

## **Appendix A**

### **Annual Governance Statement 2023-2024**

#### **Introduction**

As Leader and Chief Executive, we are acutely aware that everything the Council does relies upon a foundation of solid governance. Having come through the COVID 19 pandemic, we continue to be significantly impacted by the geo-political challenging landscape - the war in Ukraine, conflict in the Middle East, a Cost of Living Crisis, a cost of doing business crisis, and a housing crisis. The Cost of Living crisis created new pressures for our residents, businesses, communities and for the Council itself. This means that 2023-24 was yet another challenging year for the Council.

In May 2023, the Council held whole Borough elections which resulted in twenty-two new councillors and the formation of a new Administration made up four of the five Groups in the Chamber. The Administration is seeking to be an all-inclusive Council, further refining the Committee system and associated governance arrangements. To properly equip our new councillors, we provided a comprehensive induction programme in the early months after the May 2023 elections. In total there were 22 training modules for councillors.

We are charged by government to run the Council efficiently, effectively and economically. As a resident, you will rightly want reassurance that proper systems are in place and running properly to deliver the vital services on which you depend and we are pleased to present this Annual Governance Statement to explain how we deliver on these expectations, to outline what has been achieved over the last year and tell you about the improvements we are currently working on. We also set out action taken in the year to address any significant governance issues identified since the previous year's Governance Statement (2022/23).

Our commitment to good governance has seen a Committee System Working Group (CSWG) identify a new committee structure to further improve decision making processes. This was considered by the Standards Committee on 10 April 2024 and then Council later that month. It is anticipated that the revised committee structure will be in place from the May 2024 Annual Council Meeting. We have also continued to apply an overarching strategic framework in setting out the Council's corporate priorities and values in a new Corporate Plan that was approved by Council in February 2024.

We hope that in reading this Statement you will be encouraged to explore further the work of your Council. You can read all the documents to which we refer on our website and view Council meetings online to see how we do business. You can also discuss any of these matters with your local Councillor.

#### **LGA Peer Review**

During 2023-24 the Local Government Association (LGA) completed a 'Corporate Peer Challenge (CPC) Follow Up Review' of the Council to take stock of progress made against the original peer review undertaken in November 2022. A Corporate Peer Review challenge is where experienced officers and leaders from other local authorities visit a council to review how its governance operates, how it understands and responds to its financial challenges, how its management and leadership is working, how it engages with its communities and understands and responds to the challenges they are facing. LGA Peer challenges are

designed to support councils to drive improvements and efficiency and to assist local authorities to respond to local priorities and issues in their own way to the greatest effect. The original Peer Review took place in November 2022 and the Council received its report on 1<sup>st</sup> February 2023 ([Spelthorne BC CPC Report November 2022](#)), which was published and was considered by Full Council on 23 February 2023. This included a recommendation that Council agree to the development of an Action Plan to address the recommendations in the CPC report. Council agreed to accept these recommendations, subject to amending Recommendation 2 of the covering report to state, “to agree to the development of an Action Plan to address those recommendations and for this to be directed through the Corporate Policy and Resources Committee”.

The original CPC review made 12 key recommendations to the Council:

1. All Members need to identify what they have in common in terms of shared priorities and objectives for your Borough and your residents and use them to progress the delivery of your shared ambitions for Spelthorne.
2. Then share your agreed political ambitions for the Borough to create a longer-term vision embodied in a broadly agreed Corporate Plan.
3. Take the opportunity you now have to reset the officer / Member working relationship and agree how it will work differently going forward for the benefit of your residents.
4. The discrete but complementary roles of officers and Members need to be better understood by all to improve working relationships.
5. Take the time today to plan for tomorrow. Do not put off the ‘non-urgent strategic’ work you need to do.
6. Members need to respect officers’ roles and give them the time and space to focus on delivering the important priorities you have agreed.
7. Recognise the risk of continued poor behaviour by some Members and the likely impact on the organisation and your reputation as a Council and a place. Take steps to address it.
8. Continue your efforts to address the issue of outstanding audits of the financial accounts.
9. Review the working of the committee system by looking at best practice elsewhere to consider how to create a system that is fit for purpose.
10. Engage in financial training for Members to promote a better understanding of financial implications, project viability and creating robust business cases.
11. Improve the balance between communication and meaningful engagement whereby people feel listened to and heard. Use this in the context of evidence and need, to drive priorities and take people with you.
12. Consider how the LGA can continue to assist with the above recommendations on this reset journey.

Steps were taken by the Council to address issues outlined in the CPC Team’s comments/recommendations, such as a review of the current committee system, the development of a Member training programme following the May 2023 local borough elections, and commissioning in summer 2023 an independent Establishment Review, undertaken by South East Employers (SEE), which went to Corporate Policy and Resources Committee on 1st July 2023 and covered issues such as staff recruitment and retention, as well as reviewing

how staffing was structured. A Members Financial Reporting Working Group was set up for councillors to work with officers to help improve the clarity of financial reports. The Working Group proposed the “4 square” summary to be added to reports which has been implemented. The Working Group is looking at how reports can make greater use of graphical analysis, ensuring that reports do not include unexplained acronyms etc.. A Peer Review Action Plan was developed to address all 12 of the recommendations made by the CPC Team and this underpinned a position statement that was shared with the CPC Team in November 2023

The final version of the follow up review was received in March 2024 and was considered by Corporate Policy and Resources Committee in April 2024 along with an update on the progress made in the intermediate months, including approving the Council’s Corporate Plan 2024-28 and resetting the Member-officer relations in formulating a unified ‘Team Spelthorne’.

The detailed Corporate Plan setting out our corporate priorities, values and 135 short-, medium- and long-term actions was approved by Council in February 2024. Progress with these actions will be monitored and reported through a dashboard available to Councillors, and quarterly updates will be provided to the Corporate Policy and Resources Committee. An Annual Report will also outline progress across each year and where necessary the Corporate Plan will be adjusted to take on board any emerging issues and revised priorities.

### **The Council’s vision for the Borough**

The Council in December 2023 approved the high-level elements of a new Corporate Plan for the period 2024-28 and in February 2024 Council agreed a detailed plan, including short-, medium- and long-term targets. The Plan sets out five key priorities under the acronym CARES.

**Community:** To place the needs of the Borough at the heart of everything we do: supporting residents to live healthy and fulfilling lives and empowering communities so they feel included, valued, supported and safe.

**Addressing Housing Needs:** To support the delivery of high quality housing and solutions to allow residents to live independently which meets the needs of all sections of the community at every stage of life, addressing the challenges around availability, affordability and homelessness.

**Resilience:** To ensure prudent management of our finances and resources and create a climate in which businesses can thrive. Work with partners to maintain our preparedness for emergencies.

**Environment:** To work with our residents, suppliers and partners to minimise our impact on the environment and to achieve ‘net zero’ emissions by 2030. To maintain a clean and attractive Borough which supports biodiversity.

**Services:** To deliver a wide range of high-quality community focused and accessible services for everyone who lives and works in Spelthorne, striving for continuous improvement in all aspects of our work and providing excellent customer care.

Each of the priorities have three underlying themes.

### **Cost of Living Crisis and Housing Crisis**

The overwhelming challenge for us in the past year has been responding to the ongoing cost of living crisis and inflationary pressures and managing the ongoing uncertainty. These external pressures have both impacted on the Council directly, making it more challenging to balance our budget, but equally they have made the lives of our residents more difficult, with more people turning to the Council for assistance, such as with housing and homelessness.

The Council's need to respond to increasing levels of demand for housing support has generated the largest single growth-bid built into the 2024-25 Budget, which was for £900k towards meeting the increased need to spend on temporary accommodation.

## **Environment**

The Council is committed to continuing to address climate change, and with various energy audits undertaken the Council is continuing to look at becoming net zero by 2030. Following planning approval for a flagship ultra-low energy use (Passivhaus) leisure centre, Construction is nearing completion on the Council's flagship, ultra-low energy (Passivhaus) 'Eclipse Leisure Centre', the UK's first full sized wet and dry Passivhaus leisure centre. This will potentially save 600 to 700 tonnes of carbon dioxide per annum. We continue to work with other authorities in Surrey to seek funding and improve best practice in developing climate change measures. We received £12k funding from the Net Zero Innovation Programme to develop a community-led initiative with Talking Tree, The Open University and Cobra collective, with the aim of bringing together local people to respond to the climate emergency, develop new practical initiatives and inform Council policy.

The Council has also supported various biodiversity initiatives in our parks and looked to communicate climate change messages on a regular basis, covering a range of topics.

Spelthorne Borough Council (SBC) has continued to roll out its Carbon Literacy training programme across staff and councillors. It is aiming to achieve silver level of accreditation where the majority of staff are certified as carbon literate. This training gives staff and councillors an understanding of the causes and effects of climate change as well the knowledge and motivation to reduce carbon emissions in their personal and work lives. Each member of staff or councillor who attends training makes two pledges about how they will reduce carbon emissions at work, helping to reduce the Council's emissions.

Every year SBC organises a conference for pupils from Primary Schools within the borough and the programme is now in its 15th year. Each school is invited to bring up to 6 students to take part in a daylong conference dealing with Environmentalism, Sustainability, Environmental Responsibility and Personal Environmental Impact.

The Council continues to actively participate in the development process for the River Thames Scheme, which will mitigate the impact of flooding in the Borough. During 2023-24, the Council's Planning and Environmental Health team have been responding to the consultation on the Development Consent Order for the Scheme. The Council has been publicising awareness of this consultation.

## **Service Delivery**

In 2023 we progressed our digital transformation strategy and after a procurement process we are implementing a new customer portal to make it easier for residents to access services when and how they wish. We continue to work within all services to ensure we are as efficient and effective as possible through a continuous improvement process. Our project

management process was digitally improved to make it easier for services to complete relevant documents and introduced better reporting systems, the changing needs of our communities, adapting to meet new challenges, new ways of working and different ways of interacting with our communities.

The Corporate Plan feeds into the service plans of the different Council Services so that the organisation pulls in the same direction.

## **How we run the Council and its subsidiary companies**

The Council is governed by democratically elected councillors and managed by professional staff. There is a clear demarcation of roles and numerous systems and processes in place to make sure that things get done properly:

**Constitution.** This document remains a modern and effective document. <https://democracy.spelthorne.gov.uk/ieListMeetings.aspx?CId=209&Info=1&MD=constitution> This has been reviewed during the course of the year as amendments have been made in the light of development of the committee system, recent events and changes in legislation. The most recent update to the Constitution was agreed by Council on 14 December 2023.

**Policy Framework.** We have a number of important policies which are approved by a majority of all councillors. These are reviewed regularly. One of key policies is the Local Plan and this is being reviewed at the present time.

**Governance Framework.** We adhere to standards jointly published by the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA). We ensure that these are kept under review. Corporate Governance refers to the arrangements and processes by which an organisation is directed, controlled, led and held to account. In the public sector it is important to achieve agreed outcomes whilst meeting the public interest.

**Scrutiny of decisions.** During the period to which this Annual Governance Statement covers, the majority of decisions are made by the Committees or delegated to officers. There are structures and processes in place to hold these to account. We have an Audit Committee which have cross party representation to review our risk management arrangements, performance, influence policy and review our decisions.

As a result of our strategic property investments (that the authority made up to 2018) that generates a commercial revenue stream that supports many community focused services, there continues to be a focus on how decisions around the management of these assets are made and how risks are mitigated and managed. Under the Constitution agreed in May 2021, a new sub-committee of the Corporate Policy and Resources Committee was established to deal with certain decisions relating to the delivery of housing, regeneration and assets projects, to enable timely decision making and to ensure appropriate democratic oversight.

**Knowle Green Estates Ltd (KGE).** We have ensured that it has independent auditors and that such audits feed into the Council's overall Statement of Accounts. In December 2020, two experienced Non-Executive Directors were appointed following a competitive recruitment process. The 2022-2023 annual report can be read [here](#). The Knowle Green Estates accounts are independently audited, as well as being reviewed by the Council's external auditors when they audit the Council's consolidated Group Accounts. The independently audited accounts

for 2022-23 received a clean audit opinion and show on the Total Comprehensive Income and Expenditure statement a £1.2m excess of income for the year, this was as a result of an upwards valuation in the Company's assets of £2.9m.

**Spelthorne Direct Services Ltd (SDS):** During 2020-21, the Council set up SDS to provide new local commercial waste services to businesses in the Borough and to help them more effectively recycle and minimise waste. SDS accounts are independently audited and the auditors have issued a clean audit opinion for the 2022-23 Accounts. Work has now started on preparing for the audit of the 2023-24 Accounts. The 2022–2023 annual report can be read [here](#).

### **How we manage the Council's finances**

Nothing can happen in the Borough unless there is the money there to provide it. We have successfully delivered a programme of financial change. Our previous *Towards a Sustainable Future* programme delivered the sound basis on which we now proceed, which has enabled us to continue to provide our discretionary services for residents. An efficiency and transformation programme has been put in place for 2024-25 to ensure that the cashable savings built into the 2024-25 Budget are delivered. Progress against those targets will be reported on in the quarterly budget monitoring reports.

### **Commercial Property Investments**

Thirty percent of the money we need to run the Council and provide services for residents now comes from our investment properties. It is essential that these investment work for us and that we protect them for the long-term. We have a range of measures in hand to ensure that this happens. We have already strengthened our staff resources and implemented changes to our governance systems to ensure that we are proactively and professionally managing this multi hundred million pounds portfolio. We will continue to do this. In response to the challenges of COVID-19 the Council put in place weekly review meetings, involving both senior councillors and senior officers, to assess performance collecting commercial rent. The Council's portfolio performed very well with more than 99.8% of the commercial rent invoiced for 2021-22 collected, 99.98% in 2022-23 and currently a draft figure of 99.1 % for 2023-24. (This slightly lower than previous years due to one tenant being in an administration process).

The Council has continued its strategy of mitigating future risk by setting aside a proportion of rental income into sinking funds to ensure that, if required, the Council has funds to offset short-term dips in rental income. At the end of 2024-25 the Sinking Funds Reserves balances stood at £35m, a slight drop of £3m from the previous year's balance of £38m. The Council had however been anticipating the need to make some use of the sinking funds reserves to offset the impact of some churn of tenants across the portfolio in-year (occupancy rate at the year-end 90%). During 2024-25, we will be undertaking a review of the sinking fund methodology, whilst also modelling and agreeing a refreshed strategy for the next fifty years. At the same time as the sinking funds reserves reduced by £3m in 2023-24, the Council has increased its general contingency reserve, the General Fund by £1m increasing the balance to £3.1m. This will provide the Council with additional resilience during turbulent times.

### **Dialogue with Department for Levelling Up, Housing and Communities; CIPFA Capital Assurance Review and Best Value Inspection**

During 2023-24, the Department for Levelling Up-Housing and Communities (DLUHC) continued a dialogue a number of Councils with relatively high levels of debt. Spelthorne fell

into this group due to the nearly £1 billion it borrowed at fixed rates to acquire its investment assets (in the period 2016 up to 2018). The Council constructively engaged with DLUHC officers during summer/autumn 2022 through to summer 2023 and explained the Council's approach to mitigating debt on its investment assets through its Sinking Funds reserves. In February 2023, DLUHC Ministers decided to progress further the review by asking the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a further Capital Assurance Review with authorities within scope (including Spelthorne). The review work was undertaken in February/March 2023 and CIPFA submitted their report to DLUHC in July 2023. The report can be seen here [Spelthorne Borough Council: Capital Assurance Review \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) The report acknowledged that the investment asset portfolio is managed in a reasonably professional and proactive manner. However CIPFA stated as the portfolio has an anticipated 50-year lifespan (now 42 to 44 years before debt fully paid off) that. CIPFA suggested the Council would benefit from a more long-term management approach. The report commented on the Council's ambitious affordable housing plans which it was evaluating at the time of the review. At the time of the review those plans represented £325.2 million of borrowing over the next four years. Concerns were expressed that Finance was shorthanded, and internal audit arguably so. There were 12 recommendations made as follows:

1. Deployment of DLUHC expert independent support into SBC to assist with its immediate and ongoing financial challenges
2. The council's affordable housing plan should be subject to a rigorous viability assessment and options appraisal
3. Set tight future borrowing limits, providing for schemes that have commenced and for statutory requirements
4. Agree specific terms of reference for the review and treatment of the sinking fund
5. Subject the investment property portfolio to immediate fundamental assessment and ongoing review, including consideration of disposals
6. The council's financial management capacity and skills base should be assessed
7. The council should increase the capacity of its internal audit team
8. The council's approach to financial governance and decision making should be reviewed urgently
9. As part of the review of governance and decision making, any actual, perceptual or potential conflicts in relation to Council Officer/Member involvement with Knowle Green Estates and similar bodies should be assessed
10. Time-limit property valuer incumbency
11. Commission a review of the use of short-term borrowing
12. Ongoing review of business cases

In response, as requested by DLUHC, the Council issued a granular response to the CIPFA conclusions and recommendations, see [Spelthorne responds to Best Value Inspection letter - Spelthorne Borough Council](#). This included highlighting that the CIPFA review did not review as a key part of the Council's risk mitigation with respect to its investment assets and borrowing, its sinking funds reserves. The Council did consider carefully the recommendations and over the following twelve months did advance a number of actions. Following on from the discussions with CIPFA, the Council reviewed its approach towards capital risk management. This was combined with implementing an Action Plan to address the recommendations in the October 2022 Public Interest Report issued by the Council's external auditors. The steps taken by the Council since the CIPFA review include:

- In response in part to the impact of significantly higher interest rates and construction inflation, the Council in October 2023 took the decision to step back from seeking to directly deliver and finance housing delivery projects across the Borough. Instead, the Council agreed to continue to seek to address housing need but through a place making and joint venture strategy. This approach is being developed in collaboration with councillors and is being led by the Group Head for Assets.
- In October 2023 the Council reduced its forward borrowing limits by £280m
- This means once the Council's new leisure centre is completed there will be very limited capital programme spend required to be financed
- Council has reviewed its borrowing approach with its advisers, existing debt is fixed until maturity without a need for re-financing
- The Council's Audit Committee addressed concerns expressed with respect to its internal audit resilience by recommending to Council in February 2024 that the Council join the Southern Internal Audit Partnership (SIAP), the Council joined SIAP in April 2024 which will give it access to a large pool of internal audit expertise and resource.
- At the time of the CIPFA review the Council was completing a restructuring of the finance team which strengthened it, including creating two CIPFA trainee apprentice posts
- The Council participated in autumn 2023 in a Surreywide independent Financial Resilience review undertaken by LGA Improve
- The Council has further reviewed and refined its Committee governance arrangements including committees overseeing property matters
- The Council is time limiting valuers incumbency, and following CIPFA's suggestion commissioned a second parallel valuer of its investment assets, which was reported to its Development Sub-Committee
- Since it acquired its investment property assets in 2016-2018, the Council has periodically commissioned external experts to critically review our portfolio, the arrangements for managing those assets, and the risks and opportunities relating to those properties. The most recent independent review commissioned by the Council was undertaken by JLL and reported to the Council's Development Sub-Committee in February 2024 and to Audit Committee in March 2024. The review identified that most of the assets in the portfolio remained best in class and well placed to do well when the office market sector begins to recover when interest rates start to ease. The review considered the issue of future restructuring of the portfolio, including timing of disposals.

On 8<sup>th</sup> May 2024 the Department of Levelling Up Housing and Community wrote to Spelthorne notifying that it was commissioning a Best Value Inspection of the Council under the new Best Value framework (also confirmed by Government that day), and for the report to be submitted to the Secretary State by the end of August. The Inspection notification letter made reference to both the CIPFA Review and the LGA Peer Review and Peer Review follow up report. The inspection will seek direct, independent assurance that the Authority is making arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The review has been requested in the context of ministers' concerns about the Council's high level of outstanding past borrowing and their desire to have assurance that risks are being managed appropriately. The Best Value Inspection follows on from the CIPFA review mentioned above. The Council welcomes the opportunity to engage with an independent review team and the chance to provide evidence of the appropriateness of arrangements in place. The Council will positively engage with the Inspection team.

### **Systems of internal control**



Apart from the specific overview of the Council's investments and housing schemes, we have established systems and control processes in place to effectively manage risks, ensuring the day-to-day running of the business and the sound management of cash-flow. Managers are responsible and accountable for operating adequate systems of internal control to effectively manage risks within their Services, giving due consideration to fraud, bribery and corruption risks. We have a Chief Finance Officer (CFO), also known as the s151 Officer, who oversees these systems, and they are regularly audited proportionate to the level of risk. Internal Audit findings are raised with management, and recommendations reported to the Audit Committee. There is regular budget monitoring by the Corporate Policy and Resources Committee and these papers are published on our website for you to read. We have a Medium Term Financial Plan and we review our finances against this. The CFO is a member of the Council's senior Management Team.

### **Budget Process**

The process has been reviewed to consider opportunities for improvement, including continuing to encourage collective ownership on financial management. As part of closing the Outline Budget gaps over the medium term we have confirmed with councillors and senior managers that we will be undertaking a zero-based budgeting exercise for the 2025-26 Budget which will feed into the next Budget process, alongside an efficiency programme which will cover all service areas.

### **Communicating effectively**

As an authority we all need to make sure we are listening to all sections of our communities right across the borough and that there is trust and confidence in the way we make decisions. We know that the services we provide are better when we listen to the people who use them and when we work together with local communities.

Our priority is to build strong relationships with residents and businesses and forge links within our communities, so everyone feels included. One way we achieve this is through communicating effectively so that the Council's visions, priorities and outcomes are clearly understood and, most importantly, ensuring residents have the opportunity to challenge us, express ideas and shape the decisions which affect them.

Our internal stakeholders are equally important to shaping our priorities and there are several opportunities for employees to have their say. We encourage them to have their say on consultations as well as informing and involving colleagues at monthly all-staff briefings, listening to issues and concerns via staff surveys and an open-door management style, which all help to deliver team collaboration and innovation. In 2022, we also worked in partnership with the Local Government Association in delivering a Councillor Survey, which fed into the Peer Review process, and a review of the Committee Model of Governance which we now operate under. Work is underway for a 2024 survey, using the same template, which is planned for May. This will allow the authority to benchmark the results from two years ago.

### **Engaging with stakeholders**

The Council has several ways it engages and communicates with residents and businesses in the Borough. We are always reviewing the most appropriate ways to communicate, from formal statutory consultations through to the Council's use of social media, website, the Customer Portal, Borough noticeboards and direct mail.

Growing our social media audience has been a priority and since March 2020 our followers reach has increased by 74% and is an integral engagement tool to interact with our residents. With the use of an accessibility tool on the website, all pages can change language, size or colour dependant on the user's need and personal requirements. We purchased new software for the website which monitors accessibility, and this is tracked weekly.

The Council adapted its communications over the past four years to best serve our residents. Our [engagement strategy](#) outlines this:

**Consult:** We hold frequent consultations about various issues and topics, including housing developments, health and wellbeing, arts and culture, budget setting and community safety. Consultations take on various forms, both online and in person to ensure maximum accessibility. Consultation results are then reported back to residents with an outline of next steps and decisions.

**Listen:** We will work with and listen to our communities and partners on various topics in order to improve Council services and find better ways of working. Various workshops and marketplace events are held, either in person or online with stakeholders having the opportunity to share ideas and highlight best practice.

**Collaborate:** We hold Residents' Associations forums where residents can discuss their concerns with the Leader of the Council and Council Officers; continue to develop strong partnerships in all sectors of our community, businesses, other authorities and health, so that knowledge, skills and expertise can be shared to help shape priorities and effectively deliver on them.

**Empower:** We promote community empowerment and democracy. Council meetings are streamed live on You Tube and residents are invited to watch in person in the council chamber and we also welcome petitions as an important way in which people can let us know their concerns.

Our engagement strategy adopts a holistic approach to ensure that we engage with as many residents as possible, especially from communities that are more difficult to reach. We are committed to continually driving forward community engagement and look for new ways, tools and platforms so that all residents can be heard, not just those who are the easiest to reach, or the most vocal.

## **How we are accountable**

The Council is a democratic body and the powers which we exercise are derived from the electors. There are numerous systems in place to allow members of the public to get information, ask questions, challenge the Council and get involved. Ultimately the entire organisation is governed by residents just like you. This gives the Council tremendous strength in deciding what needs to be done in the Borough and how we prioritise scarce resources for best effect. You can consider some of the many ways to get involved:

- Raise issues through the Council's 'report-it' forms.
- Speak to your ward councillor or the Chair or Vice-Chair of the Committee responsible for the issue.

- Complain about services you think are not performing, or equally provide positive feedback when you think we are doing well.
- Request information under the Freedom of Information Act and the Environmental Information Regulations.
- Ask questions at the Council and the newly formed Spelthorne Partnership Assembly (which covers issues relevant to both Spelthorne and Surrey County Council).
- Present petitions.
- Speak at Planning Committee about applications in your neighbourhood.
- Join your local residents' association.

Almost all of the information you need can be found on our website ([www.spelthorne.gov.uk](http://www.spelthorne.gov.uk)) and we only restrict the publication of a very limited quantity of material where there is good reason, such as the need to respect the data protection rights of individuals or commercial confidentiality.

### **How we learn from complaints and feedback**

The Council is always keen to hear from residents and staff about how it can deliver better services to residents. We also have feedback questionnaires for some services. We have a number of procedures in place:

- Our Complaints procedure is working well. However, we are always looking at ways to improve it.
- We have a staff whistleblowing procedure in place; this is highlighted as part of the staff induction process.

### **How we promote high standards in public office**

The Council is committed to following the Nolan principles of public life which are:

#### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

#### **2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

#### **3 Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### **4 Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### **5 Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

## **6 Honesty**

Holders of public office should be truthful.

## **7 Leadership**

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

The Corporate Plan sets out the core values of the Council under the acronym PROVIDE. This stands for:

- Pride in our council and communities
- Responsive and respectful
- Open and accountable
- Value for Money
- Integrity
- Dependable
- Empowering and inclusive

It can be seen that there is a considerable synergy between the Council's values and the broader public sector Nolan values set out above.

The Council's values define the guiding principles and the culture of the Council and explain how the Council will act to achieve corporate priorities and objectives. The Council's values apply to all Officers and Members. These will be followed by a set of defined organisational behaviours to supplement the core values.

The Council has a dedicated Standards Committee. This Committee is guided by an Independent Chairman and Vice-Chairman. A Panel of Independent Persons is in place. They are consulted on any complaints against councillors to say whether they should be investigated.

We have numerous policies and procedures in the Constitution to back up a strong ethical approach to local government. In the year 1 April 2023 to 31 March 2024, there were 9 complaints against Members. This is a reduction from 11 during the previous year. One complaint is currently being investigated. A number have been rejected by the Monitoring Officer as being politically motivated or insufficient evidence to support the complaint. On 16 March 2022, the Council's Standards Committee approved revised arrangements for dealing with Member complaints. The revised procedure requires the Monitoring Officer to undertake a 2-step assessment to filter out complaints based on specified criteria. In accordance with the Council's Member Misconduct Complaints Procedure, the Independent Person's view is sought on all complaints that pass the 1st stage of the assessment criteria.

The Council has in place a policy(<http://www.spelthorne.gov.uk/article/18641/Gifts-and-hospitality-policy> ) on Gifts, Hospitality and Sponsorship which applies to both staff and councillors. The policy was subject to internal audit during 2023/24 and Reasonable

Assurance was found. There are also policies dealing with Counter-Fraud, Bribery and Corruption and Whistleblowing.

## External Audit

Whilst the KPMG, the Council's external auditors reported to the Audit Committee in March 2023 their intention to issue an unqualified opinion on the 2017-18 Statement of Accounts, the auditors signed off their opinion on the Accounts on 19<sup>th</sup> June 2023, this followed updating of the Annual Governance Statement for 2017-18. This followed on from the Public Interest Report (PIR) the external auditors issued in October 2022 and the qualified Value for Money Opinion for 2017-18. During 2023-24, the Audit Committee approved an Action Plan with the new Group Head for Assets, progress against which will be periodically reviewed. This included a revised Asset Management Strategy and Plan being agreed. The Asset Management Plan sets out the way the Council will manage its Assets, the frequency and timing of reporting performance of the portfolios against an agreed set of Key Performance indicators and an updated risk register, which will also form part of the annual and half yearly reporting.

The table below summarises which audit firm is responsible for auditing different years of accounts. The firms are not appointed by the Council but by Public Sector Auditor Appointments.

Accounts years responsible for auditing	Audit Firm
Up to and including 2017-18	KPMG
2018-19 to 2022-23	BDO
2023-24 to 2028-29	Grant Thornton

In large part due to the length of time it took KPMG to complete the 2017-18 audit opinions, combined with national external audit resourcing challenges, and uncertainties caused awaiting clarification as to how Government was going to clear the national backlog (at one stage 918 audit opinions were overdue, subsequently fall to approximately 600 prior to 2023-24 opinions), the Council now faces the unsatisfactory situation of having a backlog of statements of accounts without audit opinions for the period 2018-19 to 2022-23. Whilst the draft statements have been produced each year in time for the national deadlines and in accordance with national accounting guidance, we recognise that this does not give assurance to stakeholders. Unfortunately, the Government's solution of requiring audit firms to issue opinions either modified or disclaimers by 30<sup>th</sup> September 2024 may mean we will not get assurance on these accounts, and receive disclaimer opinions. However, the incoming auditors Grant Thorntons who are responsible for auditing from 2023-24 will be actively auditing the 2023-24 accounts. They may however have to give a qualified opinion for the 2023-24 Accounts if they are unable to receive sufficient assurance from the outgoing auditors BDO.

The Council continues to be very open to taking on board best practice from external sources, we have previously had positive discussions with the likes of the Local Government Association, National Audit Office, CIPFA and MHCLG. Finance will work with the new Group Head for Assets (who took up post on 14th March 2023), to develop an Action Plan, to build on what the Council is already doing, including: periodic reviews of financial health of tenants; annual review by councillor members of Development Sub-Committee of individual asset business plans and associated risk analysis for individual investment assets; an Asset

Management Plan (which includes KPIs); production of an Annual Investment and Regeneration Assets Report (which addresses the points raised in 6.9 of the Auditors report); and developing a portfolio risk register (assets risks already feature on the Council's overall Corporate Risk Register).

In addition, a corporate risk model/matrix was launched in 2021 as part of the revised Risk Management Policy and risk management training delivered to managers. Given this history of openness to engaging with external reviews the Council, as stated above, looks to positively engage with the Best Value Inspection process. Given that the Council is not acquiring any more investment assets, and indeed under the latest regulations it would not be allowed to do so, it is difficult to further diversify the portfolio through new acquisitions. It should be noted that whilst the investment assets portfolio is concentrated within the Borough and the surrounding Heathrow local economic functional area, as the Council's response to the PIR highlighted, we do have diversification across tenants in a broad range of sectors. However, when opportunities arise, such as investment premises becoming empty, we will undertake analyses to look at options, including disposal or utilisation in alternative use. This process is currently underway with one of the smallest assets in the portfolio. With the completion of more housing and regeneration schemes the Council's overall property portfolio will become more diversified.

The Council already produces and reports on KPIs relating to its assets in its Asset Management Plan and an Annual Report on Investment and Regeneration Assets. It will review these assets' KPIs to ensure they continue to be appropriate and, if necessary, we will expand and refine those KPIs. We will review the current KPIs against the KPIs suggested in paragraph 6.7 of the PIR. The Council in its detailed Revenue Budget has improved the transparency of the breakdown of the budgets for investment assets.

### **How we learn and improve**

A LGA Financial Peer review (<https://www.spelthorne.gov.uk/peerreview>) was undertaken in 2020/21. There are recommendations within the report which we are actively taking forward with regular progress reports being made to Audit Committee. An LGA Corporate Peer Challenge (CPC) Review was undertaken in November 2022, and the CPC Team undertook a follow up visit in November 2023 to review progress against the recommendations they had made.

We periodically review our self-assessment against the CIPFA Financial Management Code to assure ourselves that we are appropriately owning and addressing financial management challenges. We took the latest self assessment to Audit Committee on the 19<sup>th</sup> March 2024. At the same Audit Committee, we also considered a self assessment against the DLUHC Best Value Theme indicators for Use of Resources.

The Council has an ongoing Continuous Improvement Programme (CIP) where the CIP team work with services to identify improvements and efficiencies in processes, systems and working practices, for example making improvements to make it easier for people to pay the Council online. This has resulted in efficiency savings both in terms of time and money.

### **Internal audit**

Up until the end of 2023-24 the Council had a small internal audit team (supported by audit contractors as required) which provided independent assurance to management and the Audit

Committee on the adequacy of Council Services, and systems of internal control to reduce risk. This team has an annual internal audit plan which is discussed and agreed each year by the Audit Committee. The internal team operates to the Public Sector Internal Audit Standards (PSIAS). The effectiveness of internal audit is reviewed annually and an external quality assessment undertaken once every five years. An independent external review was undertaken in 2023, reporting that the service conformed well to the PSIAS, with many examples of good practice, and the findings and recommendations were communicated to the Audit Committee and Management Team.

During 2023-24, in part in response to the departure of a member of the Audit Team, the Council considered options for enhancing the resilience of internal audit, and following a selective process, Council at its February meeting voted to join the Southern Internal Audit Partnership (SIAP) with effect from 1<sup>st</sup> April 2024. The Internal Audit Manager has transferred across to SIAP.

Every year, the Internal Audit Manager issues an independent opinion in an annual report concluding on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control (in future this will be provided by SIAP). This comments on the risks facing the Council and the adequacy of the Council's arrangements to manage those risks. It represents one of the key assurance statements the Council receives.

The Internal Audit Manager has reported on ten assurance reviews relating to the 2023/24 audit plan, of which three concluded substantial assurance provision, six concluded reasonable assurance and one was identified as 'limited assurance'. Audit recommendations carry a priority rating (low/medium/high) and these will be followed up taking account of target dates to confirm implementation status. Two further assurance assignments currently underway (overall assurance opinions not yet concluded) will be reported in the annual audit report for 2023/24 presented to Audit Committee, and matters arising so far have been considered for the annual audit opinion. Other relevant sources of assurance such as audit advisory work, the Council's Corporate Risk Register and risk exposure to Wider Externalities have been reviewed for the purpose of producing the overall audit opinion.

**Annual Internal Audit Opinion 2023/24**

Relevant considerations in undertaking assurance work and producing the annual audit opinion are set out at point 1 below:

(1)The ongoing significance of evolving externalities have continued to exacerbate many of the Council’s strategic risks and challenges in delivery of corporate priorities and objectives. Financial risk represents a common theme carrying high impact across many of the Council’s strategic risks, and overlaps with other competing crises and significant pressures, with some reflecting sector wide issues.

The opinion of the Internal Audit Manager concludes on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and internal control. On balance **reasonable assurance** can be provided across these areas and the Council has many established systems of internal control. Scope for improvements to both the design and operation of internal controls in effectively managing risks and delivering objectives have been raised and recommended in some areas.

Internal Audit have consulted managers (corporate management team, Group Heads and managers) to discuss improvement actions to address risks and enhance the robustness of systems of internal control and governance arrangements. Where actions have been taken to address issues arising from audit work performed, this is acknowledged.

<b>Reasonable Assurance</b>	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.
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Punita Talwar

Internal Audit Manager (Chief Audit Executive, Spelthorne Borough Council (2023/24))

Chartered Internal Auditor (CMIIA)

April 2024

The internal audit team has carried out a number of audits in accordance with the agreed annual plan. Full details of these recommendations, as well as any key themes and issues arising from Internal Audits work for 2023/24 are to be found on the Audit Committee pages of the Council’s website.



Internal audit resource during 2023/24 has been partially focussed around the evolving risks presented by the challenging economic and geo-political climate and recognising their wide reaching impact for the Council, audit support and advice, as well as wider risk and assurance workstreams.

## **Corporate Risk Management**

The Council maintains a Corporate Risk Register, which is coordinated by the Internal Audit Manager and reported regularly to Management Team, Audit Committee and Corporate Policy and Resources Committee. The Corporate Risk Register identifies and evaluates the key corporate risks facing the Council, the controls and mitigating measures in place, and tracks outstanding issues to further address risk management. The register continues to focus on a smaller number of corporate (strategic) risks relating to effective delivery of the Corporate Plan Priorities/Objectives. It also aligns to methodology set out in the Corporate Risk Management Policy. The subsidiary companies have also produced risk registers and for consistency their format aligns closely with the Council's Corporate Risk Register. As part of ongoing development work on risk management, the Corporate Risk Register is also reported to the Corporate Policy and Resources Committee to promote collective ownership and accountability of the Council's most significant risks and issues. Mechanisms for cascading high level risk management information through to respective service committees has also been implemented. Progress has been made in exploring the development of a risk appetite framework for the Council as it is recognised that this supports more transparent and informed risk-based decisions, good governance and modern best practice. Soft implementation of a risk appetite framework has been pursued during 2023/24, with continued integration into the service planning process having been insightful in ascertaining service level risk appetites across the Council. A member approved risk appetite for the Council across key impact measures reflecting collaborative discussions with senior executive officers could further support and enhance the Council's overall risk maturity.

As part of the strategy of embedding risk management into all aspects of the Council's decision making, the Council's report template for Committees now includes a section on risks.

## **Audit Committee**

Terms of reference are set out in Constitution. There are regular meetings and a work plan is published. Under the new Constitution there will continue to be an Audit Committee which now has an independent lay member, to add an additional external perspective and bring additional expertise to the Committee. Such measures contribute towards the overall effectiveness of Audit Committees through strengthened governance structures.

## **FOI/GDPR**

We aim to ensure ongoing compliance with the General Data Protection Regulations and improve the Council's information governance arrangements. This workstream will continue to deliver, significant improvements in the Council's information governance arrangements.

The Group Head of Commissioning and Transformation is the Council's Senior Information Risk Owner who has responsibility for managing information risk across the council.

The Council's full time Data Protection Officer is responsible for overseeing data protection strategy and implementation.

The Council has clear processes for managing Freedom of Information Act, Environmental Information Regulations, and Data Protection Act requests. The aim of the process is to promote transparency across the organisation and deliver an efficient approach to handling requests.

Staff continue to ensure compliance with the Freedom of Information Act / Environmental Information Regulations, Data Protection Act, and Privacy and Electronic Communication Regulations. An audit of GDPR has been undertaken.

Monitoring includes reports to Management Team, internal and external audits and Information Commissioner reviews as appropriate.

Covid-19 has brought unprecedented challenges due to the need to share information quickly and adapt the way the Council's essential services work. Data protection staff are assisting colleagues to ensure that the Council only collects as much personal data as is strictly necessary for the relevant purposes and to continue to comply with Data Protection legislation.

## **How we will deal with significant governance issues**

### **1. Action taken in the year to address governance issues raised in the previous AGS relating to 2022-23**

Completed (with periodical reporting having been undertaken).

Refreshed Economic Prosperity strategy approved. Action completed with reporting structures widened to include Corporate Policy and Resources Committee (CPRC).

Action progressed in view of the LGA Corporate Peer review having been undertaken in November 2022 and reported in February 2023. The authority have produced an action plan to take these recommendations forward, and a follow up review is planned by the LGA for summer 2023 to assess implementation progress and support continued improvement

### **2. Review of significant governance issues arising during 2023-24 and how we are addressing them:**

<b><u>Issues Identified/Risk Implications</u></b> <b><u>Relates to 2023/24 Period</u></b>	<b><u>Action and status</u></b>
<p><b><u>1.Wider Externalities</u></b></p> <p>Exposure to wider externalities and other pressures are continuing to present competing levels of crises. The worsening financial and housing crisis across the local government sector continues to have adverse effects, impacting communities. Consequently, the Council continues to encounter some challenge in the context of delivering corporate priorities. <i>(This is elaborated further in the subsequent paragraph).</i></p> <p>The ongoing significance and impact of wider evolving externalities such as the macro-economic environment (including the knock-on effect of elevated inflation, accelerated interest rates and cost of borrowing over a sustained prior period), and geopolitical tensions have continued to exacerbate the Council's financial challenges in delivering corporate priorities. These factors coincide with increased service demands to support communities during a continued Cost-of-Living crises, housing crisis and Cost of Doing Business crises. Inevitably, the Council cannot exert control or influence over the direction of these evolving wider externalities and therefore the extent to which it can reduce, control, or mitigate such risks remains focused around localised measures.</p>	<p><b><u>Management Action</u></b></p> <p>The Corporate Risk Register highlights how the Council's risk exposure to wider externalities continues to present some adverse impact and ongoing challenges in terms of the Council's financial sustainability, economic prosperity, Housing Development programme, and provision of housing need. The local mitigation measures and prioritised actions to alleviate the identified risks have been drawn out in the Corporate Risk Register.</p>
<p><b><u>2.Financial risk</u></b></p> <p>(i)Financial risk remains a strategic theme carrying high impact across several risk categories on the Council's Corporate risk register. Ongoing financial pressures, challenges and local authority funding constraints (similar to other Councils) continue to have a significant impact on the Council's budgetary position and financial sustainability in delivering corporate priorities and services. A balanced budget has been produced for 2024/25, although additional budgetary challenges from 2026/27 have been</p>	<p><b><u>Management Action</u></b></p> <p>(i)Please refer to the Council's Corporate Risk Register for a range of actions underway or planned in alleviating the ongoing financial challenges. This includes progressing the medium-term financial strategy, application of earmarked financial reserves to the Council's budget with forecast over 4 years, quarterly monitoring of the efficiency savings programme and extent of cashable savings target being delivered, and the introduction of zero-base budgeting as part of the 2025/26 budget cycle. A Surrey Wide Financial Resilience Review has been undertaken in 2023/24 to ascertain a holistic County position.</p>

<p>identified by Finance and communicated by the Corporate Management Team (if a Fair Funding Review and Business Rates reset happens then).</p> <p>(ii) In the context of financial risk, externalities and wider factors have continued to significantly affect the financial viability of each housing development scheme 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 with a view to minimising the proportion of accumulated capital costs (£10-15m) to be charged to the Council's Revenue budget with ongoing management of this risk. 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. These factors continue to present a significant financial impact on the Council's budgetary position.</p>	<p>(ii) Please refer also to the first management action under category 3 below in terms of progressing a new Development Delivery strategy, which may over time support mitigation of current holding costs being incurred on development sites (once outcomes are delivered on sites).</p>
<p><b><u>3.Housing – Development and Targets</u></b></p> <p>(i) Further to the Council's decision to suspend direct delivery of the Housing development programme from mid-September 2023, this has/will further impact timelines for delivery of housing schemes and development targets (both affordable and general housing).</p> <p>(ii) The existing Local Plan is no longer fit for purpose and has become significantly out of date. Various factors have led to significant delays in the examination and adoption of a new Local Plan, which are likely to continue to impact on the ability to bring forward the appropriate quantum of housing development. Therefore, preparation and adoption of a New Local Plan to meet future need and strengthen affordable housing policy remains a work in progress.</p>	<p><b><u>Management Action</u></b></p> <p>i) Subject to Member approval, the Council will be progressing a Development Delivery strategy to accelerate housing outcomes across the sites currently owned by the Council. The new Member driven strategy aims to support robust and timely decision making by applying established criteria to inform and guide decisions relating to future development delivery approaches. This will be further supported by the overarching Asset Management Strategy.</p> <p>(ii) The views of the Environment Agency have been received on the revised Strategic Flood Risk Assessment. In response, the Council is considering whether there is scope to develop some mutually acceptable amendments to address the concerns raised by the EA, whilst still ensuring the future safety of residents. Proposed amendments to the Local Plan will then be put forward to the Planning Inspector to enable him to reach a view on whether the Council is able to re-commence the independent Examination of the draft Local Plan</p>

<p>Due to further pausing of the Local Plan Examination Hearings until Spring 2024, as a result of the decisions made at the Extraordinary Environment and Sustainability Committee on 29.2.24, a number of specific risks and challenges presented include (as identified and reported in the Corporate Risk Register): (a) additional pressure on SBC Local Plan to meet the housing need of other boroughs (b) a lack of certainty around Housing Delivery (c) legal challenge (d) prospect of unsuitable developments (e) adverse publicity and reputational damage.</p>	
<p><b><u>4.Housing –Supply and Demand; Addressing Need and Provision</u></b></p> <p>(i)Lack of affordable housing supply increases homelessness with increased demand for temporary or social housing. The demand for temporary housing increased significantly over the last year for a variety of reasons and is expected to increase further. The housing crisis is therefore increasing the need to spend on temporary accommodation to support residents, impacting further the ‘financial risk’ theme referred to above under category 2.</p> <p>(ii)Geopolitical factors continue to present increased demand in supporting refugee communities and consequently managing the provision of suitable and secure housing.</p> <p>(iii)More asylum seekers have/are presenting to the Council in need of housing support partly due to the increased rate of determination of asylum seeker claims by central government.</p>	<p><b><u>4.Management Action</u></b></p> <p>Please refer to the Council’s Corporate Risk Register category 1B. Some examples of how the risks are being managed are referred to below.</p> <p>(i)Quarterly Strategic Action Plan monitoring and review relating to Housing and Homelessness Strategies.</p> <p>Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need and manage pipeline of units.</p> <p>The Local Authority Housing Fund initiative - LAHF capital grant rounds 1 &amp; 2 are being drawn upon to support provision of temporary accommodation (see below also).</p> <p>(ii) Acquisition of properties to support refugees forms an important strategy that the Council is pursuing. (Partly funded from the Local Authority Housing Fund - LAHF capital grant rounds 1 &amp; 2). This is intended in the longer term to support general housing need.</p> <p>(iii)The 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>
<p><b><u>5.Climate Change and Environmental Sustainability</u></b></p> <p>The adverse impact of Climate Change is already being felt through greater</p>	<p><b><u>5.Management Action</u></b></p> <p>The Council are continuing to review its preparedness for Climate Change and the register sets out many examples of risk management strategies currently in place or underway. The</p>

<p>extremes of weather (storms with heavier rainfall and heatwaves). As referred to in the Corporate Risk Register, instances are increasing and likely to continue. Ongoing focus will need to be given to prioritising mitigation measures in managing the significant impact of these risks, as well as adaptation to environmental change.</p> <p>The impact of extreme weather can be fatal (in the summer of 2023 there were 72,000 excess deaths reported in Europe due to the extreme heat and 4500 in the UK in 2022). This also impacts on the economy and puts at risk safety, livelihood, homes, and properties. Actions required by the Council, for example in responding to the recent severe flooding occurrences is seriously draining the Council's resources.</p>	<p>Council are continuing to roll out a comprehensive Carbon Literacy training programme to inform and educate individuals, with a view to supporting improved integration of environmental considerations in planning and delivering services.</p>
<p><b><u>6. Periodical review of procedural practices and policy frameworks</u></b></p> <p>Some audit assignments identified scope for updating procedural practices documentation and associated policies. Whilst this may not necessarily be regarded as a priority task in the context of wider service pressures, it remains important that officers have a clearly defined, relevant and current procedural and policy framework within which to operate that encompasses key internal control processes. Organisational or service restructures and staffing changes may result in a transfer or loss of knowledge, and a documented practices framework is also useful to support business continuity arrangements.</p>	<p><b><u>6.Management Action</u></b></p> <p>During 2023/24 the Council have already identified the need to develop more robust central monitoring mechanisms to ensure that key procedural documentation and policy frameworks are scheduled for timely review and regular reporting.</p> <p>Appendix A of the 2023/24 annual audit report incorporates several audit recommendations raised around periodical review and refreshing of procedural practices documentation and associated policies for specific functions audited in 2023/24. In some areas these have been implemented or are under discussion.</p>
<p><b><u>7.Audit Trails and Decision Making</u></b></p> <p>It was identified that better evidencing to demonstrate officer and management checks being undertaken for some financial systems/wider processes would help to support/reinforce accuracy and validity of data input including where changes are initiated.</p> <p>There are some systems where certain elements of audit trails were found to be</p>	<p><b><u>7.Management Action</u></b></p> <p>Appendix A of the 2023/24 annual audit report incorporates several audit recommendations around the need for better audit trails in some areas, as well as enhanced transparency to demonstrate relevant stages in supporting officer decision making. These recommendations are under discussion for perusal.</p>

<p>weak or incomplete. For example, demonstrating how a decision has been derived on a housing application submitted should be efficiently integrated into routine practices so that the rationale for decisions and actions are transparent and can be ascertained by someone who has had no prior involvement with the process.</p>	
<p><b><u>8. Corporate Procurement</u></b></p> <p>Whilst an appropriate framework is in place (and has been strengthened since the prior internal audit), the audit identified that requirements need to be re-enforced to all Procuring Officers to ensure 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.</p>	<p><b><u>8. Management Action</u></b></p> <p>A management action plan was produced during autumn 2023 to take forward the audit recommendations. A progress update was presented to the Audit Committee at the meeting of 30th January 2024 by the former Procurement lead officer including key developments around delivering a comprehensive training programme and continued awareness raising. Some next steps were discussed at that time.</p> <p>Appendix A of the annual audit report incorporates recommendation status and areas implemented or addressed as far as possible. The new Interim Procurement Manager may wish to update the status further of recommendations in due course.</p>

**Conclusion**

As we deal with the challenges of the next few years in light of the long-term impact of Covid-19, the Cost of Living, cost of doing business and housing crises together with wider externalities on our economy, health and well-being, you can be assured that we are doing so from a solid foundation with proper systems of internal control and governance.

.....  
 Cllr Joanne Sexton  
 Leader of the Council

.....  
 Daniel Charles Mouawad  
 Chief Executive