p>	<p>Management Team <i>Action reviewed November 2022</i> <i>Group Head Commissioning & Transformation (Sandy Muirhead) reviewed action in February 2023</i></p>	<p>Continuous action</p>	<p>ONGOING & IN PROGRESS Revenue Monitoring Reports to Committee highlight variances between Budgeted FTE and actual FTEs (not including agency and temps). CPRC has agreed for an Establishment Review of the Council to be undertaken. Recommendations of the LGA Corporate Peer Review need to be addressed.</p>

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

7.CORPORATE CAPACITY, RESOURCES, RECRUITMENT AND RETENTION	7iii. Continue to explore new and innovative recruitment and retention strategies in a competitive market.	February 2022	<p>Group Head Commissioning & Transformation (Sandy Muirhead) and HR Managers</p> <p><i>Action reviewed by Group Head Commissioning & Transformation (Sandy Muirhead) 24.6.22/26.10.22/February 2023 .</i></p>	<p>(i)June 2022 (ii)Revised October 2022 (iii)Revised February 2023 (iv)Revised July 2023</p>	<p>IN PROGRESS</p> <p>Collaborative working with professional groups such as South East Employers to explore options and strategies. This is a 'work in progress'.</p>
8.EQUALITY, DIVERSITY AND INCLUSIVITY	8i. Produce an Equality, Diversity, and Inclusivity Strategy for the Council. This will provide a more robust structured approach in delivering and embedding essential, principles, standards and requirements in promoting equal opportunities, diversity and inclusivity.	October 2022	<p>MAT hold overall accountability and will need to assign a lead Officer to support production of a strategy together with appropriate resources.</p> <p><i>Group Head Commissioning & Transformation (Sandy Muirhead) reviewed action in February 2023</i></p>	<p>(i)March 2023 (ii)July 2023</p>	<p>IN PROGRESS</p> <p>Statement of Intent and equality objectives produced as a first step, and internal and external website updated.</p> <p>Progression is dependent upon establishing resources to take forward.</p>

COMPLETED ACTIONS IN GREEN

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

RISK CATEGORY REFERENCE (AS IN THE CRR)	ACTIONS (SMART)	DATE ACTIONS ADDED	LEAD OFFICER DATE ACTIONS REVIEWED & WHOM BY	TIMELINE FOR DELIVERY (INCLUDES ALL REVISED TARGET DATES)	STATUS (COMPLETED) (REPORTED STATUS AT MARCH 2023)
2. ECONOMY	2i. The Economic Prosperity Strategy is being reviewed and fully refreshed to cover 2023 – 2028. It will incorporate any residual actions from the corporate recovery plan.	June 2022	Group Head Place, Protection and Prosperity (Heather Morgan) <i>reviewed 27.10.22 and 20.02.23</i>	(i) September 2022 (ii) Revised January 2023	COMPLETED ACTION Economic Prosperity Strategy approved by ED Committee 12 January 2023.
3. FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	RC 3ii. Continued application of CIPFA'S Financial Management Code (responsibility of whole organisation) in close alignment with the LGA Financial Peer Review recommendations.	March 2021	Lead Officer - Deputy Chief Executive - Chief Finance Officer <i>Action reviewed by Deputy Chief Executive 15.10.21, February 2022, June 2022.</i>	Addressed over course of time so added to completed actions	COMPLETED ACTION Financial Management Code Self-Assessment taken to November 2021 Audit Committee. Action Plan for Finance Peer Review recommendations periodically reported to Corporate Policy and Resources and Audit Committee.
3.FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3i. Extending the scenario modelling for sinking fund adequacy from 10 years to 20 years. Review of the sinking fund methodology.	2022	Current Operational Lead for Assets - Deputy Chief Executive, Lee O'Neil	(i) December 2022	COMPLETED ACTION February 2023 CPRC agreed report on review of the sinking fund methodology /

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

			<p><i>Action reviewed by Deputy Chief Executive - Chief Finance Officer 17.6.22 & 14.10.22 & February 2023</i></p> <p><i>From 14 March 2023 responsibility for maintaining Sinking Fund modelling passes from Assets to Finance.</i></p>		<p>approach and confirming strategy. CPRC also agreed updated Reserves Strategy.</p>
4. FINANCIAL RESILIENCE AND SUPPORTING COMMUNITIES	RC4i. Identifying additional inflationary pressures impacting the Council's budget and financial position	June 2022	Lead Officer - Deputy Chief Executive - Chief Finance Officer	July 2022	COMPLETED ACTION Report to CPRC July 2022 identifying additional inflationary pressures of approximately £1.2m impacting on the 2023/24 budget. A number of mitigating actions are being taken to tighten the 2023-24 Budget process (see register).
6. SUSTAINABILITY & CLIMATE CHANGE	6i. Developed an action plan to move the Council towards net zero carbon emissions	June 2022	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead). <i>Reviewed October 2022</i>	(i)October 2022	COMPLETED ACTION Agreed at Environment and Sustainability Committee September 2022
6.SUSTAINABILITY & CLIMATE CHANGE	6iii. County have developed a strategy on climate change	March 2021	Lead Officer - Group Head Commissioning &	(i)Revised September	COMPLETED ACTION Worked in partnership

APPENDIX B RISK ACTION PLAN REPRESENTING FURTHER MITIGATING ACTIONS (OPEN)

**COMPLETED ACTIONS ARE SHADED IN GREEN, CONTINUOUS ACTIONS ARE IN BLUE, NEW ACTIONS ARE IN PINK.
OVERALL ACCOUNTABILITY ASSIGNED TO MANAGEMENT TEAM AND RESPECTIVE COMMITTEE**

	Greener Futures Delivery Plan		Transformation (Sandy Muirhead) <i>Action reviewed by Group Head Commissioning & Transformation 10.2.22 & 24.6.22 & 26.10.22</i>	2022 (previously ongoing)	with SCC / Boroughs and Districts to develop a Climate Change strategy and related actions with a view
--	-------------------------------	--	---	---------------------------	--

This page is intentionally left blank

Audit Committee



23rd March 2023

Title	The Council's risk exposure to wider externalities and impact
Purpose of the report	To Note
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	<p>This report and risk assessment outlines the Council's risk exposure to wider externalities impacting the effective delivery of all corporate priorities (CARES).</p> <p>Community Affordable housing Recovery Environment Service delivery</p>
Recommendations	<p>The Audit Committee is asked to:</p> <p>(i) Note the report setting out the impact and broader implications of wider externalities to the Council and its communities, and the supporting risk assessment at Appendix A. Two major externalities of significance (in terms of impact) that are the focus of this report include the macroeconomic environment and geopolitical uncertainty – some explanation and definition of this terminology is given at Appendix A on the cover page.</p> <p>(ii) Note the close linkages and common themes between the significant risks and issues facing the Council raised in this report and the separate Corporate Risk Management report (also on the Committee agenda)</p>
Reason for Recommendation	The Audit Committee need to consider the risks being presented in this report relating to the macroeconomic environment and geopolitical uncertainties.

1. Summary of the report

- 1.1 This update report seeks to highlight significant risks for Spelthorne where the impact of wider externalities such as the macroeconomic environment and geopolitical situation on the Council and the communities served have been

most prevalent, and key controls and mitigation measures underway to manage risks. For the Council, these wider externalities continue to have the most profound impact on the following broad risk categories:

- Economic activity and prosperity
- The Council's financial position (sustainability and resilience)
- Housing and Communities

1.2 We have retained the format and presentation of this risk assessment (Appendix A) as previously reported to the Audit Committee and have referred to the direction of travel for assessed risks on the opening page of the Appendix.

2. Key issues

2.1 The revised risk assessment relating to the Council's risk exposure to wider externalities is set out at Appendix A. Risks continue to be assessed with current controls and current mitigations in place to determine their Red/Amber/Green (RAG) status and associated priority. Any further mitigation actions planned or underway are recorded in the last column of the risk assessment. There has been no movement (direction of travel) in terms of the assessment of specific risks across the three broad risk categories referred to at para 1.1, and risks remain ranked/positioned as reported in our previous review of November 2022.

2.2 The specific risks identified and presented continue to be significantly influenced by external factors, due to the economic crisis and macroeconomic environment (elevated inflationary pressures, increased rates of borrowing from the Public Works Loan Board (PWLB) and rising interest rates, high energy/fuel/food prices and the Cost-of-Living strain) as well as the ongoing geopolitical uncertainty arising from the Ukraine crisis. Economists indicate little or no growth for the UK economy over the next three years, forecasting the economy will contract during 2023. On 2 February 2023 the Bank of England has raised interest rates (bank rate) to 4% in seeking to tame soaring inflation. Undoubtedly, accelerating borrowing costs combined with the Cost-of-Living crises present financial strain to Spelthorne residents, households, landlords and businesses. Inevitably this has led to increased demand on Council services coinciding with the Council's evolving financial position as it remains significantly adversely impacted by wider externalities. There are many activities that the Council cannot directly control/mitigate/influence given many of its operations form part of and remain influenced by the global/national environment. As already reported at the last review, there appear to be no simple fixes or solutions to many of the complex externally driven risks identified and the Council continues to explore and apply local controls and mitigating actions including collaborative approaches with a view to alleviating (not overcoming) some of the paramount external challenges and pressures, whilst recognising the limitations in doing so. These are elaborated further under section 2.3 below.

2.3 Key risks, issues and developments to highlight from the refreshed risk assessment are set out below at 2.3 (a) to 2.3 (c). It should be acknowledged that the majority of risks and issues raised in this section reflect those already reported in the separate Corporate Risk Register, specifically focussing here

on three broad areas i.e., the Council's economic prosperity, financial position (sustainability and resilience), and Housing/supporting Communities.

a) Risk Category A- Economic Activity and Prosperity - Mostly Amber RAG rated risks

Many of the risks previously reported remain relevant. Some key points have therefore been drawn out, along with further developments and issues to report.

The continued impact of the macroeconomic environment remains highly significant for the Council and its communities as elaborated under para 2.2. and at Appendix A. The potential for increased level of business failures remains across Spelthorne because of ongoing wider economic instability (sustained inflationary pressures and accelerating interest rates/borrowing) with the need to pass on increased costs to the consumer. This not only impacts economic prosperity of the borough but also affects collections rates for business rate income (lost income where businesses cease trading and operational businesses inevitably face greater challenges in paying bills), with reduced levels impacting Council finances and services available. Despite the challenging environment the collection rates for 2022/23 Business Rates and Council Tax as at January 2023 are slightly improved on last year (referred to at Appendix A), and the collection fund remains closely monitored.

Forecasts for increased unemployment rates during 2023 are likely to adversely impact local economic prosperity and living standards. The socio-economic impact arising from rising unemployment and other challenges includes greater occurrence of anti-social behaviour, crime, and fraudulent activity, again adding greater pressure to Council services and impacting community safety.

The Council relies on and collaborates with wider public services (such as Healthcare) in effectively meeting community needs to deliver services holistically. Industrial action across much of the public sector is contributing to labour shortages and could impact delivery/quality of public services to local communities.

Whilst recognising the overarching effects and long term uncertainty of the macroeconomic environment and geo political factors, over which the Council has little control or influence, there are several controls and mitigation measures being applied at a local level under risk category A, with a view to mitigating the impact on the borough of Spelthorne. The final draft of the Economic Prosperity strategy (2023 – 2028) was approved and adopted by the Economic Development committee on 12 January 2023. Other measures include a government approved Shared Prosperity Fund Investment Plan incorporating a range of projects to support economic regeneration, a Town Centres and Shopping Parades strategy (approved January 2023), refocusing the Skills and Employment hub to address current need and ongoing support to businesses through the incubator.

(b) Financial Position (Sustainability and Resilience)– risk category B Red RAG rated risks

The risks set out in this section including the impact of the macroeconomic environment, elevated inflationary pressures, Cost-of-Living crisis, significantly increased PWLB borrowing rates/costs, market volatility and geopolitical factors continue to have a significant impact on the Council's budgetary position and finances, with the potential for adverse effects in delivering sustainable services to communities. This coincides with greater ongoing demands placed on Councils Services as the significant financial constraints arising from the Cost-of-living Crisis being felt across local businesses, communities and households continue to accelerate need for greater support from the Council. The Household Support Fund Phase 3 scheme was approved by CWHC in January with £244k of funds being distributed to households in need across the Borough.

In December 2022 DLUHC issued a statement of principles making clear that there will be no business rates reset or fair funding review outcome until after the general election. This gives councils some short-term funding certainty until 2025. The Local Government funding settlement announced just before Christmas 2022 was more generous than anticipated with the Council benefitting from a new £1.5m Core Spending Power, 3% increase guarantee grant and a small amount of Revenue Support Grant (£91k) for the first time since 2016/17.

The Outline Budget report of January 2023 to CPRC for 2023/24 to 2026/27 provides updated medium term budget projections, anticipated budget deficits and sets out options for refreshed medium term financial strategy. A draft balanced budget for 2023/24 is being put forward to CPRC and Council in February 2023 for approval, and a fully refreshed reserves strategy will also be reported to CPRC in February.

Quantifying the impact of delayed property development schemes and accelerated construction inflation on the Council's budgetary position remains pivotal, as well as outlining mitigating actions moving forward in delivering the Council's core priorities and housing programme. The issue tackling accumulating capitalized costs and risk of abortive costs of £9m being written off to Revenue was addressed at ECM on 2nd February which agreed a new strategic approach to ensure the housing delivery pipeline remains viable for the Council and Knowle Green Estates. This includes maximizing Homes England grant support for affordable and keyworker units, a capital injection into KGE, retaining Thameside and Benwell on Spelthorne's balance sheet for private rental and bringing forward Tothill regeneration scheme.

In continuing to manage the Council's risk exposure relating to commercial investment assets, a review of sinking fund methodology, policy and strategy has been undertaken. Corporate Policy and Resources Committee approved the Sinking Funds strategy on 28 November 2022. Outline and detailed budget modelling highlights a significant dip in investment asset income in 2023-24 which will be offset by use of £6m of sinking funds reserves.

(C) Housing and Communities – risk category C - Red and Amber RAG rated risks

The issues reported previously remain relevant in terms of ongoing financial pressures and the worsening Cost of Living Crisis felt by households and landlords presenting greater demands for social housing. In response to rising interest rates on mortgages some landlords are selling their properties rather than renting them out, further reducing housing supply in the private rented market. This is at a time of high demand for privately rented accommodation for families moving on from temporary accommodation as well as addressing needs for more sustained accommodation to Afghan and Ukrainian refugees.

Council services and other voluntary/charitable organisations continue to offer help and support to Afghan Families and refugees from Ukraine, under the government funded assistance scheme. A report regarding the Council's interest in seeking £1.26m capital grant from Government to assist in the cost of acquiring 8 homes for refugees (longer term intention to use to accommodate any residents based on need) is being put forward to CPRC on 20 February 2023 for approval. Family Support and Housing Options are seeking to identify any suitable properties in the privately rented market to support move on for Afghan refugees staying in the Bridging Hotel under the Find Your Own accommodation scheme.

The international political situation (Ukraine crises) continues to impact supply and availability of certain food groups and agricultural commodities, resulting in continued rising prices to the consumer. Food shortages and increased costs create ongoing reliance on community provision such as foodbanks, and the Council supports this facility.

The Council commissioned an additional service through Look Ahead to support families moving into privately rented sector to assist with settling in the property and improve tenancy sustainability.

The Household Support Fund Phase 3 also referred to at para 2.3B is due to be distributed by the end of March 2023.

Options analysis and proposal

2.4 In the context of the Council's risk exposure to wider externalities and impact, the revised risk assessment at Appendix A is an accurate reflection of the relevant risks affecting the Authority, based on consultation with Managers and assessment of risk and controls in operation. Option 1 (Preferred option) - To consider the contents of the risk assessment including any new or expanded risk categories, current control actions, current mitigating actions and further actions set out in the last column underway or for perusal. To continue to take necessary actions going forward in response to the significant issues raised in this report and as detailed in the risk assessment. Or:

Option 2 - To recommend amendments to the revised risk assessment at Appendix A

3. Financial implications

3.1 There are major implications for the Council's finances and budgetary position arising from all the broad risk categories discussed under section 2.3 above. This is of course because of the ongoing major inflationary pressures compounded by the heightened Cost-of-Living Crisis, increased cost of

borrowing, high interest rates, accelerating costs of major development schemes due to construction inflation and ongoing adverse financial impact of scheme delays. Some of the local control measures underway or being explored by the Council in delivering corporate priorities are highlighted under para 2.3.

4. Risk considerations

4.1 Please refer to commentary at para 2.2. The Council's Risk Exposure to wider externalities impacts the effective achievement of corporate priorities. At Appendix A three broad relevant risk categories are set out (risk category A – Economic activity and prosperity, risk category B – Council's Financial Position (Sustainability & Resilience), risk category C – Housing and Communities). Under each broad category specific risks and implications are identified and articulated, as well as the current controls and current mitigation measures in place to alleviate these risks. Taken together, current controls and current mitigating actions represent ways of managing risk. Further mitigating actions planned or underway in alleviating identified risks are set out in the last column.

5. Procurement considerations

5.1 Any procurement considerations relating to the risk categories on the risk assessment should be identified by the respective Risk Owners and lead officers and are likely to form part of separate reporting/communications.

6. Legal considerations

6.1 Risks facing the Council arising from external factors as identified on the risk assessment may impact the Council's ability to deliver priorities and statutory obligations in addressing community needs. For example delivery of the Housing Delivery Programme in meeting affordable housing provision and wider housing need.

7. Other considerations

7.1 The Council is addressing the recommendations from the Peer review undertaken by the LGA in November 2022 and identifying where it can influence local actions and control measures as part of continuous improvement.

8. Equality and Diversity

8.1 Risk category C 'Housing and Communities' refers to ways in which Spelthorne provides housing and wider support in addressing varying community needs and responding to the evolving challenges presented. Provision of collaborative services in supporting the local economy is referred to at risk category A 'Economic Activity and Prosperity'.

9. Sustainability/Climate Change Implications

9.1 There are no further implications to highlight, separate to those in the Corporate Risk Register which is also on the Audit Committee agenda.

10. Timetable for implementation

10.1 The Council's risk exposure to Wider Externalities and supporting Risk Assessment is to be reviewed and updated periodically as part of the Audit Committee work programme for 2022/23. There are no other specific timeframes to highlight, other than where timing is indicated by Officers for

progressing further actions in the risk assessment (note last column at Appendix A).

11. Contact

11.1 Internal Audit Manager, Punita Talwar. P.talwar@spelthorne.gov.uk

01784 446454

Background papers: Economic News sources

Appendices:

Appendix A –The Councils risk exposure to wider externalities and impact – Risk Assessment . (Please note this includes (i) level of assessed risk i.e. Red/Amber/Green - RAG status of each specific risk identified (ii) Numerical risk scores for likelihood and impact of each risk identified)

This page is intentionally left blank

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

The Risk Assessment focuses on wider externalities each representing significant risk impact to the Council, its operations, and local communities. The extent to which these risks can be effectively reduced and mitigated continue to be significantly impacted by evolving externalities. Spelthorne’s operations remain influenced by these external challenges and pressures, as is the case for other Councils. Due to these externalities, there are many activities that the Council cannot directly control/mitigate, or influence and continued recognition is important. The current controls and mitigation measures are in the risk assessment. RC refers to risk category e.g., RC.A = Risk category A

The main externalities considered and highlighted in the risk assessment include:

Macro-economic environment *This focuses on the aggregate changes in the economy as a whole such as unemployment, growth rate, GDP, and inflation. References to the Cost-of-Living crisis link directly to inflationary pressures.*

Geo-Political risk – *The risk associated with wars, terrorist acts, tensions between states that affect the normal course of international relations.*

For the purpose of this reporting, we are focussing on those externalities that carry the most significant impact for the Council and the communities it serves. (Externalities can be wide ranging) Please refer to next page for the ‘Risk Scoring Matrix’ and plotting of these risks to determine relative significance and prioritisation. Elements of risk categories A, B and C are also referred to in the Council’s Corporate (strategic) risk register. **Direction of Travel** - Our assessment demonstrates that for the current review taken place at February 2023 risks are assessed and ranked at the same level across all three broad risk categories (RC.A Economic Activity, RC.B Financial Sustainability & Resilience and R.C. C Housing and Communities) i.e., there has been no movement from the previous review of November 2022. There are no changes to report in terms of RAG (Red/Amber/Green) ratings or positioning of risks on the risk matrix below.

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

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 current controls and current mitigations in place. Risks are plotted on a risk matrix (see below) and prompt management action should be taken on those risks that fall into the red zone. Planned management action is considered for “amber” risks while “green” risks are regarded as acceptable. The risks associated with wider externalities have been plotted on the graph below.

Impact	4 (Catastrophic)				
	3 (Major)			Housing, Homelessness, and Food Supply chain RC.C (i,ii,iii) Macro-economic climate, lack of control over global situation etc RC.A (i) (ii) (iv)(v) (vi)	Financial Sustainability and resilience risks RC.B (i) (ii) (iii)(iv) Geopolitical & refugees R.C (iv) Inflation and risk of business failure RC.A (iii)
	2 (Medium)				
	1 (Trivial)				
		1 (Rare)	2 (Unlikely)	3 (Likely)	4 (Almost certain)
		Likelihood			

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>A. ECONOMIC ACTIVITY</p> <p>RED AND AMBER RISKS</p> <p>AMBER(i) <u>Risk</u>: Challenges of the macro-economic environment on local economic activity compounded by the Cost-of-Living Crisis continues to place demands on a range of Council Services and impacts the Council’s financial position (the impact on the Council’s finances is highlighted under section B).</p> <p>AMBER (ii) <u>Risk</u>: Whilst Council actions aim to support and influence sustained local economic recovery and growth, these actions alone can only have a limited impact in controlling outcomes due to the overarching effects and long term uncertainty</p>	<p>(i)3</p> <p>(ii)3</p>	<p>(i)3</p> <p>(ii)3</p>	<p>(i)Local economic recovery measures are referred to below at A(ii) and A(iii).</p> <p>(ii)An Economic Prosperity Strategy has been developed (2023 - 2028) which addresses the key actions facing the borough. It incorporates a detailed strategy action plan detailing performance management measures in anticipating outcomes. The draft was agreed at Economic development Committee on 29 September</p>	<p>The following actions are relevant for all the risks identified under the broader risk category A “Economic Activity”</p> <p>ONGOING ACTION: The local economic situation is regularly reviewed and reported, considering the inflationary pressures, increased borrowing costs due to rising interest rates and Cost of Living crisis.</p> <p>ONGOING ACTION: Reviewed February 2023 Regular reporting on actions and tasks completed / in progress takes place at the Economic Development Committee.</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>of the macroeconomic environment, market volatility, global drivers, and geopolitical uncertainty such as conflicts in Ukraine and political sanctions – over which as a whole the Council has incredibly little influence.</p> <p>RED (iii) <u>Risk</u>: Uncertainty and volatility for global economy. UK inflation accelerated to 10.5% in the year to December 2022 , (with predictions for steady decrease after March 2023), putting increased pressure and strain on businesses, households, and the Council’s budget. This presents the threat of an increased level of business failures as a result of wider economic</p>	(iii)4	(iii)3	<p>2022 and the final document has been approved on 12 January 2023.</p> <p>The Town Centres and Shopping Parades Strategy 2023 was approved January 2023 and sets out a series of key actions for our smaller shopping areas and parades. These will provide targeted support and interventions, with timescales and measures of success clearly identified.</p> <p>The Council has a well-established business incubator to support entrepreneurs and start-up businesses are able to book/rent space on a flexible basis (and assisting with cost of high energy bills which might otherwise result in businesses folding), and receive mentoring/advice from other businesses.</p> <p>The Council has received funding for a further 12 months from DWP for a Skills and Employment Hub (to provide support into employment / training / education for younger and the older age groups). The ‘offer’ is being expanded from a Youth Hub (as was) to reflect the need to address an</p>	

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>instability (elevated inflationary pressures and increase in borrowing costs due to rising interest rates) and the need to pass on increased costs to the consumer.</p>			<p>identified need to bring older talent back into the workplace.</p> <p>Shared Prosperity Fund Investment Plan(SPFIP) submitted to government in August 2022 highlighting local priorities and projects to assist with economic regeneration (£1m to spend over three years but with 88% backloaded to 2024/25). On 10 October 2022, Corporate Policy and Resources Committee approved frontloading of Shared Prosperity Fund schemes from the retained business rates retention reserve. This is to ensure that projects can be delivered in the immediate future (when they are needed) rather than waiting for government funding to come forward in 2024/25.</p> <p>Government approved the SPF Investment Plan January 2023 (awaiting 2022/23 payment). Projects to be delivered: Skills and Employment Hub (see above/earlier reference) Business coaching, support growth through innovation grants Community gardens</p>	

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>AMBER (iv) <u>Risk:</u> Ongoing disruptions to supply chains caused by a range of factors (changes in migration and trading regimes following Brexit; surges in consumer demand; continued labour shortages; international political sanctions). This has led to shortages of certain</p>	(iv)3	(iv)3	<p>Climate audit and energy saving for businesses Upskilling voluntary sector for external funding opportunities Cultural kick starter – Oast House and outreach across the community</p> <p>At the January 2023 meeting of the Economic Development Committee, a business support consultancy set out assistance provided to small business owners via 1- 2-1 support, seminars at the Spelthorne Business Hub, advice on strategy, planning and sales, budgeting forecasting, and profit and loss control.</p> <p>(iv) Supply chain resilience measures to report are as follows: Soft market testing Framework agreements - a number of construction contractor and professional services framework agreements to provide greater reliability and cost certainty in development schemes. Supplier Due Diligence undertaken as part of tendering process via the standard</p>	<p>NEW ACTION AT FEBRUARY 2023: Corporate Procurement team to review contract performance and understand the measures providers put in place to ensure supply chain resilience – regarding labour and materials.</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>goods, services, consumables, materials, commodities, and subsequently surging prices, placing increased strain on local businesses, household budgets, Council Services, Council budgetary and financial position.</p> <p>AMBER (v) <u>Risk</u>: Challenges around the full recovery of the aviation sector remains significant for the prosperity of Spelthorne’s local economy and communities due to its proximity to Heathrow as a major employer in the area, facilitating business activity.</p> <p>AMBER (vi) <u>Risk</u>: The continued cost-of-living crisis impacts economic</p>	<p>(v)3</p> <p>(vi)3</p>	<p>(v)3</p> <p>(vi)3</p>	<p>Selection Questionnaire and Method Statement questions.</p> <p>In planning procurement projects , Gantt chart used with list of procurement projects. This will help to consider the best time to go to market, including whether other authorities are also going to market at the same time.</p> <p>(v)Please refer to control measures set out under A (ii) in particular Economic Prosperity strategy. There are a number of specific actions which set out how SBC will work with HAL on training, skills and employment opportunities (Heathrow Academy, Job and Skills Fairs). A cross cutting internal officer group shares intelligence on various issues and wider community impacts. The aim is to ensure coordinated and effective response to Heathrow to protect our communities.</p> <p>(vi)Fortnightly monitoring of Business Rates and Council Tax collection rates as part of</p>	

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>prosperity of the borough with adverse impact on recovery and growth, also taking into account rising unemployment. It consequently affects collections rates for business rate income, with reduced levels impacting finances and services available</p> <p><i>(Economic news sources: The Bank of England announced interest rates (bank rate) are currently 4% (increased by 0.5% on 2nd February 2023). There could be little to no economic growth in the UK for the next three years and the International Monetary Fund forecast the UK economy to shrink in 2023, with likely rises in unemployment . Average</i></p>			<p>monitoring the effect of current pressures such as the Cost-of-Living crisis on the collection fund. Regular reporting on collection rates to Corporate Debt Group and as part of KPI’s to Councillors. Cost of Living crisis and Household Support Fund allocations in helping local communities. Other community measures are referred to under risk category C.</p>	

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p><i>UK wages are still falling in real terms due to very high inflation with demands for wage increases and industrial action across some professions/public sector contributing to labour shortages. Job vacancies may remain unfilled for key public services).</i></p>				
<p>B. FINANCIAL SUSTAINABILITY AND RESILIENCE – <i>The following risks arising from wider externalities are highly likely or almost certain to lead to an adverse impact on the Council’s financial position thereby impacting sustainability and resilience.</i></p> <p>RED RISKS RED (i) <u>Risk</u> - Significant financial cost implication for the Council associated with the macro-economic</p>	(i)4	(i)3	(i)Medium term financial strategy. Budget process for 2023/24 as set out in Outline Budget report approved by CPRC in January. Inflationary pressure contingency reserve to assist with the predicted budget deficit.	<p>ONGOING MONITORING: Reviewed February 2023 : Significant fiscal shortfall in the overall public finances – Autumn Statement of 17 November confirmed government direction. In December 2022 DLUHC issued a statement of principles making clear that there will be no business rates reset of fair funding review outcome until after the general election. This gives councils some short term funding certainty until 2025. Also indicated that Councils will be provided with some additional</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>environment, in particular the impact of elevated inflationary pressures such as pay, energy, fuel and household costs on balancing the budget, as well as rising base rate interest rates, significantly increased PWLB borrowing rates, and financial impact of ongoing challenging geopolitical situation.</p>			<p>Monitoring tax base and collection fund deficits and assessing impacts on the current/future budgets. Currently business rates and Council tax collection rates are up slightly on a year ago. As at end of January 2023 - Council Tax collection rate is at 95.51% which is up on last years by 0.61% and business rates are 91.90% which is also up on last years by 5.29%. Fully refreshed Reserves Strategy going to February CPRC for approval. Financial impact assessment modelling and governance reporting of budgetary pressures . Employer pension contributions for next three years confirmed in November 2022. £0.5m increase in employer contributions built into the 2023-24 draft Budget. Officers keep under ongoing review with Treasury Management advisors the borrowing strategy. Cashable savings working group set up to target efficiencies and savings. Set the task of generating £800k cashable savings over 4 years and have already identified some savings.</p>	<p>funding to offset financial impacts of implementing new waste management arrangements in 2024. ONGOING MONITORING (Reviewed February 2023): Previously reported there is no medium-term funding certainty for Councils. Local Government funding settlement announced just before Christmas 2022. More generous than anticipated with the Council benefitting form a new £1.5m Core Spending Power, 3% increase guarantee grant and a small amount of Revenue Support Grant (£91k) for the first time since 2016/17. ACTION COMPLETED : (Reviewed February 2023) Outline Budget report of January 2023 to CPRC for 2023/24 to 2026/27 provides updated medium term budget projections , anticipated budget deficits , and sets out options for refreshed medium term financial strategy. This has been</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>RED (ii) <u>Risk</u>: Rising inflationary pressures have led to significant increases in construction costs (materials, fuel, shipping and labour) which continue to accelerate, therefore adversely impacting the overall cost, and financial viability of residential property development schemes. This has led to further assessments to determine how the authority should proceed in supporting delivery of the Housing Delivery Programme and development targets.</p>	(ii)4	(ii)3	<p>(ii)Development Sub Committee of Corporate Policy and Resources and Assets Portfolio Working Party receive regular monitoring reports for scrutiny including on the performance of the Investment portfolio and progress with development schemes.</p> <p>Financial monitoring and reporting; quantifying the impact of delayed property schemes on the Council’s budgetary position as well as outlining mitigating actions moving forward. Issue tackling accumulating capitalized costs and risk of abortive costs of £9m being written off to Revenue was addressed at ECM on 2nd February which agreed a new strategic approach to ensure housing delivery pipeline remains viable for the Council and Knowle Green Estates, this includes maximizing Homes England grant support for affordable and keyworker units, a capital injection into KGE, retaining Thameside and Benwell on SBC balance sheet for private rental and bringing forward Tothill regeneration scheme.</p>	<p>considered alongside the refreshed Reserves Strategy. A draft balanced budget is being put forward to CPRC and Council in February 2023 for approval</p> <p>ONGOING ACTION (Reviewed February 2023): Monitoring of Business Rates and Council Tax collection levels as part of monitoring the effect of current pressures such as the Cost-of-Living crisis on the collection fund. Regular reporting on collection rates to Corporate Debt Group and as part of KPI’s to Councillors.</p> <p>ACTION ADDED AT FEBRUARY 2023: Draft Treasury Management Strategy for 2023-24 going to February CPRC for Councillor approval.</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>RED (iii) <u>Risk</u>: The Cost-of-Living crisis has wide reaching implications for the borough, its residents and businesses including lower living standards, challenges in paying bills (such as Council Tax and Business Rates) leading to reduced taxbase income for the Council. This coincides with increased costs for the Council such as provision of financial support for leisure centres. There are also increased risks of crime, fraud and theft during periods of economic challenge, as well as greater levels of anti-social behaviour leading to</p>	(iii)4	(iii)3	<p>Viability assessments for development schemes required to take account of accelerating costs to determine ongoing financial viability.</p> <p>(iii)Please note earlier reference at B (i)to monitoring of the collection fund and collection rates for 2022/23, as well as various financial/budgetary control measures.</p> <p>Energy rebate scheme completed in 2022 to support households with increased cost of living. Household Support Fund Phase 3 scheme approved by CWHC in January with £244k of funds being distributed to households in need across the Borough. Longer term modelling to assess impact of stock market and pensions.</p> <p>Counter Fraud, Bribery and Corruption strategy for the Council.</p>	

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>financial losses/reputational damage and diversion of Council scarce resources. This also adds greater pressure to Council services.</p> <p>RED (iv) <u>Risk</u> - Significant negative impact on residents, businesses and local communities if Council Services are unable to meet need in delivering services due to financial pressures, constraints and a requirement to generate further savings against a wider backdrop of likely public spending cuts.</p>	(iv)4	(iv)3	<p>Sinking funds reserves set aside for commercial investments as a prudent measure and funds increased from £26m to £34m at the end of 21-22. Anticipated balance at end of 2022-23 will be approximately £37m. Outline and detailed budget modelling highlights a significant dip in investment asset income in 2023-24 which will be offset by use of £6m of sinking funds reserves.</p> <p>Financial impact assessment /scenario modelling is undertaken regularly. Ten year worst and best case sinking fund scenario projections are reviewed on a fortnightly basis and will be shortly extended to a 20-year time frame.</p> <p>Investment performance is monitored bi-monthly at weekly Councillor Assets Portfolio Working Group, and an annual</p>	<p>ACTION COMPLETED at February 2023 : A review of sinking fund policy, methodology and strategy has been undertaken. Corporate Policy and Resources Committee approved Sinking Funds strategy on 28 November 2022.</p> <p>ACTION IN PROGRESS (Reviewed February 2023): A number of investment assets have had their plans approved by Development Sub-Committee. A further batch of business plans will be taken in due course to Development Sub-Committee.</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
			<p>performance report is produced for the Investment Portfolio.</p> <p>Fortnightly Asset Portfolio Working meetings take place to monitor commercial asset income due/any shortfalls anticipated. (99.98% collection rate for 21/22).</p> <p>Currently 91% of the investment asset portfolio occupied.</p> <p>A number of investment assets have now had their Business Plans approved by the Development Sub-Committee.</p>	
<p>C. HOUSING AND COMMUNITIES</p> <p>AMBER and RED RISKS</p> <p>AMBER (i) <u>Risk</u>: Increased levels of homelessness and greater demands for social housing. Some of the causes include greater threat of eviction due to financial pressures such as high inflation and increased</p>	(i)3	(i)3	<p>(i)Housing Service discuss options with tenants at the outset to minimize risks of landlord eviction.</p> <p>Government funding to assist vulnerable families and tenants that are in rent arrears and at risk of eviction through Homelessness Prevention Grant. Support to most vulnerable tenants is available 24/7 through commissioned intensive floating support service in preparation for independent living and tenancy sustainment. The service includes</p>	<p>Please also refer to the Corporate Risk Register (risk category 1B- Housing – Affordable).</p> <p>ACTION (reviewed February 2023) : The Council has expanded the capacity of the Citizen Advice to provide free advice and support to vulnerable clients and families. However, it is recognised that even with the expanded capacity there is still unmet</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>interest rates felt by landlords and households attributed to the worsening Cost of Living Crisis. This is further exacerbated by delays in delivery of the Council’s Housing Delivery Programme impacting the achievement of affordable housing provision, as well as meeting wider housing needs.</p> <p>AMBER (ii) (New Risk added at February 2023) High demand for privately rented accommodation for families moving on from temporary accommodation, Harper House as well as addressing needs for more sustained accommodation to Afghan and Ukrainian refugees. Reduced number of properties available on the market due to the impact of worsening</p>	(ii)3	(ii)3	<p>support with managing addictions and focus on improvement of individual’s wellbeing.</p> <p>(ii)Rents in advance and deposit payments are available through Housing Options to homeless residents and refugees moving into private rented sector.</p> <p>The Council commissioned additional service through Look Ahead to support families moving into privately rented sector to assist with settling in the property and improve tenancy sustainability.</p>	demand for free and reliable advice in the community.

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>economy and higher interest rates on mortgages, and therefore many landlords are choosing to sell their rented property.</p> <p>AMBER (iii) <u>Risk</u>: Impact of geopolitical situation and Ukraine crises on food supply chains with reduced availability for some staple food items, leading to consumer price increases impacting all communities and particularly effecting the most financially vulnerable households. Agricultural commodities such as fertilizers to support mass production can no longer be imported from Ukraine, impacting supply chains, food price increases and shortages.</p>	(iii)3	(iii)3	(iii) Foodbank support is available for Spelthorne residents.	Action (reviewed February 2023) :Household Support Fund Phase 3 to be issued by the end of March 2023.

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment

(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan
<p>RED (iv) <u>Risk</u>: Geopolitical situation (Ukraine conflict) has led to humanitarian crises. In supporting refugees from Ukraine, the Council along with partners holds a pivotal role in responding to and coordinating essential needs including safe and secure housing provision. This is being further exacerbated by the wider migrant crisis, as the statutory duty to house migrants filters through to local authorities.</p>	<p>(iv)4</p>	<p>(iv)3</p>	<p>(iv) Measures to support Afghan and Ukrainian refugee families under the relocation and assistance scheme (Home Office Funding of temporary accommodation for refugees). Some members of the local community are supporting refugees in their homes. Costs incurred are being monitored and submitted to SCC / Home Office for reimbursement. Surrey Councils have increased the monthly thank you payments to hosts to £600 to reduce the risk of hosts withdrawing from the scheme.</p> <p>Two Ukrainian support workers have been appointed.</p> <p>Families are being supported into privately rented accommodation with rent in advance and deposit payment funded externally by the Home Office.</p> <p>SBC has expressed an interest in receiving £1.26m capital grant from Government to assist in the cost of acquiring 8 homes for Afghans and Ukrainians initially (with the view that in the longer term can be used to accommodate any residents in need)</p>	<p>Action added February 2023: Report relating to acquiring homes for refugees is being put forward to CPRC on 20 February 2023 for approval. The properties are to be managed by KGE.</p> <p>Ongoing Action added February 2023: Officers from Family Support team as well as Housing Options are proactively working to identify any suitable properties on privately rented market to support move on for Afghan refugees staying in the Bridging Hotel under the Find Your Own accommodation scheme.</p>

APPENDIX A – The Council’s risk exposure to wider externalities and impact - Risk Assessment
(February 2023 Coordinated and analysed by Internal Audit Manager, Punita Talwar)

Risk Area	Likelihood	Impact	Current Control Measures and Mitigation	Risk or Issue Action Plan

Audit Committee

23rd March 2023



Title	Internal Audit Plan 2023/24
Purpose of the report	To note and approve
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	Community Affordable housing Recovery Environment Service delivery
Recommendations	Committee is asked to: Note and approve the Internal Audit Plan for 2023/24.
Reason for Recommendation	Not applicable

1. Summary of the report

- 1.1 This report seeks to inform the Audit Committee of the risk-based Internal Audit Plan for 2023/24 to fulfil statutory and professional requirements. We are proposing to include several higher risk areas that align with Spelthorne's current corporate priorities and objectives, whilst also ensuring due focus is given to emerging and evolving risks, core systems and processes, some projects/change initiatives, and topical risk areas as part of our coverage.
- 1.2 The wider implications arising from the geopolitical and macroeconomic environment will continue to be a key consideration in the Council's risk exposure with impact across Council Services and local communities. This theme inevitably cuts across many of the workstreams on the Internal Audit Plan for 2023/24.

2. Key issues

- 2.1 A copy of the Internal Audit Annual Plan (2023/24) based on the 'prioritised audit need' is attached at Appendix 1. This includes key categories relating to:
- audit assurance assignments

- audit support and advisory work
 - Audit Committee - statutory requirements/ several processes to meet Public Sector Internal Audit Standards (PSIAS) and reporting
 - audit follow up (recommendations)
 - continuous improvement for Internal Audit
 - corporate roles and responsibilities (corporate risk management and corporate counter fraud)
 - Other additional tasks that support the delivery of a professional audit service including a vast spectrum of reactive and unforeseen work, in the provision of added value to the Council.
- 2.2 Independent assurance provided by Internal Audit (representing the third line of defence in the overall assurance framework) will continue to focus on the effectiveness of the control environment in managing risk at all levels, supported by appropriate verification processes. Audit findings during 2023/24 will be raised with senior management, and recommendations aimed at enhancing control processes and reducing risk will be reported to the Audit Committee.
- 2.3 Internal Audit findings will form the basis of the annual audit opinion for 2023/2024 on the adequacy of the authority's control environment which feeds into and underpins the Annual Governance Statement. To enable the Internal Audit Manager to provide an independent evidence based annual audit opinion, **there needs to be a sufficient quantity and breadth of audits undertaken to ensure reasonable coverage of auditable areas on which to form an effective opinion.** This is therefore an important factor for consideration in the Audit Planning process.
- 2.4 Estimated resource levels for 2023/24 are 1.75 FTE (establishment) plus 31 contractor days. A total of 410 days are available to deliver the proposed workstreams detailed in the Annual Audit Plan at Appendix 1.
- 2.5 A priority rating (A or B) for undertaking proposed assurance assignments, advisory support, corporate risk management, counter fraud oversight and other work categories has been recommended in the plan at Appendix 1, in line with best practice. There is also reference to key risk considerations and outline objectives/broad coverage for each audit assurance assignment or other work area.
- 2.6 It is acknowledged that there is 20 days of work estimated to complete this year's Audit Plan in the first quarter of 2023/24. This carry over of work has materialised due to auditee requests to defer audits to commence in the latter part of Quarter 4 or where we are awaiting information to enable progression of audits, as well as additional time required on other work areas.
- 2.7 The post pandemic environment has highlighted the rapid pace of change and uncertainty, amidst an evolving political landscape. Risks facing the Council have become more diverse and dynamic and in considering this the audit plan is intended to be flexible and agile to consider changing priorities according to perceived risks. In addition the new administration from May 2023 presents some uncertainty in terms of future direction which may also impact corporate priorities going forward.

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

- (a) All auditable areas are identified (known as the 'Audit Universe', consisting of around 90 discrete areas). These broad categories include:
- Significant risks included in the Corporate Risk Register
 - Corporate systems and processes
 - Financial and fraud risks
 - Fundamental financial systems
 - Functions operating within service areas
 - Information Technology, governance and security
 - Assets and Investments
 - Key Council projects or change initiatives.
 - Preparedness for significant legislative changes/government led initiatives
- (b) The Internal Audit Manager has consulted senior management during the audit planning process (January and February 2023) with twelve meetings having taken place to ascertain and discuss emerging risks across services as well as at a corporate level and consider review areas for inclusion in the plan.
- (c) An audit needs assessment is undertaken, and audit work is prioritised which is related to factors such as high-level risk evaluations, budgetary implications, value/volume of transactions, known system weaknesses and vulnerabilities, fraud risk or previous irregularities, changes in personnel, time elapsed since last audit, reliance on alternative sources of assurance, management requests for Internal Audit input and audit resource available.
- (d) Best practice guidance from professional internal audit bodies regarding topical organisational risk areas for 2023 (based on extensive research) has also been reviewed, ensuring the inclusion of Sustainability and Climate Change and financial challenges/pressures in Spelthorne's audit plan.

3. Options analysis and proposal

- 3.1 Audit Committee are requested to note and approve the risk based Internal Audit Plan for 2023/24 in line with PSIAS, to support the provision of independent assurance to the authority on the adequacy of internal control, governance and risk management arrangements.

4. Financial implications

- 4.1 The Internal Audit Annual Plan includes reviews of functions and systems that are financially material and therefore represent greater risk to the authority. Issues presenting adverse financial consequences or threats to the Council's financial position apply to a range of workstreams on the plan.
- 4.2 Externally commissioned resource to support delivery of the 2023/24 audit plan is approx. 31 Days and will be funded from the audit contractor budget.
- 4.3 To support special investigations (relating to suspected internal fraud or irregularity) there may be a requirement to bring in subject matter experts and

Investigators. There is insufficient capacity within the Internal Audit team to undertake these investigations, given that they are often by their nature very resource intensive. Where deemed appropriate, in the first instance support will be sought from Reigate and Banstead Council's team of Investigators. This may however need to be supplemented with subject matter counter fraud expertise depending upon the nature and complexity of the suspected fraud or irregularity and the level of perceived financial losses/risk impact, at additional cost (unforeseen works).

5. Risk considerations

- 5.1 In producing the Internal Audit Annual Plan for 2023/24 the Internal Audit Manager has ensured that a risk-based approach has been applied in line with audit standards (PSIAS) and focussed on areas of higher priority that align with corporate priorities and objectives. Due consideration has been given to current and emerging risk (and opportunities) facing the Council during 2023/24.
- 5.2 During times of ongoing change and uncertainty, it is not possible to foresee or define every critical area where internal audit could add value around risk and control matters, and therefore reference is made at paragraph 2.7 to having some flexibility and agility in delivering the planned programme of work during 2023/24 (taking account of risk significance).

6. Procurement considerations

- 6.1 Internal Audit will consult with the Procurement team in the future regarding commissioning audit contractor resource for 2023/24. This is not envisaged to take place until later in the year ahead of scheduled assignments in quarter four.

7. Legal considerations

- 7.1 Internal Audit will consider regulatory and statutory requirements where deemed necessary in assessing risks and delivering the work programme for 2023/24. Some audit work areas may have a greater regulatory focus than others.

8. Other considerations

- 8.1 There are none.

9. Equality and Diversity

- 9.1 Equality, Diversity and Inclusivity risks and mitigation measures are periodically monitored and reported in the Corporate Risk Register. Given the significance of this risk category, some time for advice and insight forms part of the proposed audit plan for 2023/24.

10. Sustainability/Climate Change Implications

- 10.1 Climate Change risks and mitigation measures are periodically monitored and reported in the Corporate Risk Register. Given the significance of this risk category, an internal audit review forms part of the proposed audit plan for 2023/24.

11. Timetable for implementation

- 11.1 The Internal Audit Annual Plan sets out work to be undertaken by the Internal Audit team during the 2023/24 financial year. Proposed timings at Appendix 1

incorporate early indication of preferences from colleagues. These will be confirmed shortly.

12. Contact

12.1 Punita Talwar, Internal Audit Manager. P.Talwar@spelthorne.gov.uk

Background papers: There are none.

Appendices: Appendix A Annual Internal Audit Plan 2022/23

This page is intentionally left blank

APPENDIX A . Internal Audit Annual Plan 2023/24. Prepared by Internal Audit Manager

Audit Area (Identified as part of Audit Needs Assessment),	Time Budget (Days)	Service Lead Area	Comments	Key Risk Considerations	Key Objectives & Broad Scope (An evaluation of risks and controls will form part of the audit process)	Allocation	Planned Timing
<p>1. Climate Change and Environmental Sustainability PRIORITY A Corporate Priority Area - Environment .</p>	12	Commissioning and Transformation	<p>This is a thematic high impact risk area. Refer also to Corporate Risk Register risk category 6. If the Council is not pursuing measures or seeking positive opportunities to mitigate and adapt to climate change, it could result in criticism / bad press / public demonstration (high reputational risk area)</p>	<p>Deregulation in the planning and construction industry could result in emerging environmental, social and governance risks (ESG), with the potential for harmful environmental and social impact on communities. If overall direction of Climate Change is unclear at County level this may affect coordinated delivery of the 'Greener Futures' document. Inadequate mechanisms for monitoring and reporting on status provides limited insight regarding keeping on track in pursuing net zero carbon emissions.. Where integration into wider Council decision making is not evident this reduces the effectiveness of holistic approaches in delivering the strategy .</p>	<p>Review progress with implementation of previous internal audit recommendations raised in 2021. Assess progress with adoption of the strategy document(Greener Futures Delivery Plan produced by County), addressing action plans and meeting targets in working towards net zero carbon emissions. Consider robustness of integration of the Climate Change and Sustainability strategy into Council wide decision making in targeting local climate change related issues/risks.</p>	In-House	TBC. PROPOSE QUARTER 2
<p>2. Financial Challenges and the Council's financial sustainability PRIORITY A Corporate Priority Area - Underpins effective delivery of all corporate priorities and objectives</p>	11	Finance	<p>Significant strategic risk facing local government sector relates to continued financial pressures during challenging climate. This is a thematic high impact risk area . See Corporate Risk Register- theme runs across several risk categories.</p>	<p>Macroeconomic and Geopolitical uncertainty risks . The continued volatility of the global economy - sustained high rates of inflation and accelerated borrowing rates (PWLB) which have (along with other factors) led to the Cost of Living Crisis present increased pressure on the Council's budget and financial position/ sustainability. This requires robust decisions that could further impact the direction of the Council's financial standing/position.</p>	<p>Review the mechanisms, plans and strategies in place to monitor and enhance the Council's financial standing and sustainability during extremely challenging times of interlocking high impact risks . Consider whether cashable efficiency savings forecast (£800k over next 4 years) are being realised/on track and robustness of approaches in place to monitor and report outcomes. Consider exploration of opportunities and innovative approaches for addressing medium term budget gaps (to help reduce expenditure/generate revenue/deliver efficiencies). Ascertain mitigation and control measures to manage specific risks identified and highlight residual risks.</p>	In-House	TBC PROPOSE QUARTER 2

<p>3. IT Audit (Disaster Recovery) (INFORMATION TECHNOLOGY) (PRIORITY A) Corporate Priority - 'Service Delivery ' and 'Supporting Communities'</p>	<p>12</p>	<p>Commissioning and Transformation (ICT)</p>	<p>The ability to recover data and systems at speed remains pivotal and the robustness of underpinning processes will impact consistent/reliable backup of systems and data.</p>	<p>Downtime or disaster can be presented in several ways and halt business operations resulting in lost productivity. If the Council's data back-up arrangements are incomplete or unreliable, this could present data loss and adversely impact service delivery. If there is reduction in quality of service from the external Provider this could impact the efficiency, effectiveness and outcomes of testing and maintenance regimes.</p>	<p>To enable efficient and consistent restoration and recovery of data and systems in the resumption of business operations, ensure the Council has robust back up arrangements, policies and plans that are regularly tested and prioritised in accordance with system criticality. To ensure actions identified from the annual Disaster Recovery tests are prioritised, rectified, communicated and reported. Consider monitoring mechanisms for external support provision in undertaking disaster recovery testing. Follow up any prior related audit recommendations issued in this area.</p>	<p>Audit Contractor</p>	<p>Quarter 4</p>
<p>4. Communications (PRIORITY B) Corporate Priority area - All. Underpins effective delivery of all corporate priorities and objectives</p>	<p>5</p>	<p>Communications</p>	<p>An audit of this area is overdue.</p>	<p>If the corporate communications protocol/strategy is not adhered to this could lead to confidentiality breaches or other ramifications. Reputational damage arising from adverse media attention and negative press/publicity. Accessibility and inclusivity to services may be reduced where individuals are not digitally connected. Mis-information to the public or delayed communications/press releases could lead to a lack of public confidence . A lack of cohesive community engagement can impact effectiveness of communications strategy.</p>	<p>A light touch audit review to consider further the risks and control/mitigation measures recently identified and discussed with the Communications Manager. Provide advice and insight where appropriate.</p>	<p>In-House</p>	<p>TBC PROPOSE QUARTER 1</p>
<p>5. Commercial Assets & Investments (Income Generation) - (PRIORITY A) Corporate Priority Areas - 'Recovery', 'Service Delivery '</p>	<p>14</p>	<p>Assets</p>	<p>Annual Cycle. Significant financial value re commercial property portfolio and associated risks . Corporate Risk Register - risk category 3.</p>	<p>Evolving externalities arising since the aftermath of the pandemic (referred to elsewhere) continue to increase the Council's exposure to financial risk with implications for the investment portfolio, including loss of anticipated rental income from commercial assets and poor investment returns. This may impact the Council's financial position/sustainability. Shortfall in achieving overall income target could prevail where major tenancies have ended reducing occupancy levels . This risk could increase if customer relationship management (long term) with tenants is not robust.</p>	<p>To ensure robust control processes and effective governance arrangements are operating regarding the Councils commercial property assets and investments. Review and test mechanisms for managing rental income due. Confirm continued performance monitoring arrangements/reporting and ongoing assessment of sinking fund (budget modelling highlights a significant dip in investment asset income in 2023-24 which will be offset by use of £6m of sinking funds reserves). Consider measures and strategies for enhancing long term customer relationship management with existing tenants as well as attracting new tenants, to reduce void risks and safeguard vital revenue streams.</p>	<p>Audit Contractor</p>	<p>Quarter 4</p>

<p>6. Property Development (Housing Delivery Programme) (PRIORITY A) Corporate Priority Areas - Communities and Affordable Housing</p>	<p>11</p>	<p>Assets</p>	<p>Annual Cycle. Significant financial value and adverse impact from non-development costs and wider externalities. Corporate Risk Register - risk category 1A</p>	<p>Non-development costs continue to be exacerbated by wider externalities such as elevated construction inflation and increased borrowing costs, resulting in significant adverse financial impact for the Council. These factors have continued to affect the financial viability of schemes. Delays in completing property development schemes and project interruptions present significant repercussions for delivery of housing and targets.</p>	<p>Review progress with the housing delivery programme, taking account ongoing adverse impact of wider externalities. Consider progress with new strategic approach intended to ensure housing delivery pipeline remains viable for the Council and Knowle Green Estates. Assess outcomes of external financial support such as grant funding to accelerate schemes in delivering corporate priorities and confirm visibility across portfolio of projects in terms of funding and financing sources and pathway to delivery.</p>	<p>In- House</p>	<p>Quarter 4</p>
<p>7.Housing Condition Enforcement (PRIORITY B) Corporate Priority Areas - 'Communities' and 'Service Delivery'</p>	<p>6</p>	<p>Place, Protection and Prosperity (Environmental Health)</p>	<p>Damp and mould issues in relation to Housing have attracted significant national media attention.</p>	<p>Poor housing conditions have an adverse impact on community health and wellbeing. Adverse media attention leading to reputational damage. Where statutory obligations in delivering service needs are not met this could lead to poor community outcomes .</p>	<p>Carry out a light touch audit review to ascertain the core control processes operating in managing envisaged risks. Ascertain mechanisms in monitoring compliance with statutory duties and related policies, and any repercussions of non-compliance.</p>	<p>In- House</p>	<p>TBC. PROPOSE QUARTER 2</p>
<p>8. Housing Register & Allocation Process (PRIORITY A) Corporate Priorities - Communities, affordable housing and service delivery</p>	<p>8</p>	<p>Community Wellbeing (Housing)</p>	<p>Revisions have been made to the Housing allocation process over the last year.</p>	<p>The Cost of Living Crisis presents increased demand for social housing with significant numbers on the Council's Housing Register; if the allocation of social housing is not correctly prioritised or does not comply with the revised Housing Allocations Policy, this could lead to complaints and reputational damage. If fundamental housing needs are not prioritised, met or maintained this impacts health and wellbeing of individuals.</p>	<p>Assess implementation of revised housing allocations policy intended to promote greater efficiencies and improved processes. Consider reregistration process scheduled to take place. Ascertain systems of internal control in managing associated risks and test how these are operating.</p>	<p>In-House</p>	<p>Quarter 1</p>
<p>9.Core Financial System - Housing Benefit Overpayments (FINANCIAL) (PRIORITY A) Corporate Priority - Communities and Service Delivery</p>	<p>8</p>	<p>Community Wellbeing (Benefits)</p>	<p>Element of the Housing Benefits system reviewed every 2 to 3 years.</p>			<p>In -House</p>	
<p>10.Core Financial System - Creditors (FINANCIAL) (PRIORITY A) Corporate Priority - Service Delivery (Robust financial management supports effective delivery of all corporate priorities)</p>	<p>8</p>	<p>Accountancy (Finance)</p>	<p>Annual Cycle (Significant value/volume of transactions)</p>	<p>Core Financial Systems - Financial losses and reputational damage due to fraud, collusion, theft, error, data manipulation or inefficient processes. System integrity issues and inadequate</p>	<p>Key expected controls will be prioritised, reviewed and tested for Payroll, Creditors, Treasury Management and Housing Benefit Overpayments . Across these audits assess emerging and evolving risk and control implications such as increased levels of expenditure arising from government led schemes in supporting Communities during the continued Cost of Living Crisis</p>	<p>In-House</p>	

<p>11. Core Financial System Treasury Management (FINANCIAL) (PRIORITY A) <i>Corporate Priority - Service Delivery (Robust financial management supports effective delivery of all corporate priorities)</i></p>	12	Accountancy (Finance)	Annual/Biennial Cycle (Significant value/volume of transactions). Corporate Risk Register category 5.	<p>vendor support may result in erroneous transactions or delayed activity, unsatisfactory customer experience and loss of confidence. Recovery of housing benefit overpayments could be adversely impacted due to the Cost of Living Crisis, further increasing the significant overpayment debt level. Increased borrowing costs in the context of high interest rates (Treasury Management)</p>	<p>(Creditors), accumulation of significant cash due to the capital programme not progressing and the adequacy of control processes in safeguarding assets (Treasury Management), robustness of recovery measures for benefit overpayments in the face of the Cost of Living Crisis (HB) and statutory limitations in terms of recovery efforts , and the impact of increased turnover and wider amendments on the administration of the Payroll system payroll). Monitoring mechanisms for key management information reported will form an important consideration across all these audits.</p>	In-House	Quarter 3 and 4.
<p>12. Core Financial System - Payroll (FINANCIAL) (PRIORITY A) <i>Corporate Priority - Service Delivery (Robust financial management supports effective delivery of all corporate priorities)</i></p>	10	Commissioning and Transformation (Human Resources)	Biennial Cycle. (Significant value/volume of transactions)			In-House	
<p>13. Core Financial System - Main Accounting Systems/Budget Management /Centros development (FINANCIAL) (PRIORITY A) <i>Corporate Priority - Service Delivery (Robust financial management supports effective delivery of all corporate priorities)</i></p>	11	Accountancy (Finance)	A review of Main Accounting Systems is considered timely in view of the continued embedding of a major software upgrade (Centros) that took place in 2022.	<p>Fraud, collusion and error, leading to financial losses and reputational damage. Where discrepancies between feeder systems and the main accounting system/general ledger are not identified/resolved, this could impact integrity of the financial accounts . Where there is a lack of budget ownership, financial acumen, or knowledge, this may lead to sub-standard approaches in budget management, monitoring or reporting leading to poor organisational outcomes (financial and service delivery).</p>	<p>The review will focus on identifying any emerging risks, as well as consider the robustness of systems of internal control established and operating, in particular around financial reconciliation processes. It will also consider the planned shift towards a greater level of active management input (at service level) in forecasting/managing budgets and associated controls to monitor this implementation/change. The audit will incorporate a light touch review only of transitional developments to Centros.</p>	Contractor	Quarter 3 or 4
<p>14. Gifts and Hospitality (PRIORITY B) <i>All corporate priorities</i></p>	4	Corporate Governance and all Service Areas	Audit overdue. This area is associated with reputational risk	<p>Allegations of impropriety may increase where there is a lack of understanding and awareness of the policy; failure to comply with policy requirements could be perceived as compromising professional judgement, impartiality, integrity and decisions, resulting in reputational damage and adverse media attention</p>	<p>Ascertain routine monitoring in place to ensure compliance with the policy. Review a sample of entries in the register to assess compliance with the Council's Gifts and Hospitality policy (applicable to all staff and Councillors). Consider arrangements to raise awareness and understanding of the policy and its underpinning principles.</p>	In- House	Quarter 2
<p>15. Completion, finalisation and oversight of prioritised audit assignments from 2022/23 (PRIORITY A)</p>	20	Various Service Areas				In-House	Quarter 1

<p>16. Audit Support - Advisory (PRIORITY A & B - dependant on advisory area) Corporate change programmes, major projects, regulatory areas, new approaches</p>	<p>27</p>	<p>Corporate areas as well as Service Areas</p>	<p>(A) Equality, Diversity and Inclusion - provide advice and insight as appropriate - note Corporate Risk Register category 8. (B) Periodical oversight of Digital Transformation change programme . (C) Planned advisory work on Off-street parking scheme/future service model/options analysis (D)Planned advisory work on the Business Incubator (Economic Development) (E) Continuous auditing - keep abreast of corporate project reporting to identify major projects underway</p>	<p>Risk considerations are vast. Some examples are financial/regulatory/service provision/digitalisation and technological driven change/ project delivery/customer experience and needs).</p>	<p>Identify specific risks further as part of advisory and monitoring work undertaken. Advise where appropriate on risk and control implications. Provide insight with a view to highlighting any matters deemed relevant.</p>	<p>In-House</p>	<p>Across the year. Quarter 1 to 4</p>
<p>17. Statutory Reporting - Audit Committee and related requirements (PRIORITY A)</p>	<p>43</p>	<p>Internal Audit</p>	<p>Mandatory Public Sector Internal Audit Standards (PSIAS).</p>	<p>If Internal Audit do not report periodically to the Audit Committee, this will reduce the effectiveness of the Authority's governance arrangements, reduce visibility of the Council's risks and outcomes from Internal Audit's independent assurance work</p>	<p>In accordance with the Audit Committee work programme including annual planning process and preparation, progress reports on activity, annual effectiveness review of Internal Audit, annual audit report and opinion, governance reporting etc and several associated meetings .</p>	<p>In-House</p>	<p>To coincide with Audit Committee work programme and cycle of meetings . July, November and March</p>
<p>18. Audit Follow Up (PRIORITY A)</p>	<p>6</p>	<p>Internal Audit with Service leads</p>	<p>Periodical follow up of audit recommendations forms part of audit standards and key monitoring processes (PSIAS). It contributes to demonstrating value added in mitigating / managing Council risks.</p>	<p>If medium to high-risk audit recommendations are not implemented this will impact the robustness of internal control systems, risk management and governance arrangements.</p>	<p>To ensure that where audit recommendations have been agreed by Management, they are being implemented. Reporting to the Corporate Management Team and Audit Committee on the status of audit recommendations.</p>	<p>In-House</p>	<p>Once a year and where appropriate raise during planned audit assignments</p>
<p>19. Continuous Improvement Initiatives for Internal Audit (PRIORITY A)</p>	<p>15</p>	<p>Internal Audit</p>	<p>Adherence to Professional Internal Auditing Standards (PSIAS) and best practice</p>	<p>If opportunities to enhance the service are not considered this could lessen continuous improvement . Adherence to Professional Internal Auditing Standards (PSIAS).</p>	<p>External Quality Assessment (EQA) is a requirement under PSIAS once every five years. Reciprocal reviews planned to be undertaken.</p>	<p>In-House</p>	<p>TBC. Quarter 3 & 4</p>
<p>Total Audit Days - Assignments, Audit Support & planned advisory areas , Statutory Reporting, PSIAS & Continuous Improvement work</p>	<p>243</p>						
<p>Corporate Roles: (i)Corporate Counter Fraud (Priority A) (ii)Corporate Risk Management (Priority A)</p>	<p>46</p>						

All other work across the team to support the authority and delivery of the Internal Audit Service (See below)	121	
Consultation with Internal Audit on reports going to various Committees to advise on risk considerations (process introduced from late 2022) /Contingency & unforeseen work (Confidential Investigations; ad hoc advice to Management on emerging risks and issues/ new schemes and developing processes/Trusted Advisor); Dotted line reporting/ staff briefings/ Working groups / External Audit liaison/ /Plan monitoring and reprioritisation/ Team & Service Management/ Commissioning contractor resource and monitoring/Legal matters/ corporate tasks / CPD training/ miscellaneous tasks		
Total Audit plan Days	410	
Resource available in Days 2022/23 (ESTIMATED)	410	
Days Available After Deduction for Annual Leave & Bank Holidays & small provision for Sickness Absence (Estimate)		
PT - Part Time 0.75 FTE	161	
PP - Full Time 1 FTE	218	
Contractor - budget days	31	
Total	410	

This page is intentionally left blank

Audit Committee

23rd March 2023



Title	Counter Fraud, Bribery and Corruption Strategy
Purpose of the report	To make a decision and a recommendation to Council
Report Author	Internal Audit Manager, Punita Talwar
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	All priorities Community Affordable housing Recovery Environment Service delivery
Recommendations	The Audit Committee is asked to: 1. Endorse the Council's Counter Fraud, Bribery and Corruption Strategy 2. Approve the changes recommended to the Council's Counter Fraud, Bribery and Corruption Strategy.
Reason for Recommendation	The Audit Committee is required to make any recommendations for change to the Corporate Policy and Resources Committee.

1. Summary of the report

- 1.1 The continued importance of having a defined approach for how Spelthorne will counter fraud, bribery, and corruption in the form of a strategy is acknowledged. This report sets out the proposed changes to the strategy to ensure it remains relevant and current. A track changes version can be seen at Appendix 1, with a clean version at Appendix 2. The strategy was previously reviewed/reported to Audit Committee in July 2021.
- 1.2 It is no surprise that during economically challenging times and with the continued Cost of Living Crisis, fraud and corruption occurrences are perceived to be on the increase. It remains essential for the Council to protect its assets, resources, and information systems to minimise heightened risks of fraudulent activity and cyber-crime. Such occurrences could lead to significant

business disruption, reputational damage, financial losses to the public purse, reduced public services and harm to vulnerable members of the community targeted by fraudsters. Poor data security and breaches are often viewed as an enabler for fraudulent activity to prevail.

- 1.3 The following quotation references and statistics have been taken from the CIPFA Fraud and Corruption Tracker, national report 2020 (please note these are the latest statistics published by CIPFA).
- 1.4 “Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities”.
- 1.5 “For local authorities in the UK, CIPFA has estimated that the total value of fraud identified and prevented in 2019/20 is approximately £239.4m, representing an average of £5,090 per fraud case”.
- 1.6 In addition, the Cabinet Office National Fraud Initiative (NFI) report of December 2022 states ‘Fraud is estimated to account for 40% of all crime committed across the UK and is a long-standing threat to Public Services. The NFI has enabled participating organisations to prevent and detect/recover £443 million fraud and error across the UK (of which £417m is for England) in the period April 2020 to March 2022 , through the provision of counter fraud data matching services’.

2. Key issues

- 2.1 The Audit Committee is required to review the Council’s Counter Fraud, Bribery and Corruption Strategy annually and make any recommendations for change to the Corporate Policy and Resources Committee. The Strategy forms part of the Council’s Constitution and is in line with best practice. The Strategy continues to underpin the Council’s commitment to dealing effectively with all forms of fraud, bribery, and corruption, demonstrating the important role it plays in the overall corporate governance framework.
- 2.2 As part of this review, some changes are proposed to the strategy to reflect current developments and provide further insight. Some additional narrative has been included in red text at Appendix 1 along with some minor track changes and these relate to the following sections/references within the strategy document:

Section – Introduction

The references to government departments have been updated at section 2. (*Minor change*)

Section – Culture

Minor changes at points 11 and 12 with reference to raising concerns under the Council’s Confidential Reporting Code. (*Minor change*)

Section - Codes/Procedures (Under Heading of Prevention)

Amended wording at point 13.1 to ensure it is current and additional text around vetting procedures has been included given the importance of such on-boarding checks in the context of the strategy.

Amended and expanded wording at point 13.2 to outline roles and responsibilities of Managers in managing fraud, bribery and corruption risks and the provision of assurance by Internal Audit.

Section – Detection

Amended and expanded wording under sub-section on ‘Counter Fraud Measures’ to explain collaborative approaches, including examples of targeted counter fraud drives for perusal.

Reference to periodical monitoring, analysis and reporting of Spelthorne’s quantified fraud returns in demonstrating savings/fraud losses prevented or stopped.

Section – Awareness

Expanded wording under this section to include tailored training provided to teams dealing with high-risk public fraud activity (Housing, Benefits, Council Tax and Business Rates).

Amended wording to include service area leading on matters relating to Serious and Organised crime. As Serious and Organised crime comprises several categories, one of which being high-value fraud, it seems appropriate to cross reference within the overall counter fraud, bribery and corruption strategy.

- 2.3 Best practice principles promoted in publications such as CIPFA’s ‘Fraud and Corruption Tracker, national report 2020’, and ‘Fighting Fraud and Corruption Locally’ (2020) have been considered as part of the strategy review, and current activity is deemed as proportionate relative to the perceived risk and size of the authority.
- 2.4 Several Counter Fraud measures and principles continue to operate as part of the strategy, and these are highlighted below:
- (i) Open and honest Culture – An acceptance that there is always going to be fraud and as public servants everyone has a part to play in remaining alert to the possibility of fraud, bribery or corruption and being mindful that the risks of occurrence can become even more prevalent during periods of economic instability and geopolitical uncertainty. This links to responsibility for raising concerns in accordance with policy and procedure. The Confidential Reporting Code (Whistleblowing Policy) refers to Fraud, Bribery and Corruption as constituting a serious concern category and sets out the protocol.
 - (ii) Communicate and Inform – Spelthorne endeavours to alert Members, officers, and communities of known scams and suspicious communications. This risk remains heightened during the continued Cost of Living Crisis as unfortunately temptation to perpetrate fraud and wrongdoing increases to alleviate need. High risk public fraud cases proven are publicised to serve as a deterrent.
- Collaboration - Spelthorne continues to procure specialist counter fraud resource/expertise/services from Reigate and Banstead Council to target high risk public fraud areas which are likely to generate greater financial returns (business rates and housing) as well as wider social benefits. Collaborative working has produced positive outcomes particularly in Housing including some successful prosecutions. Opportunities to participate in joint data sharing exercises with County and other Surrey Councils continues to be promoted in tackling fraud.

- (iii) Preventing Fraud – It is more difficult and time consuming to recover loss post payment or award, so an emphasis on prevention as the most strategic and effective way to address fraud continues to be pursued. It remains the responsibility of everyone to help prevent fraud and corruption by remaining vigilant. Enhanced verification for all homelessness applications (prior to award) is an example of a preventative measure currently in place which has led to applications being withdrawn. Such verification processes are also available for housing register applications and can help in reducing the level of households listed on the register. (There are currently approx. 3,800 households on the authority's housing register)
- (iv) Detection and Investigation- Measures are set out in the attached strategy under 'Detection and Investigation'. Qualified fraud investigators (including Financial Investigators) have access to open source and other intelligence to inform investigations.
- (v) Fraud Recording and Reporting – There is quantifiable reporting of estimated financial savings/fraud losses prevented or detected (public fraud). This is based on applicable financial savings advised by the Cabinet Office across each of the high-risk public fraud categories. Spelthorne's overall savings/fraud losses prevented/detected for the financial year 2021/22 amount to £339k(rounded). For the period April to December 2022, notional savings generated amount to £235k(rounded) of which approx. £4k can be quantified at this stage as cashable savings for Spelthorne. The 2022/23 fraud return will be analysed and reported in due course in the annual audit report for 2022/23.
- (vi) Opportunities - Increased focus on social housing fraud (such as unlawful sub-letting and wrongly claimed tenancy succession) is being pursued with registered providers. This was reported as the largest growing fraud area in CIPFA'S Fraud and Corruption Tracker 2020. The Cabinet Office notional figure for tenancies recovered currently stands at £93k for every case.

Several meetings and discussions have taken place across Housing, Internal Audit, Reigate and Banstead Council and A2 Dominion and all parties have agreed to the pursual and facilitation of a bulk data matching exercise with a view to freeing up social housing to those in genuine need and reducing the financial burden of temporary accommodation.

Given such a targeted exercise has never been undertaken previously, it is anticipated that the scale of positive financial returns from detected fraud could be significant (these have previously been advised by both the Strategic Housing Manager and Internal Audit Manager). This is a great example of collaborative working approaches, and we look forward to reporting further on outcomes achieved.

Business Rates and Council Tax are prevalent areas of fraud in local government. Pro-active fraud initiatives (e.g., targeting small business rate relief and Single Person Discount) continue to be encouraged. Due

to the staffing changes and transitional period within Customer Services, targeted exercises for these common fraud areas have not developed further. However positive discussions have commenced with the Group Head of Commissioning and Transformation and teams will be joining the organised training session in March to gain further insight.

(vii) Understanding & Awareness- Reigate and Banstead Council will be delivering tailored high risk public fraud awareness training (refresher sessions) to Housing, Benefits and Customer Services during March 2023, as well as Registered Providers. Services will be reminded of the scope of Counter Fraud provision and encouraged to refer suspected cases across all high- risk categories.

(viii) Internal Audit & Fraud Risk Management - Fraud can be external in nature (public fraud) or internal to an organisation (internal fraud). Managers are accountable for ensuring the adequate operation of systems of internal control in their service areas. Internal Audit provides independent assurance that effective controls are in place and operating to mitigate or minimise the risk of fraud, bribery and corruption for areas reviewed. Emerging fraud risks arising from new systems and processes also require consideration.

The Internal Audit Manager has commissioned a data analytics exercise to detect potential fraudulent and erroneous transactions or activity associated with 'Creditors' (high risk dataset). This modern audit approach is intended to provide extended assurance to the Council to safeguard the council's financial resources relating to accounts payable.

(ix) Data Sharing and Analytics - Spelthorne already participate in the National fraud Initiative (NFI) every two years, whereby electronic data is matched within and between public and private sector bodies to prevent and detect fraud.

3. Options analysis and proposal

Either

i. To note the current position and accept the amendments proposed to the Counter Fraud, Bribery and Corruption Strategy. (Preferred option)

Or:

ii. To make further amendments to the Counter Fraud, Bribery and Corruption Strategy.

Or:

iii. To make no changes to the strategy, thereby not reflecting the current position.

4. Financial implications

4.1 Resources required (staff time) to implement actions to prevent and detect Fraud, bribery and corruption risks should be contained within existing budgets. There is approved funding for corporate counter fraud resource until

March 2025 to support Housing, Benefits, Business Rates and Council Tax in undertaking preventative/detection/investigatory work. This resource may support other investigatory work, dependant on the nature of the enquiry.

5. Risk considerations

- 5.1 Associated risks and consequences of fraud, bribery and corruption include financial losses (potentially high value), reputational damage to the authority, corporate liability offence associated with bribery, harm to staff or the local community, and reduced public services for the borough's residents (if resources are exploited by fraudsters).

6. Procurement considerations

- 6.1 The Procurement team were consulted at the time of procuring the external service from Reigate and Banstead Council.

7. Legal considerations

- 7.1 The Legal team have been consulted regarding the service provider agreement.

8. Other considerations

- 8.1 There are none.

9. Equality and Diversity

- 9.1 Fraud, Bribery and Corruption risks should be considered in all areas of operation as fraudulent activity can result in Council services being diverted away from communities who need them.

10. Sustainability/Climate Change Implications

- 10.1 There are no specific issues to highlight.

11. Timetable for implementation

- 11.1 There is no specific timetable as implementation of the strategy remains ongoing with annual review and reporting.

12. Contact

- 12.1 Punita Talwar, Internal Audit Manager. P.Talwar@spelthorne.gov.uk

Background papers: CIPFA Fraud and Corruption Tracker, national report 2020

Appendices:

Appendix 1 – Track changes version of Counter Fraud, Bribery and Corruption Strategy (reviewed February 2022)

Appendix 2 – Clean version of Counter Fraud, Bribery and Corruption Strategy (February 2022)

APPENDIX 1 - COUNTER FRAUD, BRIBERY AND CORRUPTION STRATEGY

Introduction

1. This Strategy is applicable to Members and staff. The Borough of Spelthorne is committed to providing a high standard of service and accountability. An important aspect of this is a strategy which protects against fraud, bribery and corruption within the Council itself and from external sources.

In this context

Fraud means - the illicit gaining of cash or other benefit by deception;

Corruption means - the dishonest influencing of actions and decisions.

Bribery means – the offering, giving or soliciting of an inducement or reward which may influence a person to perform a function or activity improperly.

2. The Council recognises that it is already subject to a high degree of external scrutiny of its affairs by a variety of parties. This includes the general public, Council Tax / Business Rates payers, service users, the Local Government Ombudsman, Central Government, in particular, HM Revenue and Customs, the [Department for Levelling Up, Ministry of Housing, and Communities \(DLUHC\)](#) and [Local Government](#), the [Department for Business and Trade \(DBT\)](#), [Energy & Industrial Strategy \(BEIS\)](#) and the Department for Work and Pensions.
3. It also has external auditors who advise whether the Council has in place adequate arrangements for the prevention and detection of fraud, bribery and corruption.
4. While this external scrutiny assists in protecting against fraud, bribery and corruption the Council believes a clear statement of its own strategy is needed.
5. The key elements of the Council's strategy to combat fraud, bribery and corruption are:
 - An open and honest culture
 - Adequate preventative measures
 - Systems for detection and investigation
 - Understanding and awareness within the Council and the adoption of a "whistleblowing" policy

Culture

- 6. The Council expects Members and staff at all levels to behave with integrity and propriety and to act within the law and the regulations, procedures and practices laid down in relation to the conduct of the Council's business. The Council believes this is achieved best through the promotion of an atmosphere of honesty and openness.
- 7. The Council encourages Members and staff to raise any concerns they have about fraud, bribery and corruption immediately as they occur. It will treat all concerns raised, seriously and in confidence. This is covered with all staff as part of their induction process.
- 8. The Council has three senior officers who have particular responsibility for regulating the conduct of the Council and its activities. These are:

Chief Finance Officer	Responsible for the financial management, audit and financial probity of the Council and also for its proper personnel policies and practices.
Monitoring Officer	Responsible for the legal probity and avoidance of maladministration or injustice by the Council.
Chief Executive	Responsible as Head of Paid Service for the overall management and direction of the Council and for ensuring adequate staff resources for services.

9. In addition each Group Head and senior manager have responsibility for the proper organisation and conduct of their service area. It is important that Managers and officers at all levels do not become complacent about the risk of fraud as this may have an impact in terms of the robustness of controls applied in practice. Please refer to the section on systems below.

10. Concerns should be raised with any of the above officers under section 8 or with the Council's Internal Audit Manager (Punita Talwar).

11. More detailed guidance and advice on how to raise any concerns relating to fraud, bribery and corruption is contained in the Council's Confidential Reporting Code (whistleblowing policy).

12. If anyone feels they are unable to raise their concerns through any of the above routes, under the Confidential Reporting Code they may contact 'Protect' (020 3117 2520 – advice line), a registered charity whose services are free and strictly confidential.

Prevention

13. The adoption of proper and adequate measures to prevent fraud, bribery and corruption is the responsibility of Members, Chief Executive, Deputy Chief Executives, Group Heads and other managers. Preventative measures can be classified under two broad headings - Codes/Procedures and Systems.

1. Codes/Procedures

All Members and staff need to be aware of, and have ready access to, the Council's agreed policies and procedures eg. Financial Regulations, Standing Orders, Codes of Conduct, Code of Corporate Governance and any relevant practice and procedure documents. A review of the Council's Constitution ~~is being~~ **has been** led by the Group Head of Corporate Governance. The Governance Framework ~~has been~~ **continues to be** developed and enhanced to reflect the **Council's significant property/asset portfolio. ~~increasing commercial asset acquisitions and investments.~~**

In particular staff must observe the Council's Code of Conduct for Staff (a copy of which is made available to all staff) and any relevant professional codes.

References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity. **Other vetting should be applied which gives due consideration to the nature of the appointed position.**

~~Members will in particular observe the Spelthorne code of conduct adopted on the 27 June 2012 and subsequently revised on 25 June 2013 any other local Spelthorne code.~~ The Members Code of conduct is kept under review by the ~~Members Code of Conduct~~ **Standards** Committee. Members will be supplied with a copy of any relevant code, policy and procedure and advised of their responsibilities.

~~A review of the Confidential Reporting Code (Whistleblowing Policy), using a benchmarking tool to assess the effectiveness of whistleblowing arrangements has highlighted some areas for improvement (reported to Audit Committee November 2019) and the policy has been further developed.~~

2. Systems

The Council has and will maintain in place systems and procedures which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud, bribery and corruption are prevented.

The Chief Finance Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs. Financial procedures detail key financial systems and provide guidance which underpins the Council's Financial Regulations.

Chief Executive, Deputy Chief Executives, Group Heads and managers are responsible for ensuring that appropriate internal controls are properly maintained to minimise the risk of errors, fraud, bribery and corruption.

A detailed analysis of the risks associated with any service **and how they are being addressed** ~~should be carried out by managers and this is being promoted as part of developing risk management~~ has been integrated into the annual service planning process to enable greater alignment across corporate processes. Managers are responsible for ~~to~~ ensuring that fraud, bribery and corruption risks are minimised and Internal Audit will advise through the provision of independent assurance.

14. Detection and investigation

Concerns should be reported to one of the individuals referred to in paragraphs 8 and 10 above or in accordance with the Council's whistleblowing policy.

A detailed investigation of any concerns raised will be undertaken with the assistance of the Council's Internal Audit Service. The Group Head of Corporate Governance holds responsibility for responding to allegations of bribery and corruption **relating to Members**. The Council will deal with any instances of fraud, bribery or corruption swiftly. Disciplinary action will be taken if appropriate after the police have been informed/involved, and the relevant ~~Cabinet Member Committee~~ informed where necessary. Where the Council has adopted a prosecution policy for any business area (eg Housing Benefit Fraud or Housing register) this will be followed. Any lessons learnt from Investigations undertaken relating to systematic weaknesses will be highlighted and should feed back into improving fraud prevention/detection measures.

In the event that fraud is suspected on the part of contractors' employees or internally, by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Council will inform and involve employing contractors or agencies when appropriate.

Counter Fraud measures - Given the significance of corporate fraud in national and local statistics and the cost to the taxpayer, the Council recognises the continued importance of collaborative working arrangements with other Councils/Partners to help **prevent**, deter, detect and investigate fraud, providing access to specialist skills and greater capacity to investigate fraud. The strategy to target areas **of public fraud** which are likely to generate greater financial ~~returns~~ ~~payback~~ (Business Rates and **Social Housing**) will continue. Such initiatives have demonstrated positive financial fraud returns for Spelthorne (notional and cashable savings) ~~in the areas of Housing, Business Rates, and Council Tax~~ and continue to do so. ~~These savings could be enhanced further through the use of Financial Investigator Resource to recover losses/assets (where appropriate).~~ **For high-risk public fraud areas, Internal Audit will continue to collaborate with Services to promote awareness and encourage take up of counter fraud measures (these incorporate preventative as well as detective and investigatory approaches). It remains the responsibility and decision of Group Heads**

and Service Managers to pursue/implement collaborative opportunities presented enabling sustained targeting of counter fraud measures. Some examples regularly promoted include enhanced pro-active vetting of Housing register applications (preventative measure), periodical County Wide Single Person Discount exercises led by Surrey to target Council Tax fraud, the use of Financial Investigator Resource to recover losses/assets (where appropriate), proactive fraud drives such as bulk data matching exercises with Registered Providers to target social housing fraud. There has been strong commitment across teams to pursue the bulk data matching initiative with A2D (currently undergoing legal due diligence stage) and this is explained in more detail in other reports along with positive anticipated returns.

Counter fraud measures targeting illegal sub-letting and other types of social housing fraud also contribute to the delivery of wider social benefits, enabling more social housing to be available to those people and members of the community who are genuinely in need of a home, leading to a reduction in housing applicant waiting times, reduced temporary accommodation costs and ultimately the need for fewer houses to be built. Positive results (proven fraud) are publicised periodically to serve as a deterrent.

~~External groups are attended with Surrey Partners including~~ Whilst the Surrey Counter Fraud Board (SCFB) no longer meets on a regular basis, existing networks provide useful points of contact. This enables the sharing of best practice and approaches in tackling public fraud and provides opportunities to pursue joint counter fraud initiatives such as data matching. The importance of engaging with members of the public to join the fight against fraud is recognised. ~~Spelthorne's fraud returns are collated quarterly and reported to the Surrey Counter Fraud Board, which enables some benchmarking and comparison across Surrey Partners.~~ Periodical monitoring and analysis of Spelthorne's quantified fraud returns across categories and time intervals is included in Internal Audit reporting to Management Team and Audit Committee. These demonstrate financial savings (notional and where measurable cashable)/financial losses prevented for the Council and the wider public purse.

Awareness

The Council recognises the continuing effectiveness of the Counter Fraud, Bribery and Corruption Strategy depends largely on the awareness and responsiveness of Members and staff. It is essential that both Members and staff are made aware of the strategy when they join the Council and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Council's activities. Action will be taken on a regular basis to remind both Members and staff of the importance the Council places on preventing fraud and corruption and investigating irregularities. Effective methods for mandatory training and raising awareness including face to face and online shall be periodically explored and delivered. For those Services administering areas that present higher risk of public fraud occurrence, as well as Registered Providers, periodical awareness raising, and training is delivered by the Service Provider (Reigate and Banstead Council). This serves as a reminder of the prevalence of fraud in these areas using anonymised case studies to bring the training to life and encourage any suspicions (no matter how small) to be referred for

investigation through correct channels. This promotes a zero tolerance to fraud culture across the Council

In accordance with the Government's Serious and Organised Crime Strategy, local Police representatives have previously provided two awareness raising sessions for staff and Members during 2018 to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime and highlight known vulnerabilities. During these sessions the importance of sharing intelligence with Law Enforcement Partners has been encouraged. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Further consultation with the local police is ongoing and red flags /known risks will continue to be highlighted by the relevant Service Area (Community Safety) falling under Neighbourhood Services. Group Heads and Managers are responsible for assessing governance arrangements in place to combat risks in this area for their respective functions.

APPENDIX 2 - COUNTER FRAUD, BRIBERY AND CORRUPTION STRATEGY

Introduction

1. This Strategy is applicable to Members and staff. The Borough of Spelthorne is committed to providing a high standard of service and accountability. An important aspect of this is a strategy which protects against fraud, bribery and corruption within the Council itself and from external sources.

In this context

Fraud means - the illicit gaining of cash or other benefit by deception;

Corruption means - the dishonest influencing of actions and decisions.

Bribery means – the offering, giving or soliciting of an inducement or reward which may influence a person to perform a function or activity improperly.

2. The Council recognises that it is already subject to a high degree of external scrutiny of its affairs by a variety of parties. This includes the general public, Council Tax / Business Rates payers, service users, the Local Government Ombudsman, Central Government, in particular, HM Revenue and Customs, the [Department for Levelling Up, Housing, and Communities \(DLUHC\)](#), the [Department for Business and Trade \(DBT\)](#) and the Department for Work and Pensions.
3. It also has external auditors who advise whether the Council has in place adequate arrangements for the prevention and detection of fraud, bribery and corruption.
4. While this external scrutiny assists in protecting against fraud, bribery and corruption the Council believes a clear statement of its own strategy is needed.
5. The key elements of the Council's strategy to combat fraud, bribery and corruption are:
 - An open and honest culture
 - Adequate preventative measures
 - Systems for detection and investigation
 - Understanding and awareness within the Council and the adoption of a "whistleblowing" policy

Culture

6. The Council expects Members and staff at all levels to behave with integrity and propriety and to act within the law and the regulations, procedures and

practices laid down in relation to the conduct of the Council's business. The Council believes this is achieved best through the promotion of an atmosphere of honesty and openness.

7. The Council encourages Members and staff to raise any concerns they have about fraud, bribery and corruption immediately as they occur. It will treat all concerns raised, seriously and in confidence. This is covered with all staff as part of their induction process.
8. The Council has three senior officers who have particular responsibility for regulating the conduct of the Council and its activities. These are:

Chief Finance Officer	Responsible for the financial management, audit and financial probity of the Council and also for its proper personnel policies and practices.
Monitoring Officer	Responsible for the legal probity and avoidance of maladministration or injustice by the Council.
Chief Executive	Responsible as Head of Paid Service for the overall management and direction of the Council and for ensuring adequate staff resources for services.

9. In addition each Group Head and senior manager have responsibility for the proper organisation and conduct of their service area. It is important that Managers and officers at all levels do not become complacent about the risk of fraud as this may have an impact in terms of the robustness of controls applied in practice. Please refer to the section on systems below.

10. Concerns should be raised with any of the above officers under section 8 or with the Council's Internal Audit Manager (Punita Talwar).

11. More detailed guidance and advice on how to raise any concerns **relating to fraud, bribery and corruption** is contained in the Council's Confidential Reporting Code (whistleblowing policy).

12. If anyone feels they are unable to raise their concerns through any of the above routes, **under the Confidential Reporting Code** they may contact 'Protect' (020 3117 2520 – advice line), a registered charity whose services are free and strictly confidential.

Prevention

13. The adoption of proper and adequate measures to prevent fraud, bribery and corruption is the responsibility of Members, Chief Executive, Deputy Chief Executives, Group Heads and other managers. Preventative measures can be classified under two broad headings - Codes/Procedures and Systems.

1. Codes/Procedures

All Members and staff need to be aware of, and have ready access to, the Council's agreed policies and procedures eg. Financial Regulations, Standing Orders, Codes of Conduct, Code of Corporate Governance and any relevant practice and procedure documents. A review of the Council's Constitution **has been** led by the Group Head of Corporate Governance. The Governance Framework **continues to be** developed and enhanced to reflect the **Council's significant property/asset portfolio**.

In particular staff must observe the Council's Code of Conduct for Staff (a copy of which is made available to all staff) and any relevant professional codes.

References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity. **Other vetting should be applied which gives due consideration to the nature of the appointed position.**

The Members Code of conduct is kept under review by the **Standards** Committee. Members will be supplied with a copy of any relevant code, policy and procedure and advised of their responsibilities.

2. Systems

The Council has and will maintain in place systems and procedures which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud, bribery and corruption are prevented.

The Chief Finance Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs. Financial procedures detail key financial systems and provide guidance which underpins the Council's Financial Regulations.

Chief Executive, Deputy Chief Executives, Group Heads and managers are responsible for ensuring that appropriate internal controls are properly maintained to minimise the risk of errors, fraud, bribery and corruption.

A detailed analysis of the risks associated with any service **and how they are being addressed has been integrated into the annual service planning process to enable greater alignment across corporate processes. Managers are responsible for ensuring** that fraud, bribery and corruption risks are minimised **and Internal Audit will advise through the provision of independent assurance.**

14. Detection and investigation

Concerns should be reported to one of the individuals referred to in paragraphs 8 and 10 above or in accordance with the Council's whistleblowing policy.

A detailed investigation of any concerns raised will be undertaken with the assistance of the Council's Internal Audit Service. The Group Head of Corporate Governance holds responsibility for responding to allegations of bribery and corruption relating to **Members**. The Council will deal with any instances of fraud, bribery or corruption swiftly. Disciplinary action will be taken if appropriate after the police have been informed/involved, and the relevant **Committee** informed where necessary. Where the Council has adopted a prosecution policy for any business area (eg Housing Benefit Fraud or Housing register) this will be followed. Any lessons learnt from Investigations undertaken relating to systematic weaknesses will be highlighted and should feed back into improving fraud prevention/detection measures.

In the event that fraud is suspected on the part of contractors' employees or internally, by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Council will inform and involve employing contractors or agencies when appropriate.

Counter Fraud measures - Given the significance of corporate fraud in national and local statistics and the cost to the taxpayer, the Council recognises the continued importance of collaborative working arrangements with other Councils/Partners to help **prevent**, deter, detect and investigate fraud, providing access to specialist skills and greater capacity to investigate fraud. The strategy to target areas **of public fraud** which are likely to generate greater financial **returns** (Business Rates and **Social Housing**) will continue. Such initiatives have demonstrated positive financial fraud returns for Spelthorne (notional and cashable savings) and continue to do so. **For high-risk public fraud areas, Internal Audit will continue to collaborate with Services to promote awareness and encourage take up of counter fraud measures (these incorporate preventative as well as detective and investigatory approaches). It remains the responsibility and decision of Group Heads and Service Managers to pursue/implement collaborative opportunities presented enabling sustained targeting of counter fraud measures. Some examples regularly promoted include enhanced pro-active vetting of Housing register applications (preventative measure), periodical County Wide Single Person Discount exercises led by Surrey to target Council Tax fraud, the use of Financial Investigator Resource to recover losses/assets (where appropriate), proactive fraud drives such as bulk data matching exercises with Registered Providers to target social housing fraud. There has been strong commitment across teams to pursue the bulk data matching initiative with A2D (currently undergoing legal due diligence stage) and this is explained in more detail in other reports along with positive anticipated returns.**

Counter fraud measures **targeting illegal sub-letting and other types of social housing fraud** also contribute to the delivery of wider social benefits, enabling more social housing to be available to those people **and members of the community** who are genuinely in need of a home, leading to a reduction in housing applicant waiting

times, reduced temporary accommodation costs and ultimately the need for fewer houses to be built. Positive results (**proven fraud**) are publicised periodically to serve as a deterrent.

Whilst the Surrey Counter Fraud Board (SCFB) no longer meets on a regular basis, existing networks provide useful points of contact. This enables the sharing of best practice and approaches in tackling public fraud and provides opportunities to pursue joint counter fraud initiatives such as data matching. The importance of engaging with members of the public to join the fight against fraud is recognised. **Periodical monitoring and analysis of Spelthorne's quantified fraud returns across categories and time intervals is included in Internal Audit reporting to Management Team and Audit Committee. These demonstrate financial savings (notional and where measurable cashable)/financial losses prevented for the Council and the wider public purse.**

Awareness

The Council recognises the continuing effectiveness of the Counter Fraud, Bribery and Corruption Strategy depends largely on the awareness and responsiveness of Members and staff. It is essential that both Members and staff are made aware of the strategy when they join the Council for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Council's activities. Action will be taken on a regular basis to remind both Members and staff of the importance the Council places on preventing fraud and corruption and investigating irregularities. Effective methods for mandatory training and raising awareness including face to face and online shall be periodically explored and delivered. **For those Services administering areas that present higher risk of public fraud occurrence, as well as Registered Providers, periodical awareness raising, and training is delivered by the Service Provider (Reigate and Banstead Council). This serves as a reminder of the prevalence of fraud in these areas using anonymised case studies to bring the training to life and encourage any suspicions (no matter how small) to be referred for investigation through correct channels. This promotes a zero tolerance to fraud culture across the Council**

In accordance with the Government's Serious and Organised Crime Strategy, local Police representatives have **previously** provided awareness raising sessions for staff and Members to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime and highlight known vulnerabilities. During these sessions the importance of sharing intelligence with Law Enforcement Partners has been encouraged. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Further consultation with the local police is ongoing and red flags /known risks will continue to be highlighted **by the relevant Service Area (Community Safety) falling under Neighbourhood Services.** Group Heads and Managers are responsible for assessing governance arrangements in place to combat risks in this area for their respective functions.

Audit Committee



23rd March 2023

Title	Refreshed Internal Audit Assurance Opinions
Purpose of the report	To note
Report Author	Internal Audit Manager, Punita Talwar
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	All Corporate Priorities Community Affordable housing Recovery Environment Service delivery
Recommendations	Committee is asked to: Note and endorse the refreshed assurance opinions which have been adopted from 2023.
Reason for Recommendation	Continuous Improvement for Internal Audit in considering recommended best practice from professional institutes such as Chartered Institute of Public Finance and Accountancy (CIPFA). These opinions support conclusions on assurance work undertaken by the Internal Audit Service, in the provision of independent assurance to the Audit Committee and Corporate management team. Assurance opinions granted on individual assignments will feed into the Internal Audit Manager's overall annual audit opinion on the adequacy of the authority's internal control environment, governance, and risk management arrangements. This subsequently forms part of the Annual Governance Statement.

1. Summary of the report

- 1.1 The professional practice of Internal Audit within the public sector is governed by the mandatory Public Sector Internal Audit Standards (PSIAS). Whilst these refer to the requirement for an engagement opinion at the end of each audit assignment, they do not stipulate a specific model or terminology to apply. It is acknowledged that there are some variations across the public sector in terms of assurance opinions used.

- 1.2 This report seeks to inform the Audit Committee of a change to the assurance opinion terminology adopted by Spelthorne’s Internal Audit Service, in line with recommended best practice from CIPFA. Assurance opinions issued by Internal Audit support overall conclusions on assurance work undertaken and indicate the level of assurance that can be provided to the Audit Committee and Management Team in any given area (based on the assessment and professional judgement of Internal Audit).
- 1.3 Assurance opinions for individual assignments feed into higher level assurance reporting i.e., the Internal Audit Manager’s annual audit opinion on the adequacy of the authority’s internal control environment, governance, and risk management arrangements. The Internal Audit Manager will also take into account wider areas of insight in forming her overall opinion and this will be referred to in more detail in the annual audit report for 2022/23 (backward looking) scheduled for the July meeting of the Audit Committee. The annual audit opinion subsequently forms part of the Annual Governance Statement (a key assurance statement for the Council).
- 2. Key issues**
- 2.1 As part of Continuous Improvement, the Internal Audit Manager has introduced refreshed assurance opinions when concluding planned internal audit assignments. This refreshed model has started to take effect recently and is set out below. Each opinion level/rating (of which there are four) incorporates ‘assurance’ terminology along with a related description articulating what a particular assurance level represents in terms of governance, risk management and internal control in the achievement of objectives.

Assurance Opinion – Definition (Refreshed Model)

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

- 2.2 Whilst there are no mandatory requirements for Internal Audit Services regarding the range of assurance opinion levels applied or related descriptions articulating what a particular assurance level represents, it is considered appropriate and timely to implement CIPFA'S model of good practice which promotes the use of four levels. The terminology presented is simple and straightforward in communicating overall conclusions and engaging with stakeholders (Audit Committee, Corporate Management Team, Senior Management, External Audit). Notably there are some variations around opinions that are in use across the public sector. CIPFA's recommended approach/model was launched with a view to encouraging greater standardization and consistency over time across local government and the public sector. Furthermore, it is envisaged that the new descriptions will help to reinforce at the Council the level of objective assurance provision regarding systems of internal control, risk management and governance deemed to be appropriate for any given auditable engagement, based on professional audit opinion. We have already received positive feedback from Management Team and the Group Head of Corporate Governance in refreshing our approach, as well as the Chair and Vice Chair of the Audit Committee.
- 2.3 Previous assurance opinions and related descriptions had become in need of review to refocus the attention around 'assurance provision' as reinforced in every rating level. For completeness we also highlight the four opinion levels and related descriptions applied previously under the former model so that Audit Committee can appreciate the revisions made and being adopted. These are set out below:

Assurance Opinion – Definition (Prior model)

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.

- 2.4 The revised assurance opinion terminology set out at paragraph 2.1 has taken effect as it was considered timely to coincide with the start of the current calendar year. It is being used in internal audit reports from January 2023 and is proposed to also be used in the annual audit opinion as it seems logical to do so, making some minor revisions at that time to reflect the fact

that the assurance opinion will relate to the organisation as a whole rather than an individual auditable area. The annual audit opinion will form part of the annual audit report and annual governance statement for 2022/23. This ensures consistent approaches are applied in line with best practice from professional audit and accountancy bodies.

3. Options analysis and proposal

3.1 Option 1. (Preferred) For the Audit Committee to note and endorse the refreshed assurance opinions set out in this report, in line with recommended professional best practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). This supports continuous improvement. Or:

Option 2: To apply former or alternative assurance opinions which whilst deemed acceptable (as there is no mandatory requirement to use certain terminology), does not keep in line with recommended best practice.

4. Financial implications

4.1 There are none.

5. Risk considerations

5.1 Risk: Lack of buy-in to the refreshed model. Mitigation: The Internal Audit Manager has communicated the changes to the assurance opinion levels and related descriptions, with rationale in seeking to ensure continued buy-in around the change from senior management, Management Team and the Audit Committee.

5.2 Risk: Lack of clarity around assurance provision under the new model. Mitigation: The new model arguably provides greater clarity around levels of assurance provision granted for any auditable area based on professional judgement of Internal Audit. It is also supported with four colour ratings to enhance visual presentation, ranging from green to red, with green representing the most favourable assurance opinion (substantial assurance) whilst red represents the most adverse opinion (no assurance).

6. Procurement considerations

6.1 There are none.

7. Legal considerations

7.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory further to the Accounts and Audit (England) Regulations 2011.

7.2 Whilst the refreshed assurance opinion model is not a mandatory requirement it does reflect best practice from the Chartered Institute of Public Finance and Accountancy (CIPFA).

8. Other considerations

8.1 The refreshed assurance opinion model was introduced from January 2023. Internal audit reporting coincides with the financial year rather than the calendar year. The annual audit report for 2022/23 (due to be reported to Audit Committee in July 2023) is therefore envisaged to include both prior and current model assurance opinions issued when concluding internal audit assignments for 2022/23. For purposes of consistency, we will also include the equivalent opinion under the new model. For example, where an audit assignment was granted a 'Some Improvement Needed' rating under the prior

model this will be referred to as 'Reasonable Assurance', whilst a 'Major Improvement Needed' rating under the prior model will be referred to as 'Limited Assurance'.

9. Equality and Diversity

9.1 Any future audit assignments on Equality, Diversity and Inclusivity will include an assurance opinion to support audit conclusions drawn.

10. Sustainability/Climate Change Implications

10.1 The forthcoming audit plan for 2023/24 includes an audit assignment on Sustainability and Climate Change, for which an assurance opinion will be provided to support audit conclusions drawn.

11. Timetable for implementation

11.1 The revised assurance opinion levels and corresponding descriptions/definitions has taken effect as it was considered timely to coincide with the current calendar year. The model is being used in internal audit reports from January 2023 and is proposed to be used in the annual audit opinion for 2022/23 for consistency.

12. Contact

12.1 **Punita Talwar, Internal Audit Manager** P.Talwar@spelthorne.gov.uk
01784 446454

Background papers: CIPFA Professional insight.

Appendices: There are none.

This page is intentionally left blank

FORWARD PLAN 2023/24

AUDIT COMMITTEE – 23 MARCH 2023

Resolution Required

1. Forward Plan

- 1.1 This report covers the Forward Plan for the municipal year 2023/24.
- 1.2 The Committee’s terms of reference are set out at the front of the agenda.

2. Future Meetings

- 2.1 Future meetings of this Committee are proposed in the following months:
 - July 2023
 - November 2023
 - March 2024
- 2.2 Details of the Forward Plan for future meetings are as follows:

July 2023	Officer	
Corporate Risk Management (incl Corporate Risk Register)	Internal Audit Manager	Report
The Council’s Risk Exposure to Wider Externalities and Impact	Internal Audit Manager	Report
External Audit update	External Auditors	
Annual Review of Internal Audit Effectiveness	Internal Audit Manager	Report
Internal Audit Annual Report 2022/23	Internal Audit Manager	Report
Annual Governance Statement 2022/23	Chief Finance Officer/Head of Corporate Governance	Report
Final audited accounts <ul style="list-style-type: none"> • KGE March 2021/22 • SDS March 2021/22 	Chief Accountant	Report
Draft unaudited accounts <ul style="list-style-type: none"> • SBC March 2022/23 • KGE March 2022/23 • SDS March 2022/23 	Chief Accountant	Report
Committee’s Forward Plan for 2023/24	Internal Audit Manager / Chief Finance Officer / Audit Committee	Report

November 2023	Officer	
Corporate Risk Management (incl Corporate Risk Register)	Internal Audit Manager	Report
The Council's Risk Exposure to Wider Externalities and Impact	Internal Audit Manager	Report
External Audit update	External Auditors	
Internal Audit Interim Report	Internal Audit Manager	Report
Annual Review of Confidential Reporting Code	Group Head of Corporate Governance	Review
Committee's Forward Plan for 2023/24	Internal Audit Manager / Chief Finance Officer/ Audit Committee	Report

March 2024	Officer	
Corporate Risk Management (incl Corporate Risk Register)	Internal Audit Manager	Report
The Council's Risk Exposure to Wider Externalities and Impact	Internal Audit Manager	Report
External Audit update	External Auditors	
Internal Audit Annual Plan 2024/25	Internal Audit Manager	Report
Counter-Fraud, Bribery and Corruption Strategy	Internal Audit Manager	Report
Committee's Forward Plan for 2024/25	Internal Audit Manager/ Chief Finance Officer / Audit Committee	Report

- 2.3 Any topics identified during consideration of the business at this meeting will need to be included in the above Forward Plan.

- 2.4 Other issues Members wish to raise for consideration at the next or any future meeting and agreed by the Committee, may be included in the Forward Plan.
- 2.5 External audit may have one or two reports that arise from time to time which are not possible to predict in advance but will be incorporated into the Forward Plan or appear on the agenda as appropriate. In the event of the Council receiving external auditor reports between scheduled meetings of the Committee it may be necessary to call additional meetings of the Committee.
- 2.6 Managers may be required to attend the Committee, similarly to that resolved in Minute No. 227/06, to explain why they have not implemented the recommendations of Internal Audit. It is not possible to predict these circumstances, but they will be dealt with as and when they arise either by incorporating into the Forward Plan or appearing on the agenda as appropriate.

3. Resolution

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

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

Report Author: Fiona Connelly, Committee Manager (01784) 446224

Outstanding items to be added at appropriate time:

Value for Money Statement 2017/18	External Auditors
Annual Audit Letter 2017/18	External Auditors
External report of Audit and Statement of Accounts 2017/18 (draft received in March 2019)	External Auditors
Value for Money Statement 2018/19	External Auditors
Annual Audit Letter 2018/19	External Auditors
External report of Audit and Statement of Accounts 2018/19	External Auditors
Value for Money Statement 2019/20	External Auditors
Annual Audit Letter 2019/20	External Auditors
External report of Audit and Statement of Accounts 2019/20	External Auditors
Value for Money Statement 2020/21	External Auditors
Annual Audit Letter 2020/21	External Auditors
External report of Audit and Statement of Accounts 2020/21	External Auditors
Value for Money Statement 2021/22	External Auditors
Annual Audit Letter 2021/22	External Auditors

External report of Audit and Statement of Accounts 2021/22	External Auditors
--	-------------------