

Please reply to:

Contact: Matthew Williams
Service: Committee Services
Direct Line: 01784 446224
E-mail: m.williams@spelthorne.gov.uk
Date: 22 November 2023

Notice of meeting

Audit Committee

Date: Thursday, 30 November 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:

J. Button (Chair)	S. Bhadye
K. Howkins (Vice-Chair)	M. Bing Dong
M. Arnold	L. E. Nichols

Independent Member:

P. Briggs

Substitute Members: Councillors C. Bateson, M. Buck, J. Turner and J.R. Sexton

Councillors are reminded that the Gifts and Hospitality Declaration book will be available outside the meeting room for you to record any gifts or hospitality offered to you since the last Committee meeting.

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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

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 27 July 2023 and the Extraordinary meeting held on 02 November 2023. | 3 - 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. | External Audit Update

To receive a verbal update on the work of the External Auditors. | Verbal Report |
| 5. | Corporate Risk Register (Corporate Risk Management)

To 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. | 11 - 76 |
| 6. | Interim Internal Audit Report

To note the Interim Internal Audit Report including Appendix A summarising the work undertaken by the Service during the period April to October 2023. | 77 - 100 |
| 7. | Reprioritisation of Internal Audit Plan 2023/24

To note the reprioritisation of the Internal Audit Plan for 2023/24. | 101 - 118 |
| 8. | Review of the Confidential Reporting Code (Whistleblowing policy)

To note the review of the Confidential Reporting Code and agree to retain the current policy. | 119 - 128 |
| 9. | Committee Forward Plan

To consider and approve the work programme for the municipal year | 129 - 132 |

**Minutes of the Audit Committee
2 November 2023**

Present:

Councillor J. Button (Chair)
Councillor K. Howkins (Vice-Chair)

Councillors:

M. Arnold

L. E. Nichols

P. Briggs

Apologies: Councillors S. Bhadye

In Attendance: Councillors C. Bateson and M. Beecher

27/23 Apologies and Substitutes

Apologies were received from Councillor Bhadye.

Councillor Bing Dong attended the meeting remotely. She was able to take part in the debate, but was not allowed to vote.

28/23 Disclosures of Interest

There were none.

29/23 Exclusion of Public and Press

It was proposed by Councillor Howkins, seconded by Councillor Nichols and **resolved** that the public and press be excluding during consideration of the following item, in accordance with paragraph 3 of schedule 12A of the Local Government Act 1972 (as amended) because it was likely to disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in being able to undertake even-handed negotiations and finalizing acceptable contract terms.

30/23 Future Resourcing of the Internal Audit Service

The Committee considered a report from the Group Head – Corporate Governance on the future resourcing of the internal audit service.

The Committee **resolved** to approve the recommendations as set out in the report.

Meeting ended at 20:02

**Minutes of the Audit Committee
27 July 2023**

Present:

Councillor J. Button (Chair)
Councillor K. Howkins (Vice-Chair)

Councillors:

M. Arnold	M. Bing Dong	P. Briggs
S. Bhadye	L. E. Nichols	

In Attendance: Councillors C. Bateson and M. Beecher

13/23 Apologies and Substitutes

There were no apologies received.

14/23 Minutes

Councillor Nichols raised concern about the following statement from the Chief Executive appearing in the minutes: "The audit report presented to this Committee in the previous item, has thus taken our auditors 5 years to produce - though to be fair to KPMG, the best part of a year's delay can be directly attributed to the actions of one individual Spelthorne Councillor which is currently being investigated under the Members' Code of Conduct," as the matter should not have been spoken about since it was under investigation and has since been found to be inaccurate.

The minutes of the meeting held on 23 March 2023 were approved as a correct record.

15/23 Disclosures of Interest

Councillor Nichols declared that he was a member of Knowle Green Estates Limited Board.

16/23 Refreshed Internal Audit Assurance Opinions

The Committee received a report from the Internal Audit Manager on the refreshed Internal Audit Assurance opinions.

The Committee confirmed the audit opinion was owned by the Internal Audit Manager.

The Committee **resolved** to note and endorse the refreshed assurance opinions which have been adopted from 2023.

17/23 Corporate Risk Register (Corporate Risk Management)

The Committee received a report from the Internal Audit Manager on the significant strategic risks to the Council in delivering its priorities.

The Internal Audit Manager informed the Committee that work was underway, in conjunction with IT, on transferring the current Risk Register to a new system which would modernise the look and feel of the register.

The Committee asked whether the Internal Audit Manager advised the Management Team on risks and were advised that part of their role was to highlight risks to both the Audit Committee and the Management Team. Financial risks would be highlighted by the external auditors.

The Committee discussed the Sinking Fund as a mitigating factor for some of the financial risks identified and queried the balance of the Fund. The Chief Accountant advised that since the start of the investment properties, £54m of income had been used to support Council services and that the Sinking Fund stood at approximately £38m.

The Committee suggested that some of the mitigating actions in the Risk Register required increased clarity around how those actions make a difference.

The Committee **resolved**:

1. To note the significant strategic risks and issues highlighted in the report,
2. To recommend that the Corporate Risk Register be presented to the Corporate Policy and Resources Committee
3. To ensure continued wider reporting of the Corporate Risk Register and Risk Action Plan across other Committees

18/23 Annual Internal Audit Report & Opinion for 2022/23

The Committee received a report from the Internal Audit Manager on the Annual Internal Audit Report for 2022/23.

The Committee asked if it would be possible to know if there were any actions that had been identified by audits that had not been carried out and whether the officers responsible for those actions could be invited to attend a future Committee meeting. The Chair confirmed that it was within the Committee's remit to request specific officers to attend meetings.

The Committee queried whether there was a strategy to prevent risk and were advised that it was not always possible to prevent a risk but actions can put in place to mitigate risk.

The Committee **resolved** to:

1. Note the Annual Internal Audit Report for 2022/23.
2. Note the annual audit opinion on the Council's internal control environment, risk management and governance arrangements

19/23 Public Interest Report Recommendations - Action Plan

The Committee received a report from the Group Head – Assets on the proposed actions to address the recommendations in the Public Interest Report.

Councillor Nichols proposed a change to Option 1 in the report by adding the following text "...to establish a risk-based view of the expected long term portfolio and individual property behaviour to inform members and support future decisions including sinking fund adequacy". This was agreed by the Committee.

The Committee requested to see cash flow at both property and portfolio level and visual representation of these. The Committee also felt the risk register lacked discussion around financial risks. The Committee further requested that the appendices be reviewed by councillors so that they could be understood without lengthy explanation. The Group Head – Assets thanked the Committee for their feedback and advised that the report would be returning to the Development Sub-Committee in the Autumn.

The Committee queried the use of key performance indicators (KPI's). The Group Head – Assets advised that they would be reporting three times a year, with the reports closely linked to the KPIs. The Deputy Chief Executive further advised that KPI reporting would become more aligned with the financial reporting cycle and that discussions were ongoing as to how to better use KPI's to inform decision making.

The Committee **resolved** to note and agree the action plan, subject to continued input and review by the Development Sub-Committee, to adopt a robust asset and tenancy management strategy that manages tenant risk, reduces void periods and empty premises costs, and delivers certainty of income receipt which supports the debt repayment strategy set out for each asset, and approve the proposed KPIs, and to establish a risk-based view of the expected long term portfolio and individual property behaviour to inform members and support future decisions including sinking fund adequacy.

20/23 Department for Levelling Up, Housing & Communities Review

The Committee received a verbal update from the Deputy Chief Executive on the review by the Department for Levelling Up, Housing & Communities.

The Deputy Chief Executive advised the Committee that at this point in time there was no update to give.

21/23 External Audit Update

The Committee received a verbal update from the External Auditors.

The External Auditor advised the Committee that there were significant delays with Local Authority audits nationwide. The Department for Housing, Levelling Up and Communities (DHLUC) would be working with stakeholders including the National Audit Office, the Financial Reporting Council, Chartered Institute of Public Finance and Accountancy, and accounting firms to look at what could be done to progress the works. Options that could be considered included revisions to the code of audit practice, consideration of the degree of importance users place on certain aspects of accounts, and a thematic review around non-investment assets in the public sector. It was expected that any changes would be in place by end of December 2023 at the earliest. The External Auditor advised that they did not expect to start work until 2024.

The Deputy Chief Executive stated that consideration needed to be given to what could be done in relation to the 2022/23 accounts so that the new incoming auditors would have a confirmed opening balance.

The Committee queried if there was any work that could be done while awaiting the guidance from DHLUC. The External Auditor advised that they would continue to engage with officers to explore any work that could be started ahead of the guidance.

The Committee requested that their concern was recorded and reported to Corporate Policy and Resources Committee that there was no timetable going forward and that there was significant risk in not knowing when the external audit would be conducted.

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

22/23 Annual Governance Statement 2022-23

The Committee received a report from the Deputy Chief Executive to approve the draft Annual Governance Statement.

The Committee requested clarification over a statement in the report which indicated that the external auditors could now begin their work on the outstanding accounts, which contradicted the report from the External Auditor. The Deputy Chief Executive advised that at the time of writing the statement was correct in its expectations. The External Auditor advised that changes to the statement could be made and that it should take into account events up until the point the accounts would be signed off.

The Committee **resolved** to approve the draft Annual Governance Statement subject to any further amendments in conjunction with the Chair of Audit Committee and endorse the improvement actions identified in the Statement

23/23 KGE Accounts Year End 31 March 2022

The Committee received a report from the Chief Accountant on the audited accounts for Knowle Green Estates Ltd for year end 31 March 2022.

The Committee queried why the BlueBox system was used without proper testing and were advised that extensive evaluation was involved and integration issues would be addressed going forward.

The Committee **resolved** to note the report

24/23 SDS Accounts Year End 31 March 2022

The Committee received a report from the Chief Accountant on the audited accounts for Spelthorne Direct Services (SDS) Ltd for year end 31 March 2022.

The Committee queried the expected future turnover and whether there would be any governance changes. The Chief Accountant advised the turnover was expected to be above £1m in the next two to three years. In terms of governance, consideration could be given to including non-executives and the possibility for an independent Chief Executive. As SDS is part of a group set of companies, the Deputy Chief Executive and Section 151 Officer would need to retain control over the finances.

The Committee asked if there was any Corporation Tax to be paid and were advised that there should not be due to Enterprise Allowance and the purchase of vehicles.

The Committee were advised that consideration would be given to have a Member on the board of SDS.

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

25/23 SBC Accounts Year End 31 March 2023

The Committee received a report from the Chief Accountant on the draft unaudited financial statements for 2022-23.

The Chief Accountant advised the Committee that while there were some issues with the report, the accounts represented a fair and true account of the financial position of the Council. The Chief Accountant informed the Committee that three new members of staff joined the Finance Team between 1 March 2023 and 17 April 2023 and made an important impact which

enabled the accounts to be published by 31 May 2023. The Chief Accountant extended his thanks to those staff members.

The Chief Accountant highlighted the valuation change and stated that while this was a large change, it only represented a paper loss and would only impact the council if they decided to sell the assets.

The Committee queried what assurance there was that issues identified in the accuracy of the accounts would not be repeated in subsequent years. The Chief Accountant advised that they were now able to produce reports directly from Centros rather than a spreadsheet. The Deputy Chief Executive also reiterated that the Finance Team had been considerably strengthened.

The Committee queried why some assets were revalued on a five-yearly basis and were advised that assets under £1m were revalued every five years, those over £1m would be revalued yearly.

The Committee **resolved** to note the report and the draft unaudited financial statements, which were published on the Council's website on 31 May 2023, in accordance with the statutory deadline.

26/23 Committee Forward Plan

The Committee considered its Work Programme for the remainder of the 2023-2024 Municipal year.

A member noted that future updates from External Auditors were missing from the Forward Plan and requested these be added.

Resolved that the Committee Work Programme for the remainder of the 2023-2024 Municipal year with the inclusion of updates from External Auditors, be approved.

Meeting ended at 22:24

Audit Committee

30th November 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	<p>The Corporate Risk Register outlines significant strategic risks impacting the effective delivery of all corporate priorities (CARES).</p> <p>Community</p> <p>Affordable housing</p> <p>Recovery</p> <p>Environment</p> <p>Service delivery</p>
Recommendations	<p>The Audit Committee is asked to:</p> <p>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.</p>
Reason for Recommendation	<p>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.</p> <p>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.</p>

1. Summary of the report

- 1.1 This report seeks to highlight significant strategic risks in delivering the Council priorities (CARES) and objectives, current strategies 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. Exposure to wider externalities and other pressures are continuing to present competing levels of crises. Consequently, the Council continues to encounter some challenge in the context of delivering corporate priorities, the nature of which spans across several themes including financial/housing/refugee situation/accelerated service demand/recruitment and retention/ environmental. The approaches being taken to proactively manage identified risks and mitigate impact are referred to in this report and related appendices.

- 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. In addition, Management Team and Group Heads have an opportunity to input on emerging risk areas as part of the periodical register review/reporting process.
- 1.3 The Internal Audit Manager takes into consideration topical risk areas for the register, which provides a sense check to ensure continued relevance of the risk categories during times of accelerating levels of crises, often referred to as the poly-crises, and the rapid pace of change.
- 1.4 As part of ongoing development work, the format and presentation of the Corporate Risk Register continues to be explored and the development of an in-house system for future use is progressing. A presentation was delivered at the July Audit Committee meeting to demonstrate how the look and feel of the register is being modernised as part of design work, and to gauge initial comments. Constructive feedback from Members is being incorporated into the database structure design phase to ensure closer alignment of risk and control/mitigation for each specific risk description sitting under the broader risk category headings.

2. Key issues

- 2.1 Risks continue to be assessed by taking account of current controls and current mitigations in place as this approach reflects the Council's risk management policy requirements and good practice. As part of this review, closer alignment between detailed risk descriptions (under each broad risk category 1 to 9) and corresponding controls and mitigating actions is being highlighted on the register, with the introduction of cross referencing as well as improved categorisation of control actions and mitigating actions through the introduction of specific headings. This will also support transition to future presentation of the Corporate Risk Register as part of the new centralised record/system under development.
- 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 June 2023. From assessment undertaken there is only one change to report in terms of direction of travel as part of the October review. This relates to risk category 6 – Climate Change, and the lead officer - Group Head

Commissioning and Transformation considers that the risk level (RAG status) should move from amber to red given the adverse impact of Climate Change already being encountered through increased global temperatures (discussed in more detail at para 2.7 (f)). Risk owners should ultimately be comfortable with the proposed positioning/ranking of all the risks in the matrix on page 1 of Appendix A (these are subject to discussion with Management Team as necessary).

- 2.4 Several risks on the corporate risk register across a range of risk categories continue to be significantly influenced by wider external factors due to the economic crisis and macroeconomic environment (although the annual inflation rate has come down the impact of past elevated inflationary pressures remains, increased rates of borrowing, continued Cost-of-Living strain, cost of doing business strain) as well as the ongoing geopolitical uncertainty with the Ukraine war and Middle East conflict. Those risks and their implications 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.
- 2.5 The Internal Audit Manager takes into consideration topical risk areas for the register, which provides a sense check to ensure continued relevance of the risk categories during times of accelerating levels of crises, often referred to as the poly-crises, and the rapid pace of change. Of course, it is not appropriate to take a generic approach as each organisational risk register (strategic) should reflect the significant strategic risks of direct relevance to a particular organisation. Nonetheless a sense check would suggest that Spelthorne's risk register reflects many of the topical risk areas and issues (strategic level) set out by Professional risk management and audit bodies, such as for example macroeconomic and geopolitical uncertainty, Climate Change, Recruitment and Retention. There must be a cut-off point and the number of risk categories on the register is already close to the maximum recommended level of 10 broad risk categories.
- 2.6 The 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 5 new proposed actions (pink) across 4 broad risk categories as follows:

Risk Category 1a Housing – Development Targets - Identification and rigorous assessment of alternative Development Delivery Options for Council Owned Development Sites, to ensure they represent financially viable and sustainable solutions in delivering development targets.

Risk Category 5 – Treasury Management – Arlingclose, the Council's Treasury Management advisors, will be providing a training session for all councillors, planned for delivery January 2024.

Risk Category 7 – Corporate Capacity, Resources, Recruitment and Retention – To continue to draw optimal value from hubs of professional insight/ expertise/research in supporting a holistic approach to responding to the recruitment and retention crises.

Risk Category 7 – Corporate Capacity, Resources, Recruitment and Retention – Council values to become further embedded into behaviours, policy and processes, which may follow the refreshed corporate plan.

Risk Category 9 – Working arrangements across Local Government

Tiers – In planning for potential change, ascertaining transitional and future arrangements for service delivery, decision making and strategic direction.

- 2.7 Given that the register at Appendix A provides insight around envisaged risks and current controls/mitigations in managing these risks, for the purposes of this cover report the more pivotal matters or updates are being drawn to your attention at 2.7 (a) to (g). These span across the six most significant broad risk categories on the register deemed to be emerging from the current review:

(a) Wider Externalities, Financial risk and supporting communities.

Wider externalities and other factors continued to present increased financial risk to the Council. In particular, the financial implications relating to property development schemes (Housing Delivery programme) are explained under section 2.7 (b).

As previously reported, financial risk remains a strategic theme carrying high impact across several categories on the register. (***Links particularly 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***)

The Council's financial challenges continue to be exacerbated by the ongoing financial strain facing residents, businesses and communities during a continued Cost of Living Crisis and Cost of doing business Crisis, with a duty to support local and refugee communities in delivering accelerated service demands.

These issues are explained further in the following sections.

(b) Risk category 1A Housing – Development and targets.

The risks identified in this section have been necessarily refreshed and updated in several areas.

Wider externalities and other factors continued to present increased financial risk to the Council considering the significance of increased borrowing costs and significant construction inflation in delivering a range of strategies and schemes. These factors continued to affect the financial viability of each project and in responding to this threat the Council decided to suspend direct delivery of the Housing development programme from mid-September. Options are being explored which will determine if accumulated capitalized costs of £10-15m will need to be charged to Revenue. Consequently, the earmarked reserves will potentially need to be applied to offset the adverse financial impact. In addition, holding costs of £1.6m per annum relating to the housing delivery schemes are continuing to be incurred until outcomes are delivered on the sites. This continues to have a significant financial impact on the Council's budgetary position and could further impact timelines for delivery of housing schemes and development targets (both affordable and general housing). The Group Head of Assets is moving towards a new Member driven strategy in consultation with residents for delivering housing

outcomes across Council owned sites. As part of this strategy key Member decisions will need to be taken on how and when to progress Council sites.

Identifying alternative Development Delivery Options for Council Owned Development Sites demonstrates progression in terms of presenting new potential strategy routes. It does however highlight new risks to assess to determine whether such arrangements represent financially viable solutions in the long term and that they do not accelerate the Council's financial risk exposure to an unacceptable level, consequently presenting further uncertainty and strain on the Council's financial sustainability. Officers have reassured that in managing risks relating to initial proposals for alternative Development Delivery Options, expertise will continue to be closely drawn upon from various professional hubs of expertise across the Council such as Finance, Legal and Procurement, in order to guide and support on the implications of any proposed routes put forward.

A report on Development Delivery Options for Council owned Development sites was presented to CPRC in October 2023 and incorporates options for mitigation of Holding Costs in parallel with new ways of delivering affordable housing. These set out how options have been assessed.

At an Extraordinary Council Meeting on 14 September 2023 councillors agreed to extend the pause in the local plan examination timetable until the proposed changes to the National Planning Policy Framework (NPPF) have been published (expected Autumn 2023), before determining next steps. The Council cannot withdraw the local plan as a ministerial directive is currently in place. The risks associated with category 1a(iv) on the risk register (Local Plan) previously reported continue due to further pausing of the Local Plan until at least Spring 2024 (likely). In addition, several new risks and challenges are now presented or exacerbated. For example, an increased risk of Planning inquiries on refused applications exists as developers take advantage of the uncertainty around a further pause. Another emerging risk relates to the increased possibility of central government intervention to facilitate progression of the plan if the Council does not take active steps to move forward at an appropriate pace. This could have significant implications around sovereignty of local decision making. Progress meetings are in place between DLUHC and the Council to manage this risk.

Work is underway to consider the impact of the revised NPPF on the Local Plan which has been submitted for Examination, to inform next steps.

(C) Risk Category 1b – Housing - Affordable

Spelthorne participates in the Local Authority Housing Fund (LAHF) capital funding programme (Rounds 1 & 2) to acquire properties to house homeless refugees. Whilst the Council is benefitting from central government grant and thereby does not need to bear the full cost of the homes, the funding is insufficient to be able to acquire the total number of properties required and the Council contributes financially to each purchase. Further to Spelthorne receiving an increased number of homeless approaches from the asylum hotel within the borough as well as other dispersed accommodation, there is very limited funding available for housing asylum seekers which could adversely impact the suitability of accommodation offered to these communities and where placements are out of the borough, Spelthorne has little control over accommodation standards. Furthermore, increased rate of

determination of asylum seekers claims is resulting in more residents assigned to an initial placement hotel in Spelthorne, presenting an increase in cases seeking housing support from the Council. These factors are exacerbating Housing demand and supply. The Council has written to the Minister about the impact of asylum seekers requiring Housing Support and is lobbying for additional funding support, as this issue is having significant financial and resourcing ramifications for Spelthorne.

Temporary accommodation at Longford is being used to support Afghan refugee families impacted by the closure of the Bridging Hotel in August, until they can move into resettlement properties funded by the LAHF.

A Housing re-registration process took place in the summer of 2023 in accordance with the new terms of the revised Housing allocation policy. It has resulted in approx. 1700 re-applications being submitted, these being a significant reduction from the previous level of 3800 applications on the Council's Housing register.

(d) Risk Category 3 – Financial Resilience – Commercial Assets

It was previously reported that a new approach to ensuring the certainty of the Council's rental income is being developed. A progress report regarding the overarching Asset Management strategy and core elements was verbally presented to Development Sub-Committee on 2nd October 2023. Currently 91% of the overall investment portfolio has been let, with rent collection rates remaining at 99+%.

Progressing any improvement actions or best practice recommended by external advisers with respect to management of the investment assets portfolio remains underway and ongoing. External advisors are undertaking a long term review of assets with a view to supporting a reduction in the Council's risk exposure levels should demand for office space decrease over the next decade and beyond. Independent additional valuations of the investment portfolio are also underway.

(e) Risk Category 4 – Financial Resilience – Supporting Communities

The Council's decision to suspend direct delivery of the Housing Development programme presents a range of adverse financial ramifications which have been explained earlier under reference 2.7 (b) and combined with wider factors referred to in this report these continue to have a significant financial impact on the Council's budgetary position. Budget gaps remain for 2024/25 through to 2027/28, therefore creating considerable financial pressure. This coincides with greater service demands leading to increased growth bids for resourcing/support, which are not financially sustainable or affordable unless these can be offset by savings. Ongoing financial pressures in the extreme worst-case scenario and if not robustly managed could lead to the Council becoming financially unsustainable. To mitigate the impact of significant financial pressures being presented, the Council is accelerating several existing measures and initiatives. These include:

- Brought forward initial budget modelling timetable to facilitate early identification of budget gaps and thereby enabling exploration of options for closing them.
- Refreshed Reserves strategy going to CPRC in January 2024.
- Cashable savings working group to report progress against targets for efficiency (cashable) savings which will be assessed and incorporated into quarterly budget monitoring reports.
- A report on Development Delivery Options for Council owned Development sites was presented to CPRC in October 2023 and incorporates options for mitigation of Holding Costs in parallel with new ways of delivering affordable housing.
- Management Team, Group Heads and Finance are scrutinising scope for budget savings with a view to consequently presenting options to Councillors in enabling a balanced budget to be achieved. A targeted briefing session for all Managers and Team Leaders has taken place to convey key messages regarding immense financial pressures being faced.
- Participation in Surrey wide financial resilience review with commissioning of independent consultants to consider financial metrics as part of this assessment.

(f) **Risk Category 6 – Sustainability and Climate Change**

The adverse impact of Climate Change is already being felt through greater extremes of weather (storms with heavier rainfall and heatwaves). More extreme rainfall causes major damage and destruction to houses, properties, landscape and therefore presents a serious threat to life with safety, livelihood, and homes at risk. Heatwaves such as in summer 2022 and in Europe in 2023 cause excess deaths (4500 in 2022 in the UK) and droughts threaten food security and production.

Instances of greater extremes of weather and temperatures as referred to in the risk description 6i under the broad risk category 6 (Appendix A) are unfortunately increasing and continued focus will need to be given to prioritising mitigation measures in managing the impact of these risks, as well as adaptation to environmental change. The Council are continuing to review its preparedness for Climate Change and the register sets out many examples of control actions and mitigating actions currently in place.

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. The last 8 years have been the world's hottest and in the last summer there were 72,000 excess deaths in Europe due to the extreme heat. The UK is equally likely to see weather extremes going forward hence the proposed change in RAG rating to red as extreme weather impacts on the economy and actions required by the Council e.g in times of severe flooding seriously draining the Council's resources.

In view of the matters raised above, and that the likelihood of the risk event(s) is now reassessed as 'almost certain', this risk category has been reclassified with a change in direction of travel from an amber risk category to a red risk category.

(g) Risk Category 7 – Corporate Capacity, Resources, Recruitment and Retention

Further to the Corporate Establishment Review of July 2023, the perusal of any specific actions recommended by the commissioned body (Southeast Employers) has commenced. A review of Contracted resource and categorisation of that usage to ascertain how it supports service delivery needs has been reported to CPRC in October. Any further improvement actions that may have arisen from the Corporate Establishment Review will be pursued/monitored as necessary.

In the wider context of a 'Recruitment and Retention crisis in the public sector', the Council continues to draw insight from HR professionals who keep abreast of best practice across Surrey and wider networks. It is important that optimal insight and value continues to be derived from all relevant hubs of expertise including externally conducted research in continuing to promote a holistic approach and strategic vision in responding to recruitment and retention challenges and future-proofing the Council's workforce. This has been proposed as a new action in the Risk Action Plan at Appendix B, which is likely to represent a continuous/ongoing action over the course of time.

3. Options analysis and proposal

- 3.1 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.
- 3.2 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
- 3.3 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 (in particular 1a, 1b, 2, 3, 4 and 5), with some of these discussed under section 2.7 above. Whilst many of the current financial and organisational challenges are influenced by wider externalities, given the ongoing high cost of borrowing and continued impact of the Cost-of-Living Crisis strain and Cost of doing Business strain, some of

the local and collaborative measures being explored and taken forward to alleviate risks by the Council are highlighted under para 2.7.

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 nine broad strategic risk categories, comprising specific risk considerations and risk impacts 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 risk management strategies. 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.

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.

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 There are none.

9. Equality and Diversity

- 9.1 The Corporate Risk Register incorporates Equality, Diversity and Inclusion as a specific strategic risk category and sets out current controls and current mitigation measures in place, as well as further risk mitigating actions for perusal (risk action plan). There are no further areas of progress to report as part of the October review of the risk register.

10. Sustainability/Climate Change Implications

- 10.1 There are none separate to those in the revised Corporate Risk Register and highlighted in this report, and some updates have been made under the broad risk category 6 as part of the October review of the 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 content 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 which includes identifying new risk descriptions, high level review of

relevance of control actions being reported in context of risk area, and proposing new actions on the Risk Action Plan where deemed appropriate.

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: Some general reference has been made at para 2.5 to professional insight in terms of topical risk areas.

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 score and Direction of Travel.

Appendix B – Risk Action Plan

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk Scoring Matrix (Plotted October 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. This is also referred to on the matrix for ease of reference.

IMPACT	4 (Catastrophic)				
	3 (Major)			RC2 -Economy RC3 - Commercial Assets RC5 -Treasury Management RC8- E,D,I RC9 – Across Local Govt	RC1a – Housing (Development Targets) RC1b – Housing (Affordable);RC4 - Finance & Communities; RC6 – Climate Change; RC7 Resources
	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 (Coralie Holman) Group Head Place, Protection and Prosperity (Heather Morgan) Deputy Chief Executive (Terry Collier)

Previous RAG Status (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
		12	12

Risk Descriptions

1a (i) The adverse impact from past delay on development schemes and any further delay increased in the context of rising interest rates from the Public Works Loan Board (PWLb) and significant construction inflation. These factors continued to very significantly affect the financial viability of each project, leading to rising overall costs, and risk of adverse financial position of the Council. In responding to this threat, the Council decided to suspend direct delivery of the Housing development programme from mid-September 2023. Options are being explored which will determine when accumulated capitalised costs of £10m to £15M will need to be charged to Revenue. This will potentially mean that the earmarked reserves will need to be applied to offset this impact. In addition, holding costs of £1.6m per annum relating to the housing delivery schemes are continuing to be incurred until outcomes are delivered on the sites. This continues to have a significant financial impact on the Council's budgetary position.

1a(ii) In identifying alternative Development Delivery Options for Council Owned Development Sites, there are new risks to assess to determine whether such arrangements (for example Joint Ventures) represent financially viable solutions in the long term and that they do not accelerate the Council's financial risk exposure to an unacceptable level, consequently presenting further uncertainty and strain on the Council's financial sustainability.

1a (iii) Further to the Council's decision to suspend direct delivery of the Housing development programme from mid-September 2023, this will further impact timelines for delivery of housing schemes and development targets (both affordable and general housing). This could significantly impact on the achievement of Corporate Priorities in this area.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

1a (iv) Any further delays in the examination and adoption of the Local Plan are likely to continue to impact on the ability to bring forward the appropriate quantum of housing development. The publication version of the Local Plan started undergoing an external independent Examination by the Planning Inspectorate in May 2023. An Extraordinary Council Meeting on 6 June 2023 agreed to pause the Local Plan for three months to enable new Councillor's to review the Plan and process. At the last review of the Corporate Risk Register it was reported that this further delay to the examination hearings and adoption of the Local Plan runs a number of significant risks including:

- The prospect of additional pressure on our Local Plan to meet the housing need of other boroughs (in particular those neighboring authorities who have not built on greenbelt);
- A lack of certainty around housing delivery (5-year supply);
- Risk of legal challenge;
- The prospect of unsuitable developments coming forward either on green belt sites or within town centres such as Staines, exposing the Council to greater risk of supporting such developments in the absence of a sound plan to rely on. Subsequent increased levels of overall build across Spelthorne carry far reaching implications (environment, infrastructure etc.)

A further report was considered at an Extraordinary Council Meeting on 14 September 2023, when councillors agreed to 'extend the pause in the examination timetable until the proposed changes to the National Planning Policy Framework (NPPF) have been published (expected in the Autumn) before determining the next steps and take immediate legal advice to confirm the validity of the Minister's directive'. That directive prevented the Council from being able to make a decision to withdraw the Local Plan.

The risks associated with category 1a (iv) above continue due to further pausing of the Local Plan Examination Hearings (likely) until Spring 2024. In addition, a number of new risks and challenges are now presented or exacerbated as follows:

- The Council cannot now withdraw the Local Plan (even if it wanted to) unless the Ministerial Directive is withdrawn.
- Financial impact to the Council as a result of delays in adoption of the Local Plan (additional time and resource)
- An increased risk of Planning Inquiries on refused applications, as developers take advantage of the uncertainty around a further pause
- Potential increase in adverse publicity and reputational impact/damage for the Council if the Local Plan moves forward without considering the impact of the updated NPPF when it is published.

1a(v) If the Local Plan process is not subject to robust challenge, this may not provide adequate opportunity to shape and finalise a plan at key stages to ensure it meets the (a) optimal interests of Spelthorne (b) all regulatory, legislative and professional requirements.

1a (vi) Increased possibility of central government intervention to facilitate progression of the plan if the Council does not take active steps to move forward at an appropriate pace. This could have significant implications in terms of the sovereignty of decision making by the Council.

1a (vii) Current Environment Agency flood modelling (summer 2023) indicates a marginal increased level of flood risk across some parts of the borough of Spelthorne which could adversely impact property and land. These present important factors in pursuing delivery of Housing schemes/outcomes and impact decisions on how to proceed with Council owned sites.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence) Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '1a' above. Therefore, the reference number should be clearly indicated.</p>	<p>**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur). Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '1a' above. Therefore, the reference number should be clearly indicated.</p>
<p><u>Governance and reporting 1a (i,ii,iii)</u></p> <p>Weekly progress reporting of Property Development projects to officer Development Investment Group (DIG)</p> <p>Bi-monthly Assets Portfolio Working Group (with Chair and Vice-Chair of both Corporate Policy and Resources Committee (CPRC) and Development Sub-Committee</p>	<p><u>1a (i,ii,iii) Holding Costs for Development Sites and Options</u></p> <p>The Group Head of Assets is moving forward a new Member driven strategy in consultation with residents for delivering housing outcomes across the sites currently owned by the Council.</p> <p>A report giving insight to mitigation of Holding Costs and Development Delivery Options for Council Owned Development Sites was presented to CPRC 16.10.2023. These set out how options have been assessed.</p> <p>Risk considerations relating to the Council's decision to suspend direct delivery of the Housing development programme from mid-September 2023 have been identified and these may continue to be refined as specific risks anticipated emerge and evolve.</p> <p>Reference to the Council's Reserves Strategy going to CPRC in January 2024 is referred to under risk category 4.</p>
<p><u>KGE 1a (i,ii,iii)</u></p> <p>KGE annual report to November Corporate Policy and Resources Committee (CPRC); established policies and framework. Having Non-Executive Directors enhances the ability of the KGE Board to scrutinise Board papers.</p>	
<p><u>Delay to Local Plan adoption – 1a (iv) (vi)</u></p> <p>Reiterating earlier reference under risk section. Original approved timetable for adoption of the Local Plan will be impacted by a three month pause to Local Plan agreed at ECM on 6 June 2023, and the decision on 14</p>	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>September 2023 to 'extend the pause in the examination timetable until the proposed changes to the NPPF have been published (expected in the Autumn) before determining the next steps'.</p> <p>Work is already underway to consider whether/what impact the revised NPPF may have on the Local Plan which has been submitted for Examination (on the basis of the current draft NPPF), and to consider options around possible next steps.</p> <p>As a result of the Ministerial direction, monthly progress meetings are being held between senior officers from DLUHC and the Council.</p>	
<p><u>Due Diligence and Challenge 1a(v)</u></p> <p>Planning regulatory framework Planning Committee, Officer presentations/professional advice and Member decision making Local Planning inspectorate and independent examination/assessment . Independent Critical Friend assessment</p> <p><u>Flood Risk Management 1a(viii)</u></p> <p>Strategic flood risk assessment (SFRA) as part of Local Plan process; planning policies; future review of the SFRA in light of the River Thames Scheme modelling as required.</p>	<p><u>Flood Risk Management 1a (vii)</u></p> <p>It is essential all schemes progressed on Council owned land are thoroughly considered against the flood risk to ensure appropriate mitigation is included within the scheme design.</p>
<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>	
<p>What is the indicative/additional indicative risk score after considering further mitigation measures set out in the Risk Action Plan? (At October 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>12</p>	<p>Maintained risk score and RAG status</p>

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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (March 2023)	Current Risk Score (June 2023)
		12	12

Risk Descriptions

The national Housing Crisis presents widespread ramifications at a local and regional level and specific risk considerations are set out below.

1b (i) Lack of affordable housing supply increases homelessness

1b (ii) Housing provision (types of units) does not meet local resident needs or address client special needs for accommodation. Any delay in adopting the Local Plan does not assist in progressing a wide spread of units for differing needs.

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)

1b (iv) The ongoing conflict in Ukraine and refugee situation, particularly the Government decision to close Afghan Bridging hotels by end of August 2023, presented additional pressures in ensuring that fundamental needs are met in supporting new communities. Spelthorne participates in the Local Authority Housing Fund capital funding programme (Rounds 1 and 2) to acquire properties to house homeless refugees. The funding is insufficient to be able to acquire the total number of properties required and the Council has to contribute financially to each purchase. Further to Spelthorne receiving an increased number of homeless approaches from the asylum hotel within the borough as well as other dispersed accommodation, there is very limited funding available for housing asylum seekers which could adversely impact the suitability of accommodation offered to these communities and where placements are out of the borough, Spelthorne has little control over accommodation standards. Increased rate of determination of asylum seekers claims is resulting in more residents at the Asylum Seekers initial accommodation hotel in the Borough presenting to the Council seeking housing support. These factors are exacerbating Housing demand and supply. The Council has written to the Minister about the impact of asylum seekers requiring housing support.

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.

1b (vi) Managing demand for social housing is extremely challenging given that anyone with a local connection can apply for housing to any Council.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

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 causes landlords to increase rental charges presenting more homelessness cases (if rents cannot be afforded) with increased demand for social housing.

1b (viii) Further to the Council's decision to suspend direct delivery of the Housing development programme from mid-September 2023, this could further impact timelines for delivery of affordable housing provision, and thereby impact the achievement of Corporate Priorities in this area.

1b (vix) Housing fraud occurrence (tenancy fraud/Housing register/Homelessness) leads to an increased number of cases on the Housing register as well as reduced availability of social housing for those individuals/families in genuine need. It also carries financial cost to the Council and taxpayer (fraud losses) where for example temporary B & B accommodation placements are not genuine.

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. Legal challenge is likely and an increase in complaints and referrals to the Ombudsman. Furthermore, there is a risk to the health safety and welfare of staff dealing with families in housing crisis as they become frustrated and at times abusive.

***Current Control Actions** (See Key. These are specific actions to reduce the likelihood of a risk event or occurrence)
Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '1b' above. Therefore, the reference number should be clearly indicated.

****Current Mitigating Actions** (See Key. These are specific actions to reduce the impact of a risk event should it occur).
Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '1b' above. Therefore, the reference number should be clearly indicated.

Affordable Housing Provision – Delivery Options

1b(viii) A report on mitigation of Holding Costs and Development Delivery Options for Council Owned Development Sites in supporting affordable Housing Provision was reported to CPRC 16.10.2023. These will set out how new delivery options proposed have been assessed.

Financial support

1b (vii) Government funding to assist vulnerable families in rent arrears and who are at threat of eviction.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

	Additional support is being provided to vulnerable residents to assist with tenancy sustainment through floating support funded by the government's Rough Sleeping Initiative. Capacity for quality advice provision has been extended for the Citizen's Advice to support the community. Council is lobbying for additional funding support in recognition of the resourcing and financial impact of more asylum seekers presenting in need of housing support.
<p><u>1b (i) (ii) Collaborative working in pursuit of affordable housing delivery</u></p> <p>Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need. Some new developments with affordable housing units are expected later this year through Registered Providers. 22 units are expected later this year from A2D and further 48 units from PA Housing</p> <p>S106 agreements with Developers. Strengthened the review process for s106 agreements to capture any potential additional affordable housing due to an uplift in value.</p>	
<p>1b (i) <u>Homelessness and Refugee Support</u></p> <p>In complying with Homelessness Reduction Act, proactive measures taken to address risk of homelessness.</p> <p>Measures to support Rough Sleepers, Afghan and Ukrainian refugee families under the government funded relocation and assistance scheme, including dedicated support workers.</p> <p>Applying Home Office funding to provide additional support to refugees. The Council has applied Home Office Afghan refugees funding to enable it to acquire Temporary Accommodation at Longford to enable it to temporarily house families impacted by the closure of the Bridging Hotel until they are able to move into resettlement properties funded by the Local Authority Housing Fund.</p>	<p>1b (i) <u>Homelessness and Refugee Support</u></p> <p>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.</p>
<u>1b (iv) Local Authority Housing Fund (LAHF)</u>	<u>1b (iv) LAHF</u>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

1b (iv) Purchasing properties to accommodate Ukrainian and Afghan families initially (longer term available for general housing needs) part funded by the Government Local Authority Housing Fund capital funding	1b (iv) Participation in Local Authority Housing Fund Round 1 approved by Corporate Policy and Resources Committee (CPRC). Currently on track already to secure all 11 target properties, including the one 4 bed property specifically for larger Afghan families (which attracts higher level of grant funding). Participation in Local Authority Housing Fund Round 2 to acquire a further 7 properties. Report going to CPRC in October 2023 to approve acquisitions.
<u>Strategies, Monitoring Processes and Counter Fraud 1b(vix)</u> Housing and Homelessness Strategies. Quarterly Strategic Action Plan monitoring. Regular review by officer Strategic Housing Group. Member approved tenancy strategy. Enhanced verification of all Homelessness applications takes place to sift out fraudulent applications before they can enter the system (Fraud Prevention strategy).	<u>Strategies, Monitoring Processes and Counter Fraud 1b(vix)</u> Counter Fraud bulk data matching initiative is underway with A2D, with the objective of identifying potential social housing fraud occurrences, to free up social housing for those in genuine need. A risk approach is being applied to prioritise investigation of matches identified. Monitoring of Housing Register levels. Re-registration process took place this summer in accordance with the new terms of the revised Allocation Policy and resulted in circa 1700 re applications (significant reduction from the previous level of 3800 applicants).
<u>1b(v) (vi) Housing Demand and Supply constraints</u> Surrey reciprocal arrangement already defined to re-house applicants across boroughs where local connection confirmed. Therefore there are limitations to how this risk occurrence which impacts supply can be reduced.	<u>1b(v) (vi) Housing Demand and Supply constraints</u> The Housing Team have written to other councils reminding them of legal obligation to notify where placing households in the borough
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 October 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
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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (March 2023)	Current Risk Score (June 2023)
		9	9

Risk and Impact Descriptions

Evolving national economic strategy and policy and ongoing recovery from previous pandemic lockdowns continue to impact economic well-being locally, nationally and globally. This is now being compounded by continued impact of the Cost-of-Living crisis. The risk implications and threats to the Council are:

2 (i) 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.

2(ii) 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.

2(iii) The potential for increased level of business failures amidst the growing 'Cost of doing business crisis' has led to closure of some retail and business units across the borough 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 the economic prosperity of the borough and affects collections rates for business rate income, with reduced levels impacting finances and services available.

2(iv) 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 likelihood of a risk event or occurrence)

Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '2' above. Therefore, the reference number should be clearly indicated.

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

Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '2' above. Therefore, the reference number should be clearly indicated.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p><u><i>Economic Prosperity Strategy</i></u></p> <p>2 (i) The Economic Development Committee as well as other groups provides a mechanism for the Council's Economic Prosperity strategy to be periodically refreshed and reported. An Economic Prosperity Strategy has been developed (2023 – 2028) which addresses the key actions which face the borough. It incorporates a detailed strategy 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>2(i) 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 wider externalities.</p>
	<p><u><i>Town Centre Strategy</i></u></p> <p>2(ii) 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><u><i>Schemes to support businesses and collection fund monitoring</i></u></p> <p>2(iii) Government assisted Energy Bills Support Scheme (EBSS) to support increased energy costs / bills.</p> <p>2(iii) 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 were received in February 2023.</p> <p>https://democracy.spelthorne.gov.uk/documents/s44963/CPR%20Ctee%2011.7.22%20SPF%20report%20v2.pdf</p>	<p><u><i>Schemes to support businesses</i></u></p> <p>2(iii) 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. A separate report went to ED committee in January 2023</p> <p>https://democracy.spelthorne.gov.uk/documents/s46672/CPRC%2010.10.22%20-%20SPF%20and%20BBR.pdf</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>2(iii) Monthly 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 and macroeconomic climate on the collection fund. Regular reporting on collection rates to Corporate Debt Group and as part of KPI's to Councillors</p>	<p>A contract has been awarded to a company deliver business support training including 1-2-1 mentoring, developing a business plan, marketing and growing a sustainable business. Delivery of the programme is now underway,</p> <p>A contract has also been awarded for a company to go into local businesses to undertake an energy audit to assist with reducing energy bills, to raise awareness around more sustainable energy options and to provide baseline information for businesses to apply for grants and funding. Delivery of the programme will be shortly underway.</p> <p>2(iii). 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>2 (iii) 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 has become an Employment & Skills Hub focusing on both younger and older age groups.</p>
<p><u>Counter Fraud</u></p> <p>2(iv) Counter Farud, Bribery and Corruption Strategy includes proactive measures to promote early identification of potential fraudulent activity/ attempts across high risk public fraud areas, which forms part of fraud preventative approaches.</p> <p>2(iv) Communications from the Council regarding evolving fraud scams to promote awareness amongst residents/businesses and protect the public from being targeted.</p>	<p><u>Counter Fraud</u></p> <p>2(iv)Counter Farud, Bribery and Corruption Strategy includes measures to promote reporting, detection and investigation of suspected fraud occurrence</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

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 (there are no further specific actions for this risk category 2 (Economy) in the Risk Action Plan)

What is the indicative/additional risk score after considering further mitigation measures set out in the Risk Action Plan? (At October 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 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) Group Head Assets (Coralie Holman)

Previous RAG Status (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (March 2023)	Current Risk Score (June 2023)
		9	9

Risk and Impact Descriptions

3i. 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. This may impact on the financial position, and our ability to deliver discretionary services, 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 likelihood of a risk event or occurrence)

Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '3' above. There is currently only one risk description for risk category 3 and therefore all control actions relate to risk description 3i .

Overarching Asset Management Strategy, Performance Management and Assets Risk Register

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

Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '3' above. There is currently only one risk description for risk category 3 and therefore all mitigating actions relate to risk description 3i .

Sinking Fund

The Council is continuing to increase its sinking funds which increased from £26m to £34m at the end of 2021-22 and £37.8m at the end of 2022-23.

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>Public Interest Report Action Plan approved by Audit Committee in July 2023.</p> <p>A new approach to ensuring the certainty of the Council's rental income is being developed. This is also referred to on the Risk Action Plan (Appendix B) and includes:</p> <ul style="list-style-type: none"> • an overarching Asset Management Strategy around the proactive way the Council manages and monitors tenants and their ability to pay rental income, minimize void costs via early identification of space coming back through tenant failure or the termination of leases via surrender, expiry or break options, resulting in the need for space to be re-let. A progress report regarding the overarching strategy and core elements was verbally presented to Development Sub-Committee on 2nd October 2023. • Asset Investment Strategies for all assets focused on the coming 12 month period • Medium term business plans that consider the assets over a 5 year period <p>This focused approach is supplemented by performance management measures – developing KPIs which are reviewed annually and benchmarked against external, regional property indicators i.e., vacancy rates, market rentals, occupier demand and so on.</p> <p>The KPIs are linked to an Assets specific risk register that identifies the level of risk without mitigation, the proposed mitigation and reduced resultant risk.</p> <p>In addition, investment performance is monitored bi-monthly at weekly Councillor Assets Portfolio Working Group, and a six-monthly performance report is taken to Full Council for the Investment Portfolio.</p> <p>Currently 91% of overall Investment Portfolio let. Rent collection rates remain at 99+%.</p>	<p>Ten-year worst and expected case sinking fund scenario projections are reviewed fortnightly 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 and linked to refreshed risk management and performance management measures underway as part of the Public Interest Report Action Plan.</p>
<p><u>Tenancy and Void Management</u></p>	<p><u>Tenancy and Void Management</u></p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>The Assets team continue to use letting agents to secure new tenants on market terms. Financial checks are carried out on prospective new tenants and credit positions are reviewed bi-annually for all tenants.</p>	<p>Periodical financial health check of tenants and continued close liaison and building strong relationships allows accurate forecast when tenants are struggling or intend to move on, which are the main factors that would result in late or non-payment of rent.</p> <p>Ongoing management of voids with a view to reducing the portfolio void rate. Assets team proactively working to fill voids quickly using external lettings agents, understanding market demand and the size of accommodation needed.</p>
<p><u>Governance and reporting arrangements</u></p> <p>Capital Strategy (updated Strategy approved by CPRC February 2023) includes key performance indicators (being developed further) with a particular focus on the investment portfolio.</p> <p>Asset Management plan reviewed annually.</p> <p>Development Sub Committee of Corporate Policy and Resources receives regular monitoring reports for scrutiny. Most of the investment assets have had their Business Plans approved by the Development Sub-Committee.</p> <p>All Councillor Budget Briefing (3 times a year) set out financial risks in context of budgetary position, informing budgetary process.</p>	<p><u>Review of Business Plans for investment assets</u></p> <p>Group Head for Assets developing new Investment Asset Strategy (as part of the overarching Asset Management Strategy) which will incorporate business planning to be reviewed annually. See earlier reference re progress report regarding the overarching Asset Management strategy.</p>
	<p><u>External review of arrangements</u></p> <p>SBC has participated in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and is in the process of taking on board any improvement suggestions.</p> <p>The Council is currently external advisers to critically review the Investment Assets portfolio</p>
<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>	
<p>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 October 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 score with no change to RAG status - Reduced score with no change to RAG status - Reduced score and RAG status
<p>9</p>	<p>Maintained score with no change to RAG status</p>

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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
		12	12

Risk and Impact - Descriptions

4(i) Increased financial pressures faced by the Council arising from the continued inflationary pressures on fuel, gas and electricity, staff pay pressures, significantly increased PWLB loan rates presenting higher borrowing costs and other external factors are collectively causing a significant increase in revenue costs and capital expenditure. As a result of the Council's decision to suspend direct delivery of the Housing development programme from mid-September 2023, options are being explored for how to handle £10m to £15m of accumulated capitalized costs which will potentially need to be charged to the Revenue budget. In addition, holding costs of £1.6m per annum relating to the housing delivery schemes continue to be incurred until outcomes are achieved on the sites held by the Council. This is creating considerable financial pressure.

4(ii) Combined with reduced fee income and potential for lower collection rates of Business Rates and Council Tax (exacerbated further by the continued 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). This coincides with increased service demands, leading to further growth bids for resourcing which are not financially sustainable or affordable unless these can be offset by savings. Ongoing financial pressures, in worst case scenario, could lead to the Council becoming financially unsustainable. (To note, in terms of the Cost of Living impact at October 2023 Council Tax collection rate is 57% compared to 64% a year ago. This could be attributed to a much higher take up this year of 12 monthly instalments rather than 10 in supporting customers during challenging financial times. Business Rates collection rate at October 2023 is 60% and consistent with a year ago).

4(iii) As the Council's borrowing levels have necessarily become restricted in the context of wider financial and externality risk, this could impact how the Council responds to unexpected events or factors presenting uncertainty and therefore its financial resilience. (This risk may also apply to risk category 5)

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)</p> <p>Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '4' above.</p>	<p>**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur).</p> <p>Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '4' above.</p>
<p><u>Financial and budgetary management, reporting and modelling</u></p> <p>4(i) Financial impact assessment modelling undertaken as proactive measure. Finance have accelerated the timing of when initial budget modelling is completed compared to previous years, and this has provided more time to now explore options for closing budget gaps. Councillors were updated at a Budget Briefing on 10th October.</p> <p>Budget gaps remain at present for 2024-25 through to 2027-28. Management Team, Group Heads and Finance are robustly scrutinising budget growth bids to remove those which cannot be justified, and seeking additional savings.</p> <p>4(i, ii,) Outline Budget report to be approved by December 2023 CPRC provides updated medium term budget projections and set out options for refreshed medium term financial strategy. This will be considered alongside the refreshed Reserves Strategy.</p> <p>4(i) (ii) All Councillor Budget Briefings, undertaken 3 times a year setting out financial risks in context of budgetary position, informing budgetary process.</p>	<p><u>Financial and budgetary management, reporting and modelling</u></p> <p>4 (i) Inflationary pressure contingency reserve to assist with the predicted budget deficit.</p> <p>4(i, ii, iii) Fully refreshed Reserves Strategy approved by February 2023 CPRC and updated again going to January 2024</p> <p>4 (i) (ii) Governance reporting including financial impact of current pressures on the Council's budget to support perusal of further mitigating actions. Revenue outturn report presented to CPRC 26 June 2023 recommended that the £479,929 surplus on Outturn is transferred to the General Fund in the context of economic uncertainty to strengthen the Council's contingency funds.</p>
<p><u>Savings and VFM</u></p>	<p><u>Growth, Savings and VFM</u></p> <p>4(i) (ii) 2023-24 Budget put forward for making efficiency savings over the next 4 years to further safeguard the authority in addressing the budget</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>4 (ii) Cashable savings working group set up to target efficiencies and savings. In future progress against cashable savings will be incorporated into the quarterly budget monitoring reports.</p> <p>4 (ii) Procurement Projects Board set up to ensure focus on delivering value for money from procurement.</p>	<p>deficit. Target was £200k per annum for four years. Progress against this target is currently being re-assessed, and additional measures put in place to maintain clear focus on cashable savings</p> <p>4 (ii) Service Planning for 2024/25 to feed into the Budget process (annual processes). This process provides an opportunity for Managers to put forward any savings to offset growth bids submitted and support the Council's budgetary position. Service Plans to be considered by Committees in November</p>
	<p><u>External Review</u></p> <p>4(iii) SBC has participated in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and is in the process of taking on board any improvement suggestions.</p> <p>4(iii) Participation in Surrey wide financial resilience review with commissioning of independent consultants to consider financial metrics as part of this assessment.</p>
	<p><u>Holding Costs for Development Sites</u></p> <p>4 (i) (iii) A report on mitigation of Holding Costs and Development Delivery Options for Council Owned Development Sites was reported to CPRC 16.10.2023.</p>
<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>	
<p>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 October 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>12</p>	<p>Maintained risk score and RAG Status</p>

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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
		9	9

Risk and Impact - Descriptions

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.

5(ii) Stock market volatility due to uncertainty may lead to adverse investment returns, although this is mitigated by investing in a balanced mix of unit funds that will spread the risk of such a situation (linked to assets, bonds and equities).

5(iii) Significant rises in interest rates and increased cost of borrowing / loans influence the Council's treasury activities. This also presents positive opportunities in enabling great returns to be earned on the Council's surplus cash supporting the Revenue Budget.

5(iv) Significantly increasing pressure on the Council's cash flow.

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

Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '5' above.

Treasury Management Strategy 5 (i) (i) (iii) (iv)

****Current Mitigating Actions** (See Key. These are specific actions to reduce the impact of a risk event should it occur). **Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '5' above. Therefore, the reference number should be clearly indicated.**

Borrowing Strategy Review 5 (iii)

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>Treasury Management Strategy for 2023-24 approved by Members at February Council. Following on from approval at CPRC on 11.9.2023 for the Council to step away from seeking to directly deliver and finance from borrowing the housing delivery programme, the Council's Treasury Management Strategy has changed significantly with amendments to the prudential indicators approved at October CPRC and Council. Leading up to these an informal budget briefing has taken place for all Councillors to explain the change of approach.</p>	<p>5 (iii) Ongoing review with Treasury Management advisors regarding 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. The borrowing strategy will be further impacted by suspending direct delivery of the housing delivery programme which was funded by finance from borrowing.</p> <p>Fixed interest rate on most debt and for investment assets an interest equalization reserve is in place. Refer also to mitigating actions under section 4 above.</p>
<p><u>Treasury Management Practices 5 (i) (ii) (iii) (iv)</u></p> <p>Application of CIPFA Code of Practice and Prudential and Treasury Management Codes</p>	
<p><u>Performance Management 5(i) (ii) (iii)</u></p> <ul style="list-style-type: none"> ➤ Performance measurement and outturn reporting. ➤ Investment Benchmarking undertaken by Arlingclose, the Council's Treasury advisor. 	
<p><u>Cash Flow 5(iv)</u></p> <p>Daily cash flow position produced and monitored. Internal control process reviewed and strengthened in 2023.</p>	
<p><u>Investments 5(i) (ii) (iii)</u></p> <ul style="list-style-type: none"> ➤ Council's investments are managed internally in consultation with specialist advisors Arlingclose. Explore options for diversifying the portfolio. ➤ Aim to select counter parties of the highest credit quality. ➤ Credit ratings monitored. ➤ Investments with approved institutions as per policy and strategy 	<p><u>Investments 5(i) (ii) (iii)</u></p> <p>By investing in a balanced mix of unit funds linked to assets, bonds and equities this is intended to spread the risk and minimize the impact of occurrence of any adverse investment returns.</p>
<p><u>Training to support informed decisions. 5 (i) (ii) (iii) (iv)</u></p>	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>Quarterly meetings are held with Arlingclose of which the Chief Finance Officer, Chief Accountant, Treasury & Capital Accountant and Assistant Accountant along with Administration Group Leaders attending. From September 2023 the presence of Administration Group Leaders at the quarterly sessions with Arlingclose provides additional insight and further supports Councillors in making informed decisions and approving the Treasury Management Strategy.</p> <p>Treasury Management training (Member briefing) provided for all Councillors in September 2022 and another one is planned to be delivered between November 2023 and January 2024.</p> <p>Arlingclose have been asked to arrange training for all councillors on Treasury Management issues</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.

What is the additional risk score after considering further mitigation measures set out in the Risk Action Plan? (Once these are fully implemented) (At October 2023)	<p>Direction of Travel after Considering further mitigation set out in the Risk Action Plan? (Either)</p> <ul style="list-style-type: none"> - 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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
		9	12 (Explanation for this change in direction of travel has been provided in the risk description 6(i), as well as main cover report at paragraph 2.7(f) – see separate document with reference to instances of greater extremes of weather and temperatures on the increase, presenting major adverse impact)

Risk and Impact Descriptions

6(i) 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 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. The last 8 years have been the world's hottest and in the last summer there were 72,000 excess deaths in Europe due to the extreme heat. The UK is equally likely to see weather extremes going forward hence the proposed change in RAG rating to red as extreme weather impacts on the economy and actions required by the Council e.g in times of severe flooding seriously draining the Council's resources.

6(ii) Where integration into wider Council decision-making is not evident this reduces the effectiveness of holistic approaches in delivering Spelthorne's strategy

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

6(iii) Inadequate mechanisms for monitoring and reporting on status provides limited insight regarding keeping on track in pursuing net zero carbon emissions and wider government reporting requirements.

<p>*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence)</p> <p>Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '6' above.</p>	<p>**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur). Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '6' above. Therefore, the reference number should be clearly indicated.</p>
<p><u>Targets 6 (i)</u></p> <p>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 (aiming to get to Net Zero for Scope 1 and 2 emissions by 2030, developed an action plan to move the Council towards net zero carbon emissions, agreed at Environment and Sustainability Committee September 2022) and to 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.</p>	<p><u>Application of Green Initiatives Fund 6 (i)</u></p> <p>On 13 June 2023, the Group Head Commissioning & Transformation presented a report to MAT on the allocations of the Green Initiatives Fund of £747k that included bids for Hubbub comms package, electric mopeds, and solar panels. In addition, a portion of the Shared Prosperity Fund will be allocated to Climate Change Business audits. Going forward it is appropriate this fund is targeted at measures to reduce the carbon footprint of the Council to help ensure we are net zero by 2030. This will ensure the Council mitigates its own impacts in terms of climate change as far as possible.</p> <p>Also we need to ensure that within the legal constraints we implement the proposed supplementary planning guidance to assist in future properties being better adapted to both heat and cold.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p><u>Strategy 6 (i)</u> - 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. Linked Spelthorne's Climate Change strategy where appropriate to Greener Futures Delivery Plan. Member and Officer representation at the Greener Futures Partnership meetings and the River Thames Scheme to support a coordinated approach to strategy implementation.</p>	<p><u>Strategy 6 (i) (ii)</u></p> <p><i>Through carbon literacy training of staff and the climate change and sustainability officers working with services across the Council, climate change is becoming embedded in service delivery.</i></p>
<p><u>Monitoring and Performance Reporting 6(iii)</u></p> <ul style="list-style-type: none"> ➤ A Climate Change Working group made up of a cross party group of elected Members to focus on monitoring of actions towards carbon neutrality and initial assessment of ideas. ➤ Officer updates to Members on the progress of the Climate Change Action Plan. ➤ Annual Reporting of Carbon Emissions to SCC ➤ Quarterly KPI reporting - the Performance Indicator outlines the reduction in CO2 emissions of energy use across SBC ➤ Monitoring of energy savings achieved across Surrey Borough's and Districts to provide comparative stats . ➤ ESG assessment underway to develop future strategies for reporting requirements on climate change 	
<p><u>Initiatives taken 6 (i)</u></p> <p>There are numerous examples of measures taken so far: Sustainability Strategy / Energy & Water Efficiency Policy / 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. 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. The</p>	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>Passivhaus Leisure Centre under construction is designed to save 600 to 700 tonnes of carbon saving per annum.</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>The Council has engaged with Talking Tree and the Open University in a net zero project aimed at involving the community in climate change opportunities and activities. As study conclude, developed incredible edibles community gardening project as participants keen to take forward.</p> <p><u>Training</u> – 6(i) Continuing to roll out Carbon Literacy training days and participating staff have committed to a range of carbon saving pledges. Training days will continue for other officers to target as many staff as possible. Training will be/ has been provided for Councillors in June 2023 as part of the 2023 Induction Programme.</p>	
<p><u>External Funding for pursuing measures (to support strategy) 6(i)</u></p> <p>Proposal for funding from GIF submitted for ESG study.</p> <p>Spelthorne secured funding from the Local Government Association (LGA) Net Zero programme to engage with local residents on the Council's climate action.</p> <p>Spelthorne has been successful in an application to the Low Carbon Skills Fund for £99,600 to be spent by 28th March 2024.</p> <p>The Salix funding will be used to carry out energy audits of Council buildings.</p> <p><u>Integration into wider Council decision-making and corporate processes 6(ii)</u></p> <ul style="list-style-type: none"> ➤ All Committee reports include a section on Sustainability and Climate Change considerations which should be reflected upon by report authors to identify both positive and adverse impact of 	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>proposals being put forward by Officers requiring a Member decision.</p> <p>Carbon Footprint section on Service Plans for 2024/25 which provides an opportunity for departments to support the Council's commitment to reducing carbon emissions and explain how they intend to adapt elements of their service delivery to achieve this.</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 October 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
9	Reduced score and RAG status

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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
		12	12

Risk Descriptions

7(i) Overstretched capacity exacerbated by the additional workload, 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.

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.

7(iii) Unsuccessful recruitment and ongoing unfilled vacancies in a challenging and competitive labour market leads to reduced availability of technical skills and relevant expertise is spread more thinly across Services. Staff shortages further exacerbate workload pressures across teams. The consequences of this risk are set out earlier at 7(i).

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 and/or periods of ongoing vacancies.

7(v) Alternative patterns of working such as hybrid models may present both risks and opportunities. Some of the perceived risks could include reduced output and productivity, increased fraud, cultural considerations such as silo working resulting in loss of corporate memory/knowledge with less effective outcomes and/or a misalignment with corporate priorities. Positive opportunities associated with hybrid and flexible working include supporting the retention

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

and recruitment of staff in a highly competitive labour market, greater work-life balance for employees with reduced travel time and consequently a more positive impact on the environment over time (lowering carbon emissions) where road traffic is reduced.

7(vi) The Council has an ageing workforce (not uncommon in the LG sector), and this increases the risks associated with a significant loss of corporate knowledge due to the possibility of a high level of Officers taking retirement over the next decade.

***Current Control Actions** (See Key. These are specific actions to reduce the likelihood of a risk event or occurrence) **Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '7' above.**

Performance Management

- Continuous performance management (CPM) system includes regular 1-1's with line Managers as well as more formal quarterly performance clinics. Central recording system to summarise discussions with reference to key output areas, effectiveness of outcomes, targets, training and development and any wellbeing matters. Enables HR to keep an oversight track of CPM implementation.
- Corporate performance management top-down approach incorporates the overarching Corporate Plan priorities and objectives, service plans with kpi's and personal targets. These processes should be closely aligned in supporting delivery of the Council's priorities, objectives, and long-term vision.
- Benchmarking of some KPI'S across Surrey is in place to ascertain performance levels.
- With communication platforms like MS Teams and supported systems and technology, staff are fully equipped to work in the office and remotely. Automated internal control processes are important to support modern working practices.

****Current Mitigating Actions** (See Key. These are specific actions to reduce the impact of a risk event should it occur). **Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '7' above. Therefore, the reference number should be clearly indicated.**

Performance Management

- Reports can be produced to monitor remote activity across the workforce if required.
- Implementing adequate mechanisms for performance management, monitoring productivity and following through on performance issues are the responsibility of managers across services/teams. Corporate policies to support.
- Regardless of where services are delivered from (remote vs office), the focus should be on the efficiency and effectiveness of outputs and outcomes in delivering Council services and priorities, ensuring these are provided in a way that supports Council values (PROVIDE).
- Corporate establishment Review completed in July 2023 with report noted by CPRC, incorporated aspects of service delivery and hybrid models of working.
- In measuring and monitoring the effectiveness of Hybrid Working some considerations include kpi's monitoring, general performance management and complaints monitoring

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>➤ Group Head of Commissioning and Transformation issued a Briefing Paper to the March 2023 Audit Committee setting out some of the ways in which Hybrid working that took effect from 2021/2022 is managed at Spelthorne (Hybrid working policy of minimum 2 days required in the office to maintain working relationships, performance management, extent of application dependent on business needs/frontline, individual officer requests etc.) and reinforcing some of the wider benefits that have made this working approach a necessity in the modern world post-pandemic).</p>	<p>➤ GH Commissioning and Transformation reported no adverse impact of kpi's performance (for corporate kpi's reported) as a result of hybrid.</p> <p>➤ KPIs are reviewed annually to ensure they are relevant to service delivery</p> <p>➤ Complaints process to measure any dissatisfaction of customer/public experience, however this mechanism alone may be limited as if there were any increased level of complaints this could also indicate a general societal trend of becoming more comfortable to formally report concerns.</p> <p>➤ Report went to October 2023 CPRC on use of contractors</p>
<p><u>Resource Planning & Capacity management</u></p> <p>Management to address workload issues across teams, with continued prioritisation of tasks</p> <p>Growth bids for additional resourcing where a need has been identified forms part of annual Service Planning and budget process .</p>	
<p><u>Stress Management</u></p> <p>Responsibility to remain alert to stress related risks of demanding workload. The need to treat colleagues respectfully has been recognized and communicated and remains the responsibility of everyone in creating a conducive work environment.</p>	<p><u>Stress Management</u></p> <p>➤ Staff can access welfare information on the 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.</p> <p>➤ Monitoring of sickness absence provides a corporate view of stress issues.</p> <p>➤ LGA Peer review presentation/recommendations of November 2022 included references to working culture/working relationships/workload pressures/organizational style.</p>
<p><u>Embedding of Corporate values</u></p>	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<p>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).</p>	
<p><u>Staff and Member feedback to promote continuous improvement.</u></p> <p>Annual staff and Member survey commissioned in 2022 designed to ascertain employee and member views on several themes including workplace culture, values, recruitment and retention. Key matters arising from these surveys including organizational behaviours have been highlighted and communicated further as part of the LGA Corporate Peer review.</p>	
<p><u>Recruitment and retention</u></p> <p>Several measures have been underway for some time with examples below and developments in some areas:</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. ii) An apprenticeship training programme to upskill existing staff and offer development opportunities to new hirers. As part of the Finance restructure, two apprentice posts have been created. Apprenticeships continue to be encouraged and there may be possibilities for new apprenticeships in customer services. iii) An Employee Assistance Programme scheme and Mental First Aider scheme to assist with staff wellbeing. Positive feedback received from staff using these services. iv) Implementation of hybrid working in response to staff feedback and ensuring that staff are fully equipped to work from home. This working pattern continues to be well received and assists with retaining and recruiting staff - important in a competitive market as something to offer potential applicants. v) Flexi time working arrangements. 	<p>February Council approved pay uplift for 2023-24 – a fixed £1,925 per FTE equivalent to an average increase of 3.5%.</p> <p>Corporate Establishment Review completed July 2023.</p>

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

- 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.
- vii) £1,925 fixed sum agreed across all grades for 2023-24 – proportionally worth more for lower paid staff
- 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 continuing to experience recruitment issues.
- ix) Market supplements policy reviewed and refreshed
- x) A Collaborative Working Group is in place. Collaborative working and Partnerships being explored with a view to enhancing organisational and service resilience, promoting career opportunities and staff retention measures. It is important to be mindful that staff may fear for their roles/job security, so this is also a contributory factor leading to skilled staff leaving the Council. Reassurance for staff will be provided where appropriate.

To ensure these policies related to recruitment and retention continue to be fit for purpose they have recently been reviewed.

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 October 2023)	Direction of Travel (Either) after considering further mitigation set out in the Risk Action Plan? - Maintained risk score and RAG (Red/Amber or Green) - Reduced risk score with no change to RAG status - Reduced risk score and RAG status
9	Reduced score and RAG status (to Amber)

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 (June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
		9	9

Risk and Impact Descriptions
<p>8(i) 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.</p> <p>8(ii) If there is insufficient resource, skills or expertise to develop, promote and support implementation of E, D & I standards, progress in driving change and positive impact through a structured and coordinated approach may be limited.</p>

*Current Control Actions (See Key. These are specific actions to reduce the <u>likelihood</u> of a risk event or occurrence) Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '8' above.	**Current Mitigating Actions (See Key. These are specific actions to reduce the <u>impact</u> of a risk event should it occur). Each mitigating action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '8' above. Therefore, the reference number should be clearly indicated.
<u>Training and Awareness 8 (i)</u> <ul style="list-style-type: none"> ➤ Training mechanisms to raise awareness and understanding such as the online Workrite module. 	<u>Equality Impact Assessments 8 (i)</u> <ul style="list-style-type: none"> ➤ Equality Impact Assessments are completed as a requirement on initiation of new projects and strategies.
<u>E,D,I measures 8(ii)</u> Some examples of how the Council demonstrates its commitment to E, D & I principles include:	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

<ul style="list-style-type: none"> ➤ Recognising and celebrating diversity through communications and engagement amongst staff and local communities such as Black History Month, GBLT Pride month of June, religious festivals. ➤ Champions (Staff reps) to explore further positive approaches relating to E, D & I. Inclusivity Working Group meets regularly. ➤ Corporate Values – (PROVIDE) are incorporated into the Council's equality and diversity objectives together with an internal equality and diversity policy. ➤ An Equality, Diversity and Inclusivity 'Statement of Intent' document has been reported. ➤ Internal and external websites have been updated with Equality and Diversity policy and statement published. 	
<p><u>Integration into wider Council decision-making and corporate processes 8(i)(ii)</u></p> <p>All Committee reports include a section on Equality, Diversity and Inclusivity considerations which should be reflected upon by report authors to identify any implications and whether there is any specific impact for proposals being put forward requiring a Member decision.</p>	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

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 October 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 (Amber)

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 ((June 2023)	Current RAG Status (October 2023)	Previous Risk Score (June 2023)	Current Risk Score (October 2023)
9	9	9	9

Risk Descriptions

9 (i) The Surrey County Deal presents potential implications for collaborative and partnership working approaches across Surrey Districts and Boroughs in serving local communities, and this continues to be monitored in terms of progress and likely impact for service delivery and decision making across local authority tiers.

9(ii) If there is a lack of clarity or unified understanding around the wide-reaching implications of a County Deal this could make the task of planning, managing, communicating and implementing change challenging (Change Management).

9 (iii) The current governance structure may present limited opportunities for Spelthorne to influence future shaping and direction within the wider Surrey landscape. This could lead to strategic decisions being made that may not be in the best interests of Spelthorne's residents and local communities.

9 (iv) 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').

9 (v) Since Surrey County Council drew to an end a number of devolved 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. Any transitional arrangements may continue to encroach on Spelthorne Borough Council.

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

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

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Each control action (current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '9' above.	(current) should correspond specifically to one or more of the risk descriptions set out in the risk category section '9' above. Therefore, the reference number should be clearly indicated.
<u>Strategic Decision Making</u> 9 (iii) Spelthorne is a member of the Surrey Delivery Board which implements the decisions of other boards that are more influential in terms of setting the overall strategic direction and priorities for the County. SBC is not currently a member of any of these.	
<u>Managing new pressures</u> 9 (iv) Liaison at senior executive level across tiers to discuss future management of high levels and changing complexity of referrals/ caseload.	<u>Partnerships</u> Spelthorne is committed to working in partnership with a significant number of such arrangements already in place across Surrey, with a view to promoting greater alignment of strategic responsibilities and resources to achieve greater effectiveness and optimising best value.
<u>Roles and Responsibilities</u> 9 (iv) Service Level Agreements to clarify roles and responsibilities of respective parties	
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 (there are no specific actions raised for this risk category).	
What is the additional/indicative risk score after considering further mitigation measures set out in the Risk Action Plan? (Once fully implemented) (At October 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 OCTOBER 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, 20.02.23,31.5.23,13.6.23,20.10.23</i>	(i) March 2022 (ii) Revised – June 2023 (iii) Revised January 2024	IN PROGRESS The Local Plan Examination Hearings started on 23 May. At the ECM on 6 June councillors agreed “Spelthorne Borough Council formally request the Planning Inspector to pause the Examination Hearings into the Local Plan for a period of three months to allow time for the new council to understand and review the policies and implications of

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>the Local Plan, and after the three month pause the Council will decide what actions may be necessary before the Local Plan examination may proceed”.</p> <p>A further pausing of the Local Plan is likely to take place up to early 2024 to allow time for National Planning Policy Framework (NPPF) and for the implications to be evaluated.</p> <p>This will impact/delay adoption of New Local Plan.</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**

1a. HOUSING – Development & Targets	1a (ii) Identification and rigorous assessment of alternative Development Delivery Options for Council Owned Development Sites, to ensure they represent financially viable and sustainable solutions in delivering development targets.	October 2023	Chief Finance Officer, Group Head for Assets, Chief Accountant	(i) To be advised	NEW ACTION ADDED OCTOBER 2023
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, 24.5.23, 13.11.23, 12.10.23</i>	(i) October 2021 (ii) Revised March 2022 (iii) Revised July 2022 (iv) Revised October 2022 (v) Revised January 2023 (vi) Revised May 2023 (vii) Revised October 2023 (viii) Revised December 2023	IN PROGRESS Targeted bulk data matching exercise has commenced. First results of the matching exercise received and a risk based approach is being used to prioritise next stages of the investigations.
1b HOUSING _ Affordable	26 Afghan families living in the Staines Bridging hotel were served eviction notices	June 2023	Group Head Community Well Being Group Head Assets Deputy Chief Executive (CFO)	(i) August 2023 (ii) January 2024	IN PROGRESS A report is going to Development-Sub Committee on 6

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

	to vacate the premisses in summer 2023. This consequently presented the risk of substantial numbers presenting as homeless to the Council. Acquisition of properties to support refugees forms an important strategy that the Council is pursuing.		<i>Action reviewed by Deputy Chief Executive (CFO) on 22.10.23</i>		<p>November requesting approval to complete proposed acquisitions to support refugees. This will be partly funded from the LAHF grant rounds 1 & 2.</p> <p>A number of Afghan refugee families have already moved into LAHF properties and others are due to move in the coming weeks and months.</p>
3i FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3i. Developing a long-term relationship management strategy with existing tenants as part of a new Investment Asset strategy.	March 2023	<p>Group Head Assets</p> <p><i>Action to be reviewed by Group Head Assets (proposed updates already added)</i></p>	<p>(i). July 2023</p> <p>(ii) Revised October 2023</p> <p>(iii) Revised December 2023</p>	IN PROGRESS. This action will form part of the new overarching Asset Management Strategy being developed and due to be reported to

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

					Corporate Policy & Resources Committee in Autumn 2023. A progress report regarding the overarching strategy and core elements was verbally presented to Development Sub-Committee on 2 nd October 2023.
3i FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3ii.Develop and implement a Public Interest Report Action Plan for approval by Audit Committee	June 2023	Chief Finance Officer, Group Head for Assets, Chief Accountant <i>Action reviewed by Chief Accountant 22.10.23</i>	(i)July 2023 – plan approved (ii) Target date for full implementation of plan to be advised	IN PROGRESS - Action Plan reported to Development Sub-Committee on 3 rd July and Audit Committee on 27 th July for approval by Councillors. Plan was approved
3i FINANCIAL RESILIENCE AND COMMERCIAL ASSETS	3iii. A full review and refresh of the sinking funds modelling will be undertaken in 2023-24	June 2023	Chief Finance Officer & Chief Accountant	(i)December 2023	IN PROGRESS As previously agreed with CPRC and as part of PIR Action Plan, 50-year refresh

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

					of the modelling will be undertaken by autumn and will feed into 2024-25 Outline Budget process.
<p>3i. FINANCIAL RESILIENCE AND COMMERCIAL ASSETS</p> <p>4. FINANCIAL RESILIENCE AND COMMUNITIES</p> <p>This action covers two risk categories on the register (3 & 4)</p>	<p>3iv & 4i. Consider and pursue any forthcoming recommendations from CIPFA and DLUHC review of Capital risk mitigation. Risk is that could result in restrictions as to how much borrowing the Council can access in the future which could in turn impact financial resilience.</p>	<p>March 2023</p>	<p>Group Head Assets / Deputy Chief Executive/ Chief Finance Officer</p> <p><i>Action reviewed by Deputy Chief Executive/ Chief Finance Officer 22.10.23</i></p>	<p>(i)TBC once received recommendations from CIPFA and DLUHC review</p>	<p>IN PROGRESS .</p> <p>Linked to emerging Asset Management Strategy referred to at 3i.</p> <p>As part of capital risk mitigation, Council decision at CPRC of 11 September 2023 to suspend direct delivery of the Housing development programme with immediate effect. Finance and Assets continue to explore alternative approaches as to how schemes could be delivered (joint ventures, sales of</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

					individual residential units etc). A report on mitigation of Holding Costs and Development Delivery Options for Council Owned Development Sites in supporting affordable Housing Provision has been reported to CPRC 16.10.2023.
4.FINANCIAL RESILIENCE AND COMMUNITIES	4i. Progressing medium term financial strategy and efficiency savings plan in addressing budget deficit	March 2023	All Senior Management & Chief Finance Officer/Chief Accountant <i>Reviewed by Deputy Chief Executive (Chief Finance Officer)22.10.23</i>	(i)TBC	IN PROGRESS Service Planning cycle for 2024/25 completed. Growth bid submissions being rigorously considered by Management Team. Management Team, Group Heads and Finance are seeking out additional savings in order to be able to present to councillors a set of options to enable a

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

					balanced budget to be achieved. The Council's Reserves strategy has been updated and going to CPRC January 2024
5.TREASURY MANAGEMENT	5ii. Treasury Management training (Member briefing) provided for all Councillors in September 2022 and further training is planned to be delivered by January 2024.	October 2023	Chief Accountant	(i)January 2024	NEW ACTION Arlingclose to provide training session for councillors
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, 1.6.23,25.10.23	(i)September 2022 (ii) Revised June 2023 (iii) Revised December 2023	IN PROGRESS Training delivered to initial group of staff September 2022 and continues to be rolled out in 2023 to all staff. As of May 2023, 55 staff have undertaken the training with positive feedback. As part of the induction process

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

					Councillors have been provided with training on Climate Change in June 2023.
7. CORPORATE CAPACITY, RESOURCES, RECRUITMENT AND RETENTION	7i. Monitoring impact of departure of experienced officers and managing associated loss of organisational knowledge and talent. Review of staff retention measures to reduce and mitigate the risk of staff departures.	March 2021	ALL / Group Head Commissioning & Transformation (Sandy Muirhead) <i>Action reviewed by Group Head Commissioning & Transformation 10.2.22/26.10.22 /February 2023, 1.6.23,25.10.23</i>	Continuous action	ONGOING Spelthorne are Members of Southeast Employers newly formed Reward and Recognition Network to share best practice and learn from new initiatives. Recruitment and retention are a widespread problem within local authorities in the south east. Establishment Review of the Council completed in July 2023 and noted by CPRC. Followed by a contractor's usage report to CPRC in October 2023.

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	7ii. The continuation of excessive workload pressures generated by strategic political steers (including strategic planning, finance and assets), 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).	February 2022	Management Team <i>Group Head Commissioning & Transformation (Sandy Muirhead) reviewed action in February 2023 and 1.6.23, 25.10.23</i>	Continuous action	ONGOING & IN PROGRESS CPRC agreed for an Establishment Review of the Council to be undertaken. This has been completed in July 2023. Recommendations of the LGA Corporate Peer Review need to be addressed. Report on action plan to Corporate Policy and Resources Committee and follow up peer review visit November 2023.
7.CORPORATE CAPACITY, RESOURCES, RECRUITMENT AND RETENTION	7iii. Continue to explore new and innovative recruitment and retention strategies in a competitive market.	February 2022	Group Head Commissioning & Transformation (Sandy Muirhead) and HR Managers <i>Action reviewed by Group Head Commissioning & Transformation (Sandy Muirhead)</i>	(i)June 2022 (ii)Revised October 2022 (iii)Revised February 2023 (iv)Revised July 2023	IN PROGRESS Collaborative working with professional groups such as Southeast Employers to explore options and

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

			24.6.22/26.10.22/February 2023 and 1.6.23, 22.10.23.	(v)Revised September 2023 (vi)Revised January 2024	strategies. This is a 'work in progress.'
7.CORPORATE CAPACITY, RESOURCES, RECRUITMENT AND RETENTION	7. iv. In the wider context of a 'Recruitment and Retention crisis in the public sector', the Council continues to draw insight from HR professionals who keep abreast of best practice across Surrey and wider networks . There are several review mechanisms or hubs of expertise that have been referred to in this Risk Action Plan (Southeast Employers, Corporate Establishment Review, LGA Corporate Peer review). It is important that optimal value continues to be drawn from all relevant hubs of expertise including	OCTOBER 2023	Management Team Group Head Commissioning & Transformation (Sandy Muirhead) and HR Managers		NEW ACTION PROPOSED OCTOBER 2023 HR staff liaise with HR colleagues across Surrey and attend relevant meetings to ensure they are up to date on best practice and can meet the challenges of retaining staff in a difficult market. The level of influence that can be exerted to increasing salary levels , an important factor, may be limited.

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

	externally conducted research in continuing to facilitate and promote a holistic approach to responding to recruitment and retention challenges and future-proofing the Council's workforce.				
7.CORPORATE CAPACITY, RESOURCES, RECRUITMENT AND RETENTION	<p>7v. Council's values (PROVIDE) to become further embedded into behaviours, policy, and processes such as recruitment.</p> <p><i>(Research indicates that some individuals are more likely to be attracted to joining/remaining with an employer if they can relate to the values being conveyed as providing a sense of purpose in terms of what the organisation stands for).</i></p>	October 2023	Management Team/All Group Heads/ Lead Group Head Commissioning & Transformation	Longer term - to be advised	<p>NEW ACTION PROPOSED OCTOBER 2023</p> <p>Values will be embedded and communicated to staff as part of the corporate plan</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

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	MAT hold overall accountability and will need to assign a lead Officer to support production of a strategy together with appropriate resources. <i>Action reviewed by Group Head Commissioning & Transformation (Sandy Muirhead) - February 2023 1.6.23 and 20.10.23</i>	(i) March 2023 (ii) July 2023 (iii) October 2023	IN PROGRESS Statement of Intent and equality objectives produced as a first step, and internal and external website updated. Progression is dependent upon establishing resources to take forward.
9.Working Arrangements across Local Government Tiers	9i. Planning for potential change and ascertaining transitional and future arrangements for service delivery, decision making and strategic direction.	OCTOBER 2023	Management Team Group Head Place and Prosperity	(i) April 2024	NEW ACTION PROPOSED OCTOBER 2023

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

COMPLETED ACTIONS IN GREEN SINCE LAST REVIEW OF THE CORPORATE RISK REGISTER

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 OCTOBER 2023)
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	March 2021	Lead Officer - Group Head Commissioning & Transformation (Sandy Muirhead) <i>Action reviewed by Group Head Commissioning &</i>	(i) June 2021 (ii) Revised October 2022 (iii) Revised March 2023 (iv) Revised June 2023	COMPLETED. On 13 June 2023, the Group Head Commissioning & Transformation presented a report to MAT on the allocations of the Green Initiatives

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

	salary of climate change officer post.		<i>Transformation 10.2.22, 26.10.22, 27.2.23, 1.6.23</i>		Fund of £747k that included bids for Hubbub comms package, electric mopeds, and solar panels. In addition, a portion of the Shared Prosperity Fund will be allocated to Climate Change Business audits.
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, 2.6.23, 22.10.23</i>	(i) December 2022 (ii) Revised June 2023	COMPLETED. This exercise is completed and continues to coincide with the relevant period / financial year. The status will therefore remain as ongoing.

This page is intentionally left blank

Audit Committee

30th November 2023



Title	Interim Internal Audit Report
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	All Priorities Affordable housing Recovery Environment Service delivery
Recommendations	Committee is asked to: Note the Interim Internal Audit Report including Appendix A summarising the work undertaken by the Service during the period April to October 2023.
Reason for Recommendation	Not applicable

1. Summary of the report

- 1.1 The Internal Audit Manager at Spelthorne is responsible under Public Sector Internal Audit Standards (PSIAS) for providing independent assurance to the Audit Committee and Corporate Management Team relating to the Council's systems of internal control, risk management and governance arrangements.
- 1.2 This report seeks to summarise the work undertaken by the Internal Audit Service during the period April to October 2023. It includes reference to the following broad work categories in supporting the provision of assurance to the Council, as well as wider corporate roles and responsibilities undertaken by the Internal Audit Manager. Please refer to Appendix A regarding developments under each service activity area.
 - (a) Assurance assignments (audits) (*Category 1 at Appendix A*)
 - (b) Audit Follow Up Work (*Category 2 at Appendix A*)

(c) Reporting to the Audit Committee and several other requirements in adhering to the mandatory Public Sector Internal Audit Standards (PSIAS) *(Categories 3 & 4 at Appendix A)*

(d) Corporate Role – Corporate Risk Management *(Category 5 at Appendix A)*

(e) Corporate Role – oversight of counter fraud (high risk public fraud) *(Category 6 at Appendix A)*

(f) Support, advice, and insight across the authority on risk, control and governance issues *(Category 7 at Appendix A)*

2. Key issues

- 2.1 The purpose, authority and responsibility of the Internal Audit activity is set out in the approved audit charter of November 2022 which highlights fundamental principles around independence and objectivity. The role of Internal Audit is summarised through its definition and mission statement within the Public Sector Internal Audit Standards (PSIAS) and has been highlighted in previous reports.
- 2.2 A separate report on the ‘reprioritisation of the audit plan for 2023/24’ is on the agenda of the November Audit Committee, and this explains the rationale for reprioritisation of work areas and service delivery arrangements (extended co-sourcing model) for the remainder of 2023/24. The status of each specific work category on the audit plan is also set out in the Appendix to the separate report already referred to. The audit plan progress is currently on track with no change to scheduling of most objective assurance assignments (audits).
- 2.3 With regards this Interim Internal Audit report, Appendix A summarises findings from assurance assignments (audits) undertaken relating to the reprioritised internal audit plan for 2023/24 and also refers to finalisation of three assurance assignments relating to the 2022/23 programme. Audit reports include recommendations and advisory points aimed at reducing risks and strengthening internal controls, with an overall audit assurance opinion for the auditable area. Confirmation of recommendation status for recent assignments (whether agreed for implementation/implemented/outstanding) has been recorded at Appendix A and Managers have been given an opportunity to comment on the latest position. Most audits denote an ‘open’ status as recommendations are not all fully implemented and in some areas target dates for action/implementation have not been reached. *(Category 1 at Appendix A)*
- 2.4 Periodical follow up work forms an important part of audit service delivery in the ongoing provision of independent assurance. The Internal Audit Manager produced a position statement during Quarter 2 setting out initial conclusions from a follow up drive undertaken to assess implementation of prior agreed audit recommendations. The work concluded that whilst recognising the organisational pressures and competing priorities facing Officers, the implementation rate of agreed audit recommendations could be improved in enhancing the organisations internal control, risk management and governance arrangements. The Audit Manager has also verbally communicated key messages at a prior Managers Briefing where Management Team, all Group heads and Managers were in attendance. *(Category 2 at Appendix A)* The Audit Committee have previously expressed

an interest to invite Managers to attend these meetings where the need arises to engage in discussions around risk and control and promote management accountability for implementing agreed actions in a reasonable timescale. This was also reiterated in recent Audit Committee training delivered in July 2023.

- 2.5 In addition to planned assurance assignments (audits), there are several other resource intensive areas of work undertaken by the service including additional corporate roles and responsibilities, details for which are set out at Appendix A. Some examples of how Internal Audit supports the organisation in achieving its objectives and adds value are summarised below (*Categories 3 to 7 at Appendix A*):

- (a) **Statutory Reporting to the Audit Committee** - Several reports are produced and presented by the Internal Audit Manager in accordance with the Committee work programme. This ensures adherence to the mandatory Public Sector Internal Audit Standards (PSIAS).
- (b) **Advisory Role** - Reactive and pro-active support, advice and insight provided to services, corporate groups and management team on various risk, control and governance issues. Input to risk considerations in Committee reports is subject to service capacity.
- (c) **Counter Fraud Oversight** – In driving strategy implementation, promotion of initiatives for tackling high risk public fraud continues through continued collaborative working with the Service Provider and across internal Services and other Partners. The Internal Audit Manager prepared an analysis of returns and savings through reduction of fraud losses across high-risk fraud categories in the annual audit report of July 2023. Counter fraud outcomes reflect what can be achieved through working together across Services, Partners and hubs of expertise/specialism. The Counter Fraud strategy highlights social housing fraud as an area to target and a data matching exercise has progressed, with initial results being investigated by the Service Provider. Housing have worked with respective Partners such as A2D on this project and positive buy-in has supported progression. Customer Services are participating in a Countywide SPD exercise.
- (d) **Corporate Risk Management** – Analysis, coordination and reporting by the Internal Audit Manager on the Council's Corporate Risk Register representing the Council's most significant strategic risks. In promoting collective ownership and greater visibility of these risks, reports drawing out the most pivotal risks and issues continue to be presented to Corporate Policy and Resources Committee further to meetings of the Audit Committee. This reporting has continued to evolve and develop in several ways, including format and presentation of the risk register. A central form and database for recording and monitoring the Council's corporate risks is being developed using the Council's in-house systems.

3. Options analysis and proposal

- 3.1 There are no options being raised.

4. Financial implications

- 4.1 The Internal Audit Manager previously reported on returns and savings delivered through reducing financial losses from fraud and error across high-risk public fraud categories for 2022/23 in the annual audit report of July 2023. Spelthorne's overall level of fraud losses reduced /financial savings achieved for the most recent period April to September 2023 (Quarters 1 & 2) amount to approx. £250k (rounded), of which £105k are reported as cashable with approx. £81k of this sum being reimbursed to the Council directly from prosecutions undertaken.
- 4.2 Continued referrals of suspected fraud and pursuit of proactive and collaborative counter fraud initiatives accessible across all high-risk fraud categories will contribute to maximising financial returns.

5. Risk considerations

- 5.1 Implementation of audit recommendations and consideration of audit advice will reduce risks for the authority and enhance the robustness of the control environment, as well as contribute to continuous improvement which is acknowledged by the Council's Management Team and the Audit Committee.
- 5.2 Failure to undertake internal audit work to the required professional standards would lessen the reliability of assurance provision to the Council that effective systems of internal control are in place to manage risks. The Internal Audit Charter reinforces the importance of adhering to professional codes of conduct and audit standards, as well as other practices and principles underpinning an effective Internal Audit service.

6. Procurement considerations

- 6.1 A Procurement process for appointing audit contractor resource has been undertaken to support delivery of the 2023/24 audit plan. The Procurement team were consulted at the outset of this process.

7. Legal considerations

- 7.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory further to the Accounts and Audit (England) Regulations 2011. The PSIAS require reporting to the Audit Committee on key areas of internal audit activity and outcomes in supporting assurance provision.

8. Other considerations

- 8.1 There are none.

9. Equality and Diversity

- 9.1 Equality, Diversity, and Inclusivity has been included on the Council's Corporate Risk Register from November 2022. This provides a high level mechanism to ensure that internal controls/mitigations to manage the identified risks are reviewed and refreshed as required, and that actions are periodically monitored.

10. Sustainability/Climate Change Implications

- 10.1 There is inclusion on the Council's Corporate Risk Register, given that it represents a significant strategic risk category. An objective assurance assignment (audit) has also been completed for this area during quarter 2 as

part of the planned audit work programme, and the findings are referred to at Appendix A.

11. Timetable for implementation

- 11.1 Implementation of agreed audit recommendations within target timescales advised by Managers and audit status (open or closed) will continue to be monitored and reported as part of the follow up process.

12. Contact

- 12.1 Punita Talwar, Internal Audit Manager.

p.talwar@spelthorne.gov.uk

01784 446454

Background papers: There are none.

Appendices:

Appendix A – Work summary for the Internal Audit Service April to September 2023

This page is intentionally left blank

Appendix A –Interim Audit Report. Work categories April to October 2023

Internal Audit Plan Area for 2023/24	Specific area & Accountable officer (s)	Assurance Opinion (Where Applicable)	Recommendations and/or advisory points raised	Status as at November 2023 (Agreed/ Implemented/Outstanding)*
<p align="center">Category 1. Assurance Assignments (Audits)</p> <p align="center">*Please note that where audits have an 'Open' Status, this denotes outstanding recommendations. A 'closed' status is recorded if all agreed recommendations and advisory points are fully implemented.</p>				
1.Audit Assignment Final audit report issued June 2023	Communications Head of Communications & Customer Experience	Substantial assurance	1 advisory point raised - scope for more formalised media awareness training or brief awareness sessions to be arranged that covers existing staff. It is acknowledged that induction sessions are held for new staff starters.	Open Audit. Agreed and partially implemented. Updating of style guide on SpelNet has been completed, a simplified handbook is underway with sessions planned for early 2024, and a new Communications section to assist staff has been published on SpelNet which incorporates a media protocol.
2.Audit Assignment Final audit report issued July 2023	Housing Benefit Overpayments Group Head Community Wellbeing and	Reasonable Assurance	1 advisory point raised - Whilst the Housing Benefit Overpayment policy was still considered fit for purpose, a refresh of the policy is timely as it was last undertaken in 2019, with periodical review going forward.	Closed Audit. Agreed and implemented in October 2023.

Appendix A –Interim Audit Report. Work categories April to October 2023

	Housing Benefits Manager		<i>Residual Risk area:</i> Significant cumulative overpayment debt of £3m+ continues and remains an inherent risk to the service area and the Council due to the statutory limitations on how much Housing Benefit Overpayment (HBO) can be recovered given the challenges of dealing with families earning a low income. It is recognised that a bad debt provision is in place to cover most of this sum.	The residual risk area is recognised by the service area, and the bad debt provision is periodically reviewed by Finance in relation to outstanding debt levels.
3.Audit Assignment Final audit report issued August 2023	Climate Change and Environmental Sustainability Group Head Commissioning and Transformation	Reasonable Assurance	1 advisory point was raised recognising continued importance for relevant teams to liaise in advance of decision-making processes, including when acquiring residential properties, to ascertain climate change and sustainability implications. This is with a view to supporting robust integration measures into wider Council decision making and holistic approaches in delivering Spelthorne's Climate Change strategy. The review confirmed all prior recommendations raised in the audit of 2021 had been implemented. There were no recommendations raised as part of the 2023/24 audit.	Open Audit. Agreed and currently being implemented.

Appendix A –Interim Audit Report. Work categories April to October 2023

<p>4.Audit Assignment</p> <p>Final audit report issued September 2023</p>	<p>Treasury Management</p> <p>Chief Accountant</p>	<p>Reasonable Assurance</p>	<p>Recommendation 1. Treasury Management Policy Statement to be reviewed and updated and made available for public inspection.</p> <p>Advisory Point 1 – Establishing a second assigned officer trained up on Cashbook reconciliations would provide increased team resilience where officers are on leave or absent.</p> <p>Advisory Point 2 - A refresh of Treasury Management Practices 5 is timely to ensure that the dealing arrangements accurately reflect the current position in practice.</p>	<p>Closed Audit.</p> <p>Recommendation 1. Implemented. The policy statement has been revised and will be appended to the Treasury Management Strategy being reported to CPRC in January 2024 for approval. Inclusion on the Council's website may follow this stage.</p> <p>Advisory Point 1 – current and future arrangements for the Cash Book reconciliation have been advised. No further response is required.</p> <p>Advisory Point 2 – Implemented.</p>
<p>5.Audit Assignment</p> <p>Draft audit report issued September 2023</p>	<p>Gifts and Hospitality</p>	<p>Reasonable Assurance</p>	<p>Recommendations relate to:</p> <p>Recommendation 1a - Periodical review of the Gifts and Hospitality Policy to ensure it remains current and relevant.</p> <p>Recommendation 1b – In promoting</p>	<p>Open Audit.</p> <p>Recommendations have been agreed to take forward in managing risk. Group Head of Corporate Governance is raising</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

	Group Head Corporate Governance		<p>understanding of the Gifts and Hospitality policy requirements and underpinning principles, to deliver awareness raising sessions on a biennial basis or other frequency deemed appropriate.</p> <p>Recommendation 2 - All instances of Gifts and Hospitality offered should be promptly submitted and recorded in the collated Gifts and Hospitality Register which is publicised for completeness and transparency purposes. There may be scope for a completeness check to be undertaken at periodical intervals.</p> <p>Recommendation 3a - Greater use of the electronic form (rather than manual entry) for submissions of gifts and hospitality offered.</p> <p>Recommendation 3b - Establishing an integrated authorisation and challenge process ahead of gifts and hospitality being accepted, which would provide the Monitoring Officer with an opportunity to review the declaration made ensuring that any issues with the suitability of the Gift and / or Hospitality offered, could be discussed.</p>	<p>awareness of the Policy at the November staff meeting (15.11.23) and will be issuing reminders to Members and staff in progressing some of the other recommendations. Liaison will take place with the IT team in developing the online form for authorisation intervention stage.</p> <p>Target dates for implementation of all recommendations are being provided. Further to this the final audit report will be issued.</p>
--	---------------------------------------	--	---	--

Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>timely submissions of instances of gifts and hospitality offered, and establishing a more robust process to account for donated items.</p> <p>Recommendation 3c. The Monitoring Officer could be assigned the role of reviewing and authorising Gifts and Hospitality declarations raised by Officers and Members, with the Chief Executive maintaining some higher-level oversight as considered necessary.</p> <p>Recommendation 4 - Establishing a more robust internal control process to capture and account for donated items to the Mayors Charity</p>	
6.Audit Assignment	IT Audit – Disaster Recovery	Not concluded	<p>Scheduled for Quarter 3.</p> <p>Terms of Reference produced and discussed, and fieldwork commenced from October.</p>	N/A
7.Audit Assignment	Housing Register & Allocation Process	Not concluded	<p>Audit deferred from Quarter 1 to Quarter 3 due to new system transition within Housing service in advance of reregistration process. Terms of Reference produced and discussed.</p>	N/A
8.Audit Assignments x 3	Completion, finalisation and oversight of prioritised	See subsequent rows below	<p>Internal Audit have completed fieldwork, testing, risk and control analysis, meetings, and held several discussions around findings, observations and improvement actions. We</p>	<p>Open Audits.</p> <p>See below three rows.</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

	assignments from 2022/23	for further details	look forward to receiving completed management responses to audit recommendations to enable report finalisation across two audit assignment areas (from draft to final report stage).	
8i Audit Assignment Final audit report issued September 2023	Creditors Chief Accountant	Reasonable Assurance	<p>Recommendation 1. To implement an effective control that includes an additional check of the various payment methods to ascertain whether a potential duplicate payment has occurred.</p> <p>Recommendation 2. Measures have been proposed and discussed with a view to reducing the risk of duplicate payments in some scenarios and will require coordinated efforts across Budget Managers, Service Accountants and Finance. Full details are referred to in the audit report.</p> <p>Recommendation 3. Management should endorse the importance of reconvening the National Fraud Initiative (NFI) data matching exercise which incorporates Creditors data as this represents an important internal control process and advocates counter fraud measures.</p>	<p>Open Audit.</p> <p>All recommendations have been agreed to take forward in managing risk.</p> <p>A deputy Officer for the Chief Accountant will be providing status updates for the recommendations.</p> <p>Recommendation 1 –Agreed to address risk by adapting CHAPS form, target date 30.9.23.</p> <p>Recommendation 2. A management action plan has been outlined , target implementation 30.9.23.</p> <p>Recommendation 3 – commenced and target date for completion November 2023.</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>Recommendation 4. Management to undertake periodical data cleansing and housekeeping exercises of the supplier database (Creditors dataset) to reduce risks of duplicate payments and strengthen controls in this area. Such exercises would also present a better picture of the scale of suppliers in use across the authority. The groups of duplicate suppliers identified during the audit review should help to inform this exercise.</p> <p>Recommendation 5. Duplicate Payment record keeping arrangements should be enhanced to ensure the consistent accuracy and reliability of the data held within the spreadsheet. Management should consider enhancing the effectiveness of recovering Duplicate Payments by promptly transferring cases to the Sales Ledger team.</p>	<p>Recommendation 4. Agreed to undertake annually and target date of June 2024 for first exercise due to other team priorities and restructure.</p> <p>Recommendation 5. Agreed for implementation as a regular ongoing process. Target date 30.9.23.</p>
<p>8ii. Audit Assignment</p> <p>Draft audit report issued July 2023</p> <p>Revised draft report August 2023</p>	<p>Cross cutting review of Planning and Property Development</p> <p>Group Head Corporate Governance/Group</p>	Reasonable Assurance	<p>Recommendation 1. Councillors to be periodically reminded of where/when appropriate Declaration of Interest is required to be submitted in line with the Code of Conduct. In addition, Officers (Committee Service) should ensure this is consistently included on the relevant agenda(s) to serve as a prompt to Members.</p>	<p>Open Audit.</p> <p>The recommendations (governance related) are agreed by the Group Head Corporate Governance to take forward, with a target implementation date of December 2023.</p>

Appendix A –Interim Audit Report. Work categories April to October 2023

	Head Assets/ Group Head Place, Protection and Prosperity		<p>Recommendation 2. All officers present/in attendance as part of the Development Sub–Committee or Planning Committee should be documented as part of the meeting minutes to ensure transparency and demonstrate professional representation. In addition, the relative voting split relating to the various developments should be recorded as part of the meeting minutes for completeness.</p> <p>Advisory Point- Under the Committee structure there is not a specific requirement to have a separate overview and scrutiny function (unlike under a Cabinet model) and due to the significant scale of Council business this may not be deemed practical. Nonetheless, the new administration provides a timely opportunity to review the adequacy of the level of embedded scrutiny operating within the Committees (prior internal audit review of the Committee system in April 2022 already highlights this issue and a recommendation was raised at that time).</p>	Group Head Corporate Governance to sign off report. Further to this the final report can be issued.
8iii. Audit Assignment Draft report issued July 2023	Corporate Procurement	Reasonable Assurance	Whilst an appropriate framework is in place (and has been strengthened since the prior internal audit) , the requirements need to be re-enforced to all Procuring Officers to ensure	Open Audit The Procurement Manager has produced an action plan

Appendix A –Interim Audit Report. Work categories April to October 2023

	Group Head Corporate Governance & Procurement Manager		<p>adherence to Contract Standing Orders. Compliance monitoring processes across a range of areas also need to be strengthened and embedded to enable prompt identification of issues or trends arising. Contract management processes across various stages of the cycle including the Contracts Register also require enhancements. Internal audit recommendations are set out below.</p> <p>1. Standardised processes to be established to capture all relevant approvals in line with Contract Standing Order requirements.</p> <p>2. A distinct Procurement landing page to be developed on Spelnet to ensure that all relevant procurement policies and guidance is easily accessible.</p> <p>3. Advertising requirements to be re-enforced to all Procuring Officers to ensure that all procurement exercises are carried out in accordance with Contract Standing Orders.</p> <p>4. Action to be taken to ensure that contracts are signed prior to the start date of the contract. Processes should also be reviewed to establish appropriate mitigating measures to ensure that the Council's interests are adequately protected in the event that it is not</p>	<p>to take forward the audit recommendations. Group Head Corporate Governance to sign off report. Further to this the final audit report can be issued.</p> <p>1. Agreed to implement. Target November 2023.</p> <p>2. Implemented.</p> <p>3. The Procurement manager is proposing a change be made to Contract Standing orders (CSO'S) regarding advertising requirements. This will be taken forward as part of the current review of CSO'S.</p> <p>4. Partially addressed during September/October with</p>
--	---	--	--	--

			<p>possible for the contract to be signed prior to the start date (for example ensuring that suppliers are operating subject to standard or enhanced Purchase Order terms, depending on the nature of the contract).</p> <p>5.Contract signing requirements to be re-enforced to all relevant officers to ensure that enhanced limitation period protection is put in place for contracts above £100,000 in line with Contract Standing Orders and Constitution requirements.</p> <p>6.Contract Standing Order requirements to be re-enforced to Procuring Officers to ensure that all requirements are adhered to by third party consultants, with appropriate supporting evidence to be provided by the consultant and retained on the contract file.</p> <p>7.The Evaluation Matrix document to be signed off in all cases, with details of the Evaluation Panel recorded on the document.</p> <p>8.(Prior audit recommendation re-issued) Compliance monitoring processes to be developed and embedded, including: a) 6 monthly compliance reviews of spend against the Contract Standing Orders.</p>	<p>some further actions underway in liaison with other Service areas.</p> <p>5. Action to take this forward has been completed in October 2023.</p> <p>6. Partially addressed through training sessions delivered, with some further actions underway in liaison with other Service areas.</p> <p>7. Action to take this forward has been completed.</p> <p>8a.Agreed to implement. Target December 2023</p> <p>8b.Implemented.</p> <p>8c.Agreed to implement. Target 30th November 2023.</p>
--	--	--	--	--

Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>b) Review of Purchase Orders over £20,000 to manage non-compliant spend.</p> <p>c) Implement an annual planned schedule of contract management audits, in line with the Contract Standing Orders requirements.</p> <p>9a.The Managing Contracts procedure to be reviewed to incorporate how monitoring outcomes should be recorded.</p> <p>(b)A process to be put in place to facilitate central oversight of key contracts, with monitoring outcomes recorded centrally.</p> <p>(c)Implement contract review alerts on the new contract management system for all contracts that are due to expire, with responsibilities clearly outlined for overseeing contract forward planning.</p> <p>10. Exemptions procedure to be re-enforced to all relevant officers to ensure that all waivers are appropriately logged and reported, to enable greater transparency and allow for appropriate scrutiny of the decision making process.</p> <p>11.Roles and responsibilities and associated processes for populating the Contracts Register to be reviewed/updated and re-iterated to</p>	<p>9a.Completed.</p> <p>9b.Agreed to implement. Target 30th November 2023.</p> <p>9c.Agreed to implement. Target 24th October 2023</p> <p>10. Partially addressed with some further actions underway in liaison with other Service areas. Target 31st October 2023.</p> <p>11. Agreed to implement. Target 31 December 2023.</p>
--	--	--	---	---

Appendix A –Interim Audit Report. Work categories April to October 2023

			<p>Procuring Officers to ensure that all relevant contractual agreements are captured in line with Transparency Code requirements.</p> <p>12.Current Contracts Register data to be reviewed to ensure that all relevant information is captured in accordance with the Transparency Code, and to ensure that the Contracts Register contains up to date information. Furthermore, robust mechanisms continue to be developed to ensure that the Contracts Register remains fit for purpose.</p>	<p>12. Agreed to implement. Target by 30th November 2023.</p>
Internal Audit Plan Area for 2023/24	Category 2 - Audit Follow Up Drive			
9.Audit Follow Up Drive Position Statement issued July 2023.	Follow up of status of audit recommendations for 2021/22 and 2022/23 to assess implementation.	<p>Work undertaken in Quarter 1 & 2 as scheduled.</p> <p>The recommendations followed up span across several service areas. The follow up drive concluded that the implementation rate of recommendations could be improved, and this message has been reiterated.</p> <p>Status of recommendations and advisory points raised across more recent audits relating to work activity that coincides with this latest reporting period (eight audit assurance assignments) is referred to above.</p>		
Internal Audit Plan Area for 2023/24	Category 3 – Audit Committee (PSIAS)			
10.Statutory Reporting and Audit Committee	Several processes undertaken and reports produced during the year	Audit Committee cycle for 2023/24 - July, November, January and March. Chair Briefings (Audit Committee and CPRC) and Committee meetings.		

Appendix A –Interim Audit Report. Work categories April to October 2023

	in accordance with the Audit Committee Work Programme	<p>Requirements for the July 2023 meeting delivered:</p> <ul style="list-style-type: none"> • Annual Audit Report, Key Themes document and Audit opinion for 2022/23 • Input to Annual Governance Statement • Revision to audit assurance opinions • Training session for the Audit Committee, liaison with external trainer and input to training material <p>Requirements for the November 2023 meeting delivered:</p> <ul style="list-style-type: none"> • Internal Audit Plan reprioritisation 2023/24 and status • Interim Audit Report of work activity and assurance provision April to October 2023
Internal Audit Plan Area for 2023/24	Category 4 – External Quality Assessment (PSIAS)	
11.Continuous Improvement	Periodic External Quality Assessment for Internal Audit Services forms an essential requirement under the Global Internal Audit Professional Practice Framework (IPPF) and Public Sector Internal Audit Standards (PSIAS)	Reciprocal arrangement to be undertaken with two other Surrey authorities during November to December to assess conformance with the Public Sector Internal Audit Standards (PSIAS) and any improvement actions will be subsequently reported to the Audit Committee. As part of the External Quality Assessment process, a substantial self-assessment documentation is required which has been completed to ascertain compliance across a significant number of categories, and supporting evidence collated for validation/review. Communications with peers continue.
Internal Audit Plan Area for 2023/24	Category 5- Corporate Roles and Responsibilities – Corporate Risk Management	

Appendix A –Interim Audit Report. Work categories April to October 2023

12. Corporate Risk Management	Corporate Risk Register	Identification, analysis, monitoring and reporting on strategic risk management continues. The Corporate Risk Register represents the Council's most significant strategic risks, with updating, reporting and presentation of the register to Management team, Audit Committee and CPRC three times a year. The Corporate Risk Management Group has representation from Group Heads and Managers across the authority and provides an opportunity to discuss emerging and evolving risks and issues.
13. Corporate Risk Management (Additional Work Area)	New Risk Management System	Work on phase 1 in collaboration with the ICT team continues . It includes several stages of activity (scoping/planning/requirements/design and build/data input/testing etc) in progressing the development of an in-house central system for corporate risk management to support future input, analysis, collation and reporting. A presentation was delivered to the Audit Committee in July on progress made providing insight into work underway in improving and modernising the visuals, design, presentational and reporting aspects of the Corporate Risk Register. Reinforcing risk management principles and good practice such as risk ownership will continue, and the changes provide a further opportunity to promote and embed these.
Internal Audit Plan Area for 2023/24	Category 6- Corporate Roles and Responsibilities – Corporate Counter Fraud	
14. Corporate Counter Fraud	Public authorities have a duty to support fraud preventative measures as well as deterrence, detection and investigation of fraud to minimise financial losses from being incurred and to ensure scarce public resources are not	<p>The Council's Counter Fraud Strategy forms part of the Council's Constitution. High level oversight, coordination and monitoring of counter fraud outcomes and initiatives for tackling high risk public fraud through continued collaborative working with the Service Provider, other internal services, and wider partners.</p> <p>Quantified fraud reporting of outcomes continues. This is based on central government methodology and estimated financial losses if the fraud</p>

	<p>wasted or diverted from residents/customers who need the service.</p>	<p>occurrence were to continue and remain undetected. The NFI (Cabinet Office) presents applicable financial savings to the public purse across each of the high-risk public fraud categories.</p> <p>The Internal Audit Manager previously reported on returns and savings delivered through reducing losses from fraud and error across high-risk public fraud categories for 2022/23 in the annual audit report of July 2023. Spelthorne’s overall fraud losses /savings achieved for the latest period April to September 2023 (Quarters 1 & 2) amount to approx. £250k (rounded), of which £105k are reported as cashable with approx. £81k of this being reimbursed to the Council directly from prosecutions undertaken. Discussions are underway to ascertain scope for prosecution on a different additional case.</p> <p>Promoted counter fraud strategy measures, targeting areas where the authority would benefit from utilising counter fraud specialist support to investigate suspected fraud which could potentially derive positive outcomes. Meetings with the Group Head Commissioning and Transformation and the Customer Services team have concluded that going forward a focus on small business rate relief would be relevant as this represents a high-risk fraud area. The Customer Services team are participating in a Countywide SPD exercise for Council Tax and are awaiting results with a view to seeking maximum returns where claimants are found not to be eligible for the 25% SPD discount applied.</p> <p>The Data Matching Exercise is progressing well to target social housing fraud and the Strategic Lead for Housing is leading on the project. The Registered Service Provider has engaged well to enable effective progression. Potential</p>
--	--	---

Appendix A –Interim Audit Report. Work categories April to October 2023

		matches have been identified and are being investigated with higher risk cases being prioritised. Counter Fraud messages have been developed further for the wider public to promote continued awareness and facilitate reporting.
Internal Audit Plan Area for 2023/24	Category 7 – Audit Support, advice and insight	
15.Audit Support, advisory work and insight	There is a growing expectation from Internal Audit professional practice bodies for Internal Audit to provide professional advice to the business (not decision making) during a climate of accelerating risk and challenge. This goes beyond core audit assurance work.	Reactive and pro-active support, advice and insight has been provided to services, corporate groups and management team on a wide range of risk, control and governance issues. Input has been provided to the ‘risk considerations sections’ within Committee reports spanning a range of service areas which has required identification of risk and controls relating to the subject area. Attendance at Working Groups to gain insight into risks and issues, and in an advisory capacity such as Corporate Risk Management Group, Procurement Board and the Corporate Debt Group.
Internal Audit Plan Area for 2023/24	Category 8 – Service Management including Contract Management	
Planning, scoping and direction across a diverse work programme relating to audit, risk and assurance. Monitoring progress and delivery of expected outcomes, ongoing coordination of work activities, liaison across service areas, finalisation and completion of several work areas. Audit plan scheduling and reprioritisation as required. Continuous Performance Management and 1-1’s Dotted reporting Lines liaison and reporting; Chair of Audit Committee liaison; Independent Member of Audit Committee liaison		

Appendix A –Interim Audit Report. Work categories April to October 2023

Undertaken procurement exercise to support delivery of the 2023/24 audit work programme. Client contractor meetings and Auditor liaison to promote smooth delivery and support contract management.

Internal Audit templates and procedural manual refreshed and updated to ensure they remain current.

Managers Briefings monthly meetings; Marketplace Event for new Councillors

Managing ad hoc service requests

Internal Audit Plan
Area for 2023/24

Category 9 – All other tasks in supporting service delivery (examples only)

Corporate Processes – such as production of Service Plans; Health and Safety; Budget Management ; GDPR (Surrey Heartlands).

Continuous Professional Development to keep abreast of technical developments including revised mandatory Professional Internal Audit Standards scheduled undergone consultation phase, to be launched by the Chartered Institute of Internal Auditors (CIIA) in early spring 2024 with an expected implementation timeframe across the Internal Audit profession by 2025.

Corporate Training

Share Point transition and Housekeeping

This page is intentionally left blank

Audit Committee

30th November 2023



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

1. Summary of the report

- 1.1 The risk-based Internal Audit Annual Plan (2023/24) based on the 'prioritised audit need' has previously been approved by the Audit Committee at the meeting of March 2023 where the detailed version of the plan was presented at that time based on an operating resource of 1.75 FTE plus 31 contractor days, equating to approx. 410 days.
- 1.2 This report seeks to inform the Audit Committee of some reprioritisation of the risk-based Internal Audit Plan for 2023/24. This is further to the departure of the Senior Auditor (1 FTE) from September 2023 which presents a reduced level of available operating resource for the remainder of 2023/24. Given the recruitment challenges being faced across the audit market and the local government sector in general, discussions between the Internal Audit Manager, Group Head of Corporate Governance and Chief Finance Officer have concluded that for the remainder of 2023/24 the focus should be on delivering prioritised audit assignments from the workplan along with several

other important work areas which continue to represent a wide remit of responsibilities for the Internal Audit Service. Given the adverse market conditions, initiating a recruitment process in seeking establishment resource is not deemed to represent an efficient use of Officer time and therefore interim resourcing arrangements are being put in place for the remainder of the current financial year to keep the 2023/24 audit programme on track. To support the delivery of priority 'A' audit assignments an additional 43 audit contractor days are being procured (in addition to the estimated 31 contractor days set out in the original audit plan) thereby totalling approx. 74 contractor days which will support delivery of eight internal audit assignments. This approach has also been previously communicated to the Chair and Vice-Chair of the Audit Committee, highlighting that an initial Options Paper will be presented to the Audit Committee at a future meeting in planning for future service delivery from the 2024/25 financial year. The separate Options Paper explores ways to resource the audit team going forward and has been presented at an Extraordinary Audit Committee meeting in November by the Chief Finance Officer and Group Head Corporate Governance.

- 1.3 The Internal Audit Manager continues to take account of professional requirements in ensuring that the plan focuses on areas of greater risk for the authority, whilst also necessarily incorporating wider work areas that fulfil mandatory requirements or meet business need.

2. Key issues

- 2.1 The Internal Audit Annual Plan (2023/24) based on the 'prioritised audit need' has previously been approved by the Audit Committee at the meeting of March 2023 where the detailed plan was presented at that time. This included 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
 - corporate roles and responsibilities -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 A priority rating (A or B) for undertaking proposed assurance assignments, advisory support, corporate risk management, counter fraud oversight and other work categories has already been referenced in the approved plan presented to Audit Committee on 23rd March 2023.
- 2.3 Given the departure of a full-time team member from September 2023, it has become necessary for the Internal Audit Manager to reprioritise the Audit Plan to assess which audit assignments as well as several other work categories in meeting business need can be delivered with the reduced available resource of 0.75 FTE plus approx. 74 contractor days for the remainder of 2023/24.

The revised operating resource available for the 2023/24 plan year as a whole is approx. 325 days based on the following breakdown:

Resource	FTE	Days Available
Internal Audit Manager	0.75	161
Senior Auditor (April to August 2023)	0.4	90
Contractor	0.33	74
Total	1.48	325

2.4 In determining inclusion of assurance assignments for the audit plan and in undertaking prioritisation/reprioritisation exercises the following factors are important considerations and explain the rationale and approach:

- High level risk evaluation of area (Low/Medium/High/Very High)
- Continued importance of having an audit plan with several higher risk areas that align with Spelthorne's current corporate priorities and objectives
- Whether the auditable area is included on the Corporate Risk Register which represents the authority's most significant risk areas
- Time since the area has been last audited, previous assurance opinions and nature of recommendations.
- Budgetary Implications
- Value and volume of transactions associated with a functional area.
- Topical organisational risk areas and Best Practice guidance in the audit profession

2.5 In terms of the audit assignments for 2023/24, some priority B audit work areas (one assignment and four advisory/continuous auditing pieces of work) that have not yet commenced are being halted and cannot be delivered during 2023/24. They may be considered again as part of the 2024/25 audit planning process, however that will depend on the emerging and evolving risks drawn out at the planning stage. The status and progress of all category B and category A audit assignments and wider work categories on the work programme, along with any relevant next steps and considerations are referred to in the table at Appendix A to this report.

3. Options analysis and proposal

3.1 Audit Committee are requested to note the reprioritisation of the risk based Internal Audit Plan for 2023/24 and removal of some work areas from the original plan presented in March 2023 (as highlighted under section 2 above as well as at Appendix A). The interim arrangements to support service delivery for 2023/24 are discussed and explained.

3.2 The Chief Finance Officer and Group Head Corporate Governance have presented to the Audit Committee an options analysis paper for future service

provision from 2024/25, further to their initial assessment and evaluation exercise.

4. Financial implications

- 4.1 The additional contractor days will be procured from the existing audit budget (any overspend against the contractor budget will be offset by the anticipated underspend from the vacant Senior Auditor post) and the Finance team have been advised for budgetary purposes. No requests for additional funding for 2023/24 are being raised at this stage.
- 4.2 Service delivery is being maximised within the resources available for 2023/24. In procuring 74 audit contractor days, optimal use of existing audit budget is being made. There is no residual budget available to fund delivery of the 'Priority B' audit work referred to at paragraph 2.5 above (i.e. one assignment and four advisory/continuous auditing pieces of work) with the possibility that these work areas could be carried forward into 2024/25 depending on ongoing risk significance.

5. Risk considerations

- 5.1 Risk: If the priority 'A' audit assignments are not undertaken this will result in inadequate provision of independent assurance to the authority on the adequacy of internal control, governance and risk management arrangements. Consequently, the Internal Audit Manager will not be in a position to provide an annual audit opinion for the Council relating to 2023/24.

Mitigation: Internal Audit Support is being procured from existing budget to support delivery of the remaining priority A audit assignments on the audit plan.

Mitigation: The workplan has been reprioritised and some priority B audit assignments or advisory pieces of work have been removed to ensure finite audit resource is targeted to areas of greater risk in the provision of assurance to the authority.

Risk: Capacity levels remain tight for the Audit service with a wide remit of responsibilities, and reduced level of operating resource.

Mitigation: This will continue to be monitored with capacity and resilience being an important consideration for future service planning.

6. Procurement considerations

- 6.1 A procurement exercise has been undertaken for the provision of Internal Audit Support for 2023/24 to demonstrate value for money which invited three Service Providers to submit a quotation, and a preferred supplier has been selected. The Procurement Manager has been consulted at the outset of the procurement process to discuss the approach and anticipated contract value. Consultation with the Legal team is underway.

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. Please refer to comments under the Procurement section.

8. Other considerations

9. There are none.

10. Equality and Diversity

10.1 The original planned work area relating to equality, diversity and inclusivity has been removed from the audit plan for 2023/24 due to capacity limitations. This work was intended to be of an advisory nature rather than an audit assignment given that this initiative continues to be developed. The Corporate Risk Register will continue to provide a mechanism for higher level oversight of this area including progress on the risk action plan based on updates from the lead contact officer (Corporate Risk Register – risk category 8).

11. Sustainability/Climate Change Implications

11.1 Climate Change and sustainability 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 has been completed forming part of the audit plan for 2023/24.

12. Timetable for implementation

12.1 Appendix A sets out scheduling for the work programme for 2023/24 and there are only minor changes to the timing originally reported to the Audit Committee in March 2023.

13. Contact

Punita Talwar, Internal Audit Manager

01784 44645 p.talwar@spelhorne.gov.uk

Background papers: There are none.

Appendices: Appendix A –Reprioritisation and status of annual audit work programme for 2023/24

This page is intentionally left blank

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

Internal Audit Plan Area for 2023/24	Specific area	Status of work area at October 2023	Overall risk level and Plan Prioritisation	Scheduling
PRIORITY B WORK AREAS				
1.Audit Assignment	Communications	Completed	Medium risk Priority B	Scheduled Quarter 1. Final report issued June 2023.
2.Audit Assignment	Housing Condition Enforcement	Removed from plan.	Medium risk Priority B	Scheduled Quarter 2. A Terms of Reference has been produced and discussed. Removed from 2023/24 audit plan as no capacity to undertake.
3.Audit Assignment	Gifts and Hospitality	Completed	Medium risk Priority B	Scheduled Quarter 3 but brought forward and undertaken in Quarter 2. Draft report issued September 2023 and recommendations agreed for implementation.
4i.Audit Support - Planned Audit advisory	(a)Business Incubator	Completed	Medium risk Priority B	Discussions took place during Quarter 1 to coincide with the timescales requested by the Service lead.
4ii.Audit Support - Planned Audit Advisory and Continuous Auditing	(b)Equality, Diversity & Inclusion	Removed from plan.	Medium to high risk	Removed from 2023/24 audit plan as no capacity to undertake.

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

	(c)Digital Transformation (d)Parking Service (e)Major Projects		All these work areas have been reassessed as a Priority B in reprioritising the workplan	
5.Unplanned risk advisory work, ad hoc and unforeseen work including confidential matters (added value work area)	Various	Completed and ongoing.	Could be low/medium or high risk dependant on advisory area Priority B	Throughout the year Various examples of advice provided This work area is subject to capacity

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

Internal Audit Plan Area for 2023/24	Specific area	Status of work area at October 2023	Overall risk level and Priority	Scheduling
PRIORITY A WORK AREAS				
6.Audit Assignment	Housing Benefit Overpayments	Completed	High risk area Core financial system Priority A	Scheduled quarter 1 Final report issued July 2023
7.Audit Assignment	Climate Change and Environmental Sustainability	Completed	High risk area Inclusion in Corporate Risk Register Priority A	Scheduled quarter 2 Final report issued August 2023
8.Audit Assignment	Treasury Management	Completed	High risk area Inclusion in Corporate Risk Register Annual to Biennial Audit cycle Priority A	Scheduled quarter 2 Final report issued September 2023

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

9.Audit Assignment	Financial Challenges and the Council's financial sustainability	Scheduled *	Very high risk area Inclusion in Corporate Risk Register Priority A	Scheduled for Quarter 3 or 4.
10.Audit Assignment	Commercial Assets and Investments	Scheduled *	Very high risk area Inclusion in Corporate Risk Register Annual Audit cycle Priority A	Scheduled for Quarter 4 (No change to original scheduling)
11.Audit Assignment	Property Development (Housing Delivery Programme)	Scheduled *	Very high risk area Inclusion in Corporate Risk Register Annual Audit cycle Priority A	Scheduled for Quarter 4 (No change to original scheduling). Given the Council's decision to suspend direct delivery of Housing Development schemes from September, the objectives for this audit assignment will be reviewed and updated to take account of emerging risks and any new approaches pursued.

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

12.Audit Assignment	IT Audit – Disaster Recovery	Commenced *	High risk area Priority A	Brought forward to Quarter 3 (from Quarter 4).
13.Audit Assignment	Housing Register & Allocation Process	Commenced *	High risk area Priority A	Scheduled for Quarter 3. Audit fieldwork deferred from Quarter 1 to Quarter 3 due to new system transition within Housing service in advance of reregistration process. Terms of Reference produced and discussed.
14.Audit Assignment	Creditors	Scheduled *	High risk area Core financial system Annual Audit Cycle Priority A	Scheduled for Quarter 3 to 4. (No change to original scheduling)
15.Audit Assignment	Payroll to incorporate data analytics	Scheduled *	High risk area Core Financial System Annual to Biennial Audit Cycle Priority A	Scheduled for Quarter 4. (No change to original scheduling)

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24

KEY for work status - Please refer to last page of document

16.Audit Assignment	Main Accounting Systems and Budget Management	Scheduled *	High risk area Core Financial System Approx. 2 to 3 year Audit Cycle	Scheduled for Quarter 3 to 4. (No change to original scheduling)
17.Audit Assignments x 3	Completion, finalisation and oversight of prioritised assignments from 2022/23	Completed (as far as possible)		Internal Audit have completed fieldwork, testing, risk and control analysis, meetings, and held several discussions around findings, observations and improvement actions. Completed management responses to audit recommendations have been provided for two audit assignments, see below. Creditors – Final report issued September 2023 *Procurement – Report at finalisation stage for Group Head sign off. *Cross Cutting Planning and Property Development – management responses to audit recommendations required plus Group Head sign off
18.Audit Follow Up Drive	Follow up of status of recommendations for 2021/22 and	Completed and ongoing work area	Priority A	Work undertaken in Quarter 1 & 2 as scheduled. Position Statement issued.

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24

KEY for work status - Please refer to last page of document

	2022/23 to assess implementation	across the year		<p>Status of recommendations and advisory points raised across recent audit assurance assignments (8 areas) is being reported to November Audit Committee referred to in the separate interim audit report.</p> <p>One further follow up exercise may be undertaken during quarter 4 of 2023/24.</p>
19.Statutory Reporting and Audit Committee	Several processes undertaken and reports produced during the year in accordance with the Audit Committee Work Programme	Completed and on track (Ongoing work area across the year)	Priority A PSIAS Requirement (Public Sector Internal Audit Standards)	<p>Audit Committee cycle July, November, January and March.</p> <p>Requirements for the July 2023 meeting delivered:</p> <ul style="list-style-type: none"> • Annual Audit Report, Key Themes document and Audit opinion for 2022/23 • Input to Annual Governance Statement • Revision to audit assurance opinions • Training session for the Audit Committee, liaison with external trainer and input to training material <p>Requirements for the November 2023 meeting delivered:</p> <ul style="list-style-type: none"> • Internal Audit Plan reprioritisation 2023/24 and status

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

				<ul style="list-style-type: none"> Interim Audit Report of work activity and assurance provision April to September 2023
20. Continuous Improvement	External Quality Assessment	Commenced	Priority A PSIAS Requirement	Reciprocal arrangement to be undertaken with two other Surrey authorities during November/December to assess conformance with the Public Sector Internal Audit Standards (PSIAS) and any improvement actions will be subsequently reported to the Audit Committee. As part of this process, self-assessment documentation has been completed to ascertain compliance across a significant number of categories, and supporting evidence collated for validation/review.
21. Corporate Risk Management	Reporting on the Corporate Risk Register 3 times a year to Audit Committee and Corporate Policy and Resources Committee	Completed and ongoing work area across the year	Priority A	Analysis and reporting on corporate/strategic risk management is a key governance expectation for Councils and organisations.
22. Corporate Risk Management (Additional Work Area)	New Risk Management System	Commenced and Ongoing	Priority A but may need to be reprioritised to B	Developing a central system for corporate risk management information to support future input, analysis, collation and reporting. This is a work in progress with a lot of discussions, meetings and work having already taken place

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24

KEY for work status - Please refer to last page of document

				between the Internal Audit Manager and the ICT team. A presentation was delivered to the Audit Committee in July on progress made. Further progress in implementing Phase 1 will be subject to capacity given the need to manage several other plan priorities.
23. Corporate Counter Fraud	Higher level oversight, coordination and monitoring	Completed and on track (Ongoing work area across the year)	Priority A	Oversight regarding implementation of counter fraud strategy and related measures. Monitoring of counter fraud contract, fraud returns and outcomes with the Service Provider continues.
24. Service management including planning and direction, monitoring delivery of all work areas on the programme and ongoing coordination of work activities, audit plan reprioritisation	Planning and Monitoring	Completed and ongoing.	Priority A	Throughout the year
25. Procurement exercise/ Contract Management / liaison with external service provider	Contract Management	Ongoing	Priority A	Throughout the year

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24

KEY for work status - Please refer to last page of document

26. Other additional areas that support the delivery of a professional audit service	N/A	Completed and ongoing.	n/a – these activities form part of service expectations	Throughout the year
27. Corporate staff and management meetings; Working Groups	N/A	Completed and ongoing.	n/a – these activities form part of service expectations	Throughout the year. In view of capacity, this will be limited to attendance at three Working Groups - the Corporate Risk Management Group, the Procurement Group and the Corporate Debt Group.
28. Corporate tasks such as Service Planning/Health and Safety/GDPR/Budgets etc.	N/A	Completed and ongoing.	n/a – these activities form part of service expectations	Throughout the year
29. Team meetings/1-2-1's/ Performance Management	N/A	Completed and ongoing.	n/a – these activities form part of service expectations	Throughout the year
30. Training – CPD and corporate	N/A	Completed and ongoing.	n/a – these activities form part of service expectations	Throughout the year

Appendix A –Reprioritisation and status of annual internal audit work programme for 2023/24
KEY for work status - Please refer to last page of document

KEY FOR WORK STATUS

	Completed
	Removed from audit plan for 2023/24
	Commenced
	On schedule to commence quarter 3 or 4
*ASTERISK	Supported by external service provider

This page is intentionally left blank

Audit Committee

30 November 2023



Title	Review of the Confidential Reporting Code (Whistleblowing policy)
Purpose of the report	To note
Report Author	Farida Hussain, Monitoring Officer
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not applicable
Corporate Priority	This item is not in the current list of Corporate Priorities but still requires reporting to Committee.
Recommendations	<p>Committee is asked to:</p> <p>Note that the review of the Confidential Reporting Code by the Monitoring Officer has taken place and agree to retain the current policy.</p>
Reason for Recommendation	The current code is fit for purpose and covers all relevant matters.

1. Summary of the report

- 1.1 Whistleblowing provides a process for concerns to be raised in the workplace. This report seeks to advise and update members on the outcome of the annual review of the Confidential Reporting Code by the Monitoring Officer and to provide an update on the number of whistleblowing cases raised under the Code in the last year.

2. Key issues

- 2.1 The Confidential Reporting Code forms part of the Council's Constitution and sets out how to raise serious concerns about any aspect of the Council's work. It also sets out legal protection against reprisals under the Public Interest Disclosure Act.
- 2.2 There is a requirement for the Confidential Reporting Code to be reviewed annually by the Council's Monitoring Officer and this is then reported to the Audit Committee.
- 2.3 The Code details:
- (a) The nature of concerns which may be reported. (Section 2)

- (b) Other policies such as the Grievance Procedure which exist to deal with employment issues including bullying or harassment. (Section 2)
 - (c) Safeguards against harassment or victimisation as a result of raising a concern. (Section 3)
 - (d) Processes for raising and dealing with concerns including the various officers and organisations who could be contacted. (Sections 7 to 10)
- 2.4 In November 2022 a review of the Code was reported to the Audit Committee.
- 2.5 An internal audit was carried out on the Code in November 2022 and identified improvements in
 - (a) testing staff awareness of and confidence in the whistleblowing arrangements and the mechanisms by which they can raise concerns; and
 - (b) regular training for all staff on the arrangements, and line managers on their role in relation to handling concerns raised by staff.
- 2.6 The whistleblowing arrangements are currently communicated via different media: indirectly through the intranet and posters on staff boards, as well as directly via presentations at staff meetings. This level of communication is considered appropriate for the size and limited variance in work cultures of staff at the Council. A presentation was given by the Monitoring Officer at a staff meeting in November 2022.
- 2.7 A compulsory training module on the Code has been added to Workrite, the Council's training platform, requiring all staff to complete the module every 12 months.
- 2.8 The Monitoring Officer has concluded that the Council's current whistleblowing arrangements are effective and do not require amendment. The current Confidential Reporting Code is at Appendix A.
- 2.9 Since the Code was last reviewed, one matter has been raised which did not result in any further action. A more recent matter has been raised under the Code which is in the process of being considered.
- 3. Options analysis and proposal**
- 3.1 The Audit Committee can agree to continue with the current code or can recommend suggested amendments. If there are suggested amendments these will need to be recommended to the Council for consideration.
- 4. Financial implications**
- 4.1 Not applicable.
- 5. Risk considerations**
- 5.1 The number of concerns raised under the Confidential Reporting Code are considered to be fairly low. Following the internal audit of the Code carried out last year, the Monitoring Officer has established a central register to support improved logging and measurement, which will also highlight any recurrent concerns being raised that require attention.
- 6. Procurement considerations**
- 6.1 Not applicable.
- 7. Legal considerations**

- 7.1 The Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998) provides protection to employees who raise awareness about malpractice in the workplace.
- 7.2 The Confidential Reporting Code is a key document found at Part 5 of the Council's Constitution.
- 8. Other considerations**
- 8.1 There are none.
- 9. Equality and Diversity**
- 9.1 The Code is accessible by all.
- 10. Sustainability/Climate Change Implications**
- 10.1 There are none.
- 11. Timetable for implementation**
- 11.1 If the Audit Committee agree that no changes are required, the policy will continue to apply. If amendments are recommended, these would not come into effect until adopted by Council.
- 12. Contact**
- 12.1 Farida Hussain f.hussain@spelthorne.gov.uk.

Background papers: There are none.

Appendices:

Appendix A – current Confidential Reporting Code

This page is intentionally left blank

CONFIDENTIAL REPORTING CODE (Whistleblowing)

1. INTRODUCTION

- 1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it expects staff and others that it deals with who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.3 Staff are often the first to realise that there may be something seriously wrong within the Council. However, they may not raise their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern instead of reporting what may just be a suspicion of malpractice.
- 1.4 The adoption of this confidential reporting Code by the Council is intended to encourage and enable all staff to raise any serious concerns they have within the Council, rather than overlooking a problem or 'blowing the whistle' outside. The Code makes it clear that you can raise concerns on a confidential basis, without fear of victimisation, subsequent discrimination or disadvantage. It is based on the Public Interest Disclosure Act 1998, which gives staff raising concerns under its rules legal protection against reprisals.
- 1.5 The Code applies to all staff and contractors working for the Council on Council premises, including agency staff. It also covers suppliers and those providing services under a contract with the Council.
- 1.6 The procedures in this Code are in addition to the Council's existing Complaints Procedure.

2. AIMS AND SCOPE OF THIS CODE

- 2.1 This Code aims to:
- encourage you to feel confident about raising serious concerns
 - encourage you to question practice and act upon any concern
 - provide clear channels for you to raise those concerns
 - ensure that you receive a response to concerns you raise and that you are clear about how to pursue them if you are not satisfied
 - reassure you that you will be protected from possible reprisals or victimisation if you raise a concern in good faith reasonably believing something is wrong.
- 2.2 The Council has a Grievance Procedure to enable you to lodge a grievance relating to your own employment and a Harassment and Bullying Policy to enable you to raise any concerns about this area, which should be directed to Human Resources. This Confidential Reporting Code is intended to cover major concerns you might have that fall outside the scope of other procedures. Such concerns might include:

- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as other staff
- damage to the environment
- the unauthorised use of public funds
- possible fraud and corruption
- serious and organised crime
- sexual or physical abuse of clients, or
- other unethical conduct.

If safeguarding concerns are highlighted then the Safeguarding Policy and procedures must be adhered to.

2.3 Any serious concerns that you have about any aspect of service provision or the conduct of staff or councillors of the Council or others acting on behalf of the Council can be reported under the Confidential Reporting Code. This could be about something that:

- makes you feel uncomfortable in terms of your past experience or what you know about standards set by the Council; or
- is against the Council's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

2.4 This Code does not replace the corporate complaints procedure.

3. SAFEGUARDS

Harassment or Victimisation

3.1 The Council is committed to good practice and high standards and wants to be supportive of staff.

3.2 The Council recognises that making the decision to report a concern can be difficult. If what you are saying is true, you should have nothing to fear because you will be doing your duty to the Council and those for whom you are providing a service.

3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) of someone raising something of concern to them and if proven will take appropriate action, including disciplinary procedures to protect you against this when you raise a concern in good faith. If you consider that you are the subject to harassment or victimisation (including informal pressures) due to the raising of your concern you should inform the person dealing with your whistleblowing matter or any other officer named in this policy.

3.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

4. CONFIDENTIALITY

- 4.1 If someone asks for a matter to be treated in confidence, then we will do our utmost to respect that request. However, it is not possible to guarantee confidentiality. If we are in a position where we cannot maintain confidentiality and so have to make disclosures, we will discuss the matter with you first. We will give you feedback on any investigation and be sensitive to any concerns you may have as a result of any steps taken under this procedure.
- 4.2 In some circumstances the Council may decide that we have to reveal your identity in order to assist in the investigation into the matter. You will be advised beforehand if this is to be the case. Your prior consent will be obtained before such disclosure, unless we have to disclose your identity by law (e.g. safeguarding concerns, money laundering or other criminal offences).

5. ANONYMOUS ALLEGATIONS

- 5.1 This Code encourages you to put your name to your allegation whenever possible. Remember, if you do not tell us who you are it will be much more difficult for us to investigate the matter fully, to ask follow-up questions, to protect your position or to give you feedback.
- 5.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 5.3 In deciding whether to consider anonymous concerns the following are some of the factors which will be taken into account:-
- the seriousness of the issues raised
 - the credibility of the concern; and
 - the likelihood of confirming the allegation from attributable sources

6 UNTRUE ALLEGATIONS

- 6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against you in accordance with the Council's disciplinary procedures.

7 HOW TO RAISE A CONCERN

- 7.1 As a first step, you should normally raise concerns with your immediate manager or their manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that your management is involved, you should approach the Chief Executive, Chief Finance Officer, Monitoring Officer, or Audit Services.
- 7.2 Concerns may be raised verbally or in writing. If you wish to make a written report it is best to use the following format:
- the background and history of your concern (giving relevant dates);
 - the reason why you are particularly concerned about the situation.
- 7.3 The earlier you express your concern the easier it is to take action.

7.4 Although you are not expected to prove beyond doubt the truth of an allegation you make, you will need to demonstrate to the person you contact that there are reasonable grounds for your concern.

7.5 You can obtain advice/guidance on how to pursue matters of concern from:

Chief Executive	Daniel Mouawad	(01784 446250)
-----------------	----------------	----------------

Chief Finance Officer	Terry Collier	(01784 446296)
-----------------------	---------------	----------------

Deputy Chief Executive	Lee O'Neil	(01784 446377)
------------------------	------------	----------------

Monitoring Officer	Farida Hussain	(01784 446248)
--------------------	----------------	----------------

Internal Audit Manager	Punita Talwar	(01784 446454)
------------------------	---------------	----------------

Human Resources	Debbie	(01784 446289)
-----------------	--------	----------------

Manager (where	O'Sullivan/Angela	(01784 446427)
----------------	-------------------	----------------

specifically relates to a	Tooth	
---------------------------	-------	--

Human Resources		
matter)		

7.6 In addition you could contact any of the following:-

The Chair or Vice Chair of the Standards Committee: the Council has a Standards Committee, the purpose of which is to help the Council operate to the highest ethical standards. Both the Chair and Vice-Chair are non-councillors and can be approached for advice. Their details can be obtained from Committee Services on 01784 446240/444243 or found on the Council's website; or

Protect - This is a registered charity which seeks to ensure that concerns about serious malpractice are properly raised and addressed in the workplace and they can be contacted on 020 3117 2520; or

Your trade union or professional body.

7.7 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

7.8 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

8. HOW THE COUNCIL WILL RESPOND

8.1 The Council will always respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

8.2 If you raise a concern with your manager which they feel is beyond the scope of their authority or of a serious nature they will refer it to the Monitoring Officer rather than dealing with it personally.

8.3 Where appropriate, the matters you raise may:

- be investigated by managers, audit services, or through the disciplinary process
 - be referred to the police
 - be referred to the external auditor
 - form the subject of an independent inquiry.
- 8.4 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle for the Council is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example grievance or sexual harassment) will normally be referred for consideration under those procedures.
- 8.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.6 Within ten working days of a concern being raised, the manager with whom you raise your concern or the Monitoring Officer will write to you:
- acknowledging that your concern has been received
 - indicating how the Council propose to deal with the matter
 - giving an estimate of how long it will take to provide a final response
 - telling you whether any initial enquiries have been made
 - supplying you with information on staff support mechanisms, and
 - telling you whether further investigations will take place and if not, why not.
- 8.7 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 8.8 Where any meeting is arranged, which can be away from the offices or your place of work if you so wish, you can be accompanied by a union or professional association representative or a friend.
- 8.9 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.
- 8.10 The Council accepts that you need to be assured that the matter has been properly addressed and so, subject to legal constraints, will inform you of the outcome of any investigation.

9. THE RESPONSIBLE OFFICER

- 9.1 The Council's Monitoring Officer has overall responsibility for the maintenance and operation of this Code. That officer will maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

10. HOW THE MATTER CAN BE TAKEN FURTHER

10.1 This Code is intended to provide you with clear channels within the Council to raise concerns and the Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- Public Concern at Work
- the Council's external auditor
- your trade union
- your local Citizens Advice
- relevant professional bodies or regulatory organisations
- the police.

10.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

11. POLICY REVIEW

11.2 This policy will be reviewed annually by the Council's Monitoring Officer to ensure the effectiveness of the policy and the findings will be reported to the Audit Committee.

Spelthorne Borough Council Services Committees Forward Plan and Key Decisions

This Forward Plan sets out the decisions which the Service Committees expect to take over the forthcoming months, and identifies those which are **Key Decisions**.

A **Key Decision** is a decision to be taken by the Service Committee, which is either likely to result in significant expenditure or savings or to have significant effects on those living or working in an area comprising two or more wards in the Borough.

Please direct any enquiries about this Plan to CommitteeServices@spelthorne.gov.uk.

Spelthorne Borough Council

Service Committees Forward Plan and Key Decisions for 21 November 2023 to 30 April 2024

Anticipated earliest (or next) date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Audit Committee 30 11 2023	Annual Review of Confidential Reporting Code	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Farida Hussain, Group Head- Corporate Governance
Audit Committee 30 11 2023	Corporate Risk Register	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Punita Talwar, Internal Audit Manager
Audit Committee 30 11 2023	External Audit Update	Non-Key Decision	Public	
Audit Committee 30 11 2023	Internal Audit Interim Report	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Punita Talwar, Internal Audit Manager
Audit Committee 30 11 2023	Reprioritisation of Internal Audit Plan 2023/24	Non-Key Decision	Public	Punita Talwar, Internal Audit Manager
Audit Committee 29 01 2024	Annual Review of Internal Audit Effectiveness	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Punita Talwar, Internal Audit Manager

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Audit Committee 29 01 2024	Regulation of Investigatory Powers Act Policy	Non-Key Decision	Public	Farida Hussain, Group Head- Corporate Governance
Audit Committee 28 03 2024	Accounting Policies	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Audit Committee 28 03 2024	Annual Audit Letter	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Audit Committee 28 03 2024	Corporate Risk Management	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Punita Talwar, Internal Audit Manager
Audit Committee 28 03 2024	Counter-Fraud, Bribery and Corruption Strategy	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Punita Talwar, Internal Audit Manager
Audit Committee 28 03 2024	Internal Audit Annual Plan 2024/25	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Punita Talwar, Internal Audit Manager
Audit Committee 28 03 2024	External Audit Update	Non-Key Decision	Public	

This page is intentionally left blank