

Public Document Pack

Mid Devon District Council

Audit Committee

Tuesday, 22 September 2020 at 5.30 pm
Remote meeting

Next meeting
Tuesday, 17 November 2020 at 5.30 pm

Important - this meeting will be conducted and recorded by Zoom only. Please do not attend Phoenix House. The attached Protocol for Remote Meetings explains how this will work.

To join the Zoom Meeting please use the following link:

<https://zoom.us/j/95088873007?pwd=b2VhcExNY0wwRVFHd2xtWE1ON3Jmdz09>

Meeting ID: 950 8887 3007
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One tap mobile

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Meeting ID: 950 8887 3007
Passcode: 309787

Membership

Cllr Mrs C Collis
Cllr N V Davey
Cllr S J Penny
Cllr A Wyer
Cllr A White
Vacancy
Vacancy

A G E N D A

Members are reminded of the need to make declarations of interest prior to any discussion which may take place

1. **Election of Chairman (Chairman of the Council in the chair)**
To elect the Chairman of the Audit Committee for the remainder of the municipal year 2020 / 2021.
2. **Apologies**
To receive any apologies for absence.
3. **Protocol for Remote Meetings (Pages 5 - 10)**
4. **Public Question Time**
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
5. **Declaration of Interests under the Code of Conduct**
Councillors are reminded of the requirement to declare any interest, including the type of interest, and reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.
6. **Minutes of the previous meeting (Pages 11 - 22)**
Members to consider whether to approve the minutes as a correct record of the meeting held on 11 August 2020.
7. **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
8. **Housing Infrastructure Fund - Planning Appeal decision and risk in relation to funding (Pages 23 - 46)**
To receive a report from the Head of Planning, Economy and Regeneration in response to a Member request for the Audit Committee to consider the recent planning appeal decision at Siskin Chase (the Colebrook site allocation), Cullompton (19/00118/MOUT) in respect of the funding of the Cullompton town centre relief road scheme and the risk profile in respect of the recovery of Housing Infrastructure Funds from development. This report follows the report on the Housing Infrastructure Fund (HIF) projects considered at the meeting of Scrutiny Committee on 20th July 2020.

(Appendix 2 – to follow)
9. **Outlook security**
Following comments made at the previous meeting the Group Manager for Governance, Performance and Data Security will provide a verbal

update on the measures that are in place to secure 'Outlook' security for Mid Devon District Council.

10. **Performance and Risk** (*Pages 47 - 84*)
To receive a report from the Group Manager for Performance, Governance and Data Security providing Members with an update on performance against the Corporate Plan and local service targets for 2020-21 as well as providing an update on the key business risks.
11. **Progress update on the Annual Governance Statement Action Plan** (*Pages 85 - 90*)
To receive a report from the Group Manager for Performance, Governance and Data Security providing the Committee with an update on progress made against the Annual Governance Statement 2019/20 Action Plan.
12. **Internal Audit Assurance Opinions** (*Pages 91 - 94*)
To receive an update note on the standardisation of Assurance Opinions across the public sector as recommend by CIPFA and adoption of this by DAP.
13. **Internal Audit Progress Report** (*Pages 95 - 104*)
To receive a report from the Head of the Devon Audit Partnership monitoring the progress and performance of Internal Audit.
14. **External Audit Progress Report and Sector Update** (*Pages 105 - 126*)
To receive a report from Grant Thornton providing an update on progress in delivering their responsibilities as the Council's external auditors. They will also provide a verbal update in respect of the Redmond review.
15. **Identification of items for the next meeting**
Members are asked to note that the following items are on the agenda for the next meeting:
 - Performance and Risk
 - Progress update on the Annual Governance Statement Action Plan
 - Anti-Fraud and Corruption Policy
 - Internal Audit Progress Report
 - External Audit Progress Report and Sector Update

Note: This item is limited to 10 minutes. There should be no discussion on the items raised.

Stephen Walford
Chief Executive
Monday, 14 September 2020

Covid-19 and meetings

The Council will be holding some meetings in the next few weeks, but these will not be in person at Phoenix House until the Covid-19 crisis eases. Instead, the meetings will be held remotely via Zoom and you will be able to join these meetings via the internet. Please see the instructions on each agenda and read the Protocol on Remote Meetings before you join.

If you want to ask a question or speak, email your full name to Committee@middevon.gov.uk by **no later than 4pm on the day before the meeting**. This will ensure that your name is on the list to speak and will help us ensure that you are not missed – as you can imagine, it is easier to see and manage public speaking when everyone is physically present in the same room. Notification in this way will ensure the meeting runs as smoothly as possible.

If you require any further information, please contact Sarah Lees on:
slees@middevon.gov.uk

Mid Devon District Council - Remote Meetings Protocol

1. Introduction

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations permit remote attendance in Local Authority meetings.

Remote attendance is permitted as long as certain conditions are satisfied. These include that the Member is able to hear and be heard by the other Members in attendance. Also, being able to hear and be heard by any members of the public entitled to attend the meeting (in line with the public participation scheme). A visual solution is preferred, but audio is sufficient.

This also relates to members of the public attending the meeting also being heard. The regulations are clear that a meeting is not limited to those present in the same place, but includes electronic, digital or virtual locations (internet locations, web addresses or conference call telephone numbers).

2. Zoom

Zoom is the system the Council will be using for the time-being to host remote / virtual meetings. It has functionality for audio, video, and screen sharing and you do not need to be a member of the Council or have a Zoom account to join a Zoom meeting.

3. Access to documents

Member Services will publish the agenda and reports for committee meetings on the Council's website in line with usual practice. Paper copies of agendas will only be made available to those who have previously requested this and also the Chair of a virtual meeting.

If any other Member wishes to have a paper copy, they must notify the Member Services before the agenda is published, so they can arrange to post directly – it may take longer to organise printing, so as much notice as possible is appreciated. Printed copies will not be available for inspection at the Council's offices and this requirement was removed by the Regulations.

4. Setting up the Meeting

This will be done by Member Services. They will send a meeting request via Outlook which will appear in Members' Outlook calendar. Members will receive a URL link to click on to join the meeting.

5. Public Access

Members of the public will be able to use a weblink and standard internet browser. This will be displayed on the front of the agenda.

6. Joining the Meeting

Councillors must join the meeting early (i.e. at least five minutes before the scheduled start time) in order to avoid disrupting or delaying the meeting. Councillors should remember that they may be visible and heard by others, including the public, during this time.

7. Starting the Meeting

At the start of the meeting, the Member Services Officer will check all required attendees are present (viewing the participant list) and that there is a quorum. If there is no quorum, the meeting will be adjourned. This applies if, during the meeting, it becomes inquorate for whatever reason.

The Chair will remind all Members, Officers and the Public that **all microphones will be automatically muted**, unless and until they are speaking. This prevents background noise, coughing etc. which is intrusive and disruptive during the meeting. The Hosting Officer will enforce this and will be able to turn off participant mics when they are not in use. Members would then need to turn their microphones back on when they wish to speak.

8. Public Participation

Participation by members of the public will continue in line with the Council's current arrangements as far as is practicable. However, to ensure that the meeting runs smoothly and that no member of the public is missed, all those who wish to speak must register **by 4pm on the day before the meeting**. They should email their full name to Committee@middevon.gov.uk. If they wish to circulate their question in advance, that would be helpful.

At public question time, the Chair will invite the public by name to speak at the appropriate time. At that point, all public microphones will be enabled. This means that, to avoid private conversations being overheard, no member of the public should speak until it is their turn and they should then refrain from speaking until the end of public question time, when all microphones will be muted again. In the normal way, the public should state their full name, the agenda item they wish to speak to **before** they proceed with their question.

Unless they have registered, a member of the public will not be called to speak.

If a member of the public wishes to ask a question but cannot attend the meeting for whatever reason, there is nothing to prevent them from emailing members of the Committee with their question, views or concern in advance. However, if they do so, it would be helpful if a copy could be sent to Committee@middevon.gov.uk as well.

9. Declaration of Interests

Councillors should declare their interests in the usual way. A councillor with a disclosable pecuniary interest is required to leave the room. For remote meetings, this means that they will be moved to a break-out room for the duration

of this item and will only be invited back into the meeting when discussion on the relevant item has finished.

10. The Meeting and Debate

The Council will not be using the Chat function.

The Chair will call each member of the Committee to speak - the Chair can choose to do this either by calling (i) each member in turn and continuing in this way until no member has anything more to add, or (ii) only those members who indicate a wish to speak using the 'raise hand' function within Zoom. This choice will be left entirely to the Chair's discretion depending on how they wish to manage the meeting and how comfortable they are using the one or the other approach.

Members are discouraged from physically raising their hand in the video to indicate a wish to speak – it can be distracting and easily missed/misinterpreted. No decision or outcome will be invalidated by a failure of the Chair to call a member to speak – the remote management of meetings is intensive and it is reasonable to expect that some requests will be inadvertently missed from time to time.

When referring to reports or making specific comments, Councillors should refer to the report and page number, so that all Members of the Committee have a clear understanding of what is being discussed at all times.

11. Voting

On a recommendation or motion being put to the vote, the Chair will go round the virtual room and ask each member entitled to vote to say whether they are for or against or whether they abstain. The Member Services Officer will announce the numerical result of the vote.

12. Meeting Etiquette Reminder

- Mute your microphone – you will still be able to hear what is being said.
- Only speak when invited to do so by the Chair.
- Speak clearly and please state your name each time you speak
- If you're referring to a specific page, mention the page number.

13. Part 2 Reports and Debate

There are times when council meetings are not open to the public, when confidential, or "exempt" issues – as defined in Schedule 12A of the Local Government Act 1972 – are under consideration. It is important to ensure that there are no members of the public at remote locations able to hear or see the proceedings during such meetings.

Any Councillor in remote attendance must ensure that there is no other person present – a failure to do so could be in breach of the Council's Code of Conduct.

If there are members of the public and press listening to the open part of the meeting, then the Member Services Officer will, at the appropriate time, remove them to a break-out room for the duration of that item. They can then be invited back in when the business returns to Part 1.

Please turn off smart speakers such as Amazon Echo (Alexa), Google Home or smart music devices. These could inadvertently record phone or video conversations, which would not be appropriate during the consideration of confidential items.

14. Interpretation of standing orders

Where the Chair is required to interpret the Council's Constitution and procedural rules in light of the requirements of remote participation, they may take advice from the Member Services Officer or Monitoring Officer prior to making a ruling. However, the Chair's decision shall be final.

15. Disorderly Conduct by Members

If a Member behaves in the manner as outlined in the Constitution (persistently ignoring or disobeying the ruling of the Chair or behaving irregularly, improperly or offensively or deliberately obstructs the business of the meeting), any other Member may move 'That the member named be not further heard' which, if seconded, must be put to the vote without discussion.

If the same behaviour persists and a Motion is approved 'that the member named do leave the meeting', then they will be removed as a participant by the Member Services Officer.

16. Disturbance from Members of the Public

If any member of the public interrupts a meeting the Chair will warn them accordingly. If that person continues to interrupt or disrupt proceedings the Chair will ask the Member Services Officer to remove them as a participant from the meeting.

17. After the meeting

Please ensure you leave the meeting promptly by clicking on the red phone button to hang up.

18. Technical issues – meeting management

If the Chair, the Hosting Officer or the Member Services Officer identifies a problem with the systems from the Council's side, the Chair should either declare a recess while the fault is addressed or, if the fault is minor (e.g. unable to bring up a presentation), it may be appropriate to move onto the next item of business in order to progress through the agenda. If it is not possible to address the fault and the meeting becomes inquorate through this fault, the meeting will be adjourned until such time as it can be reconvened.

If the meeting was due to determine an urgent matter or one which is time-limited and it has not been possible to continue because of technical difficulties, the Chief Executive, Leader and relevant Cabinet Member, in consultation with the Monitoring Officer, shall explore such other means of taking the decision as may be permitted by the Council's constitution.

For members of the public and press who experience problems during the course of a meeting e.g. through internet connectivity or otherwise, the meeting will not be suspended or adjourned.

19. Technical issues – Individual Responsibility (Members and Officers)

Many members and officers live in places where broadband speeds are poor, but technical issues can arise at any time for a number of reasons. The following guidelines, if followed, should help reduce disruption. Separate guidance will be issued on how to manage connectivity – this paragraph focusses on the procedural steps. Joining early will help identify problems – see paragraph 6.

- Join public Zoom meetings by telephone if there is a problem with the internet. Before all meetings, note down or take a photograph of the front page of the agenda which has the necessary telephone numbers. Annex 1 to this protocol contains a brief step-by-step guide to what to expect
- Consider an alternative location from which to join the meeting, but staying safe and keeping confidential information secure. For officers, this may mean considering whether to come into the office, subject to this being safe and practicable (childcare etc.)
- If hosting a meeting via Zoom (briefings etc.), consider creating an additional host when setting up the meeting. The additional host can step in if the main host has problems – remember that without a host, the meeting cannot close and any information on the screens will remain on view
- Have to hand the telephone number of another member or officer expected in the meeting – and contact them if necessary to explain the problem in connecting
- Officers should have an 'understudy' or deputy briefed and on standby to attend and present as needed (and their telephone numbers to hand)
- For informal meetings and as a last resort, members and officers may be able to call another member or officer in the meeting who can put the 'phone on loudspeaker for all to hear – not ideal, but it ensures some degree of participation and continuity
- Member Services will hold a list of contact details for all senior officers

Phone only access to zoom meetings

(Before you start **make sure you know the Meeting ID and the Meeting Password**) – Both of these are available on the agenda for the meeting

Call the toll free number either on the meeting agenda or on the Outlook appointment (this will start with 0800 --- ----)

(Ensure your phone is on 'speaker' if you can)

A message will sound saying *"Welcome to Zoom, enter your meeting ID followed by the hash button"*

- **Enter Meeting ID followed by #**

Wait for next message which will say *"If you are a participant, please press hash to continue"*

- **Press #**

Wait for next message which will say *"Enter Meeting Password followed by hash"*

- **Enter 6 digit Meeting Password followed by #**

Wait for the following two messages:

"You are currently being held in a waiting room, the Host will release you from 'hold' in a minute"

Wait.....

"You have now entered the meeting"

Important notes for participating in meetings

Press ***6** to toggle between **'mute' and 'unmute'** (you should always ensure you are muted until you are called upon to speak)

If you wish to speak you can **'raise your hand'** by pressing ***9**. Wait for the Chairman to call you to speak. The Host will lower your hand after you have spoken. Make sure you mute yourself afterwards.

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 11 August 2020 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs C Collis, B A Moore, D F Pugsley,
A Wilce and F W Letch

Apologies

Councillor(s)

J Wright and A Wyer

Also Present

Councillor(s)

N V Davey, R M Deed, R J Dolley, Ms E J Wainwright,
B G J Warren and A White

Also Present

Officer(s):

Andrew Jarrett (Deputy Chief Executive (S151)), Andrew Busby (Group Manager for Corporate Property and Commercial Assets), Ian Chilver (Group Manager for Financial Services), Catherine Yandle (Group Manager for Performance, Governance and Data Security), Dean Emery (Group Manager for Revenues and Benefits) and Sarah Lees (Member Services Officer)

27. **APOLOGIES**

Apologies were received from Cllr J Wright and also Cllr A Wyer who was substituted by Cllr F Letch.

28. **PROTOCOL FOR REMOTE MEETINGS**

The protocol for remote meetings was noted.

29. **PUBLIC QUESTION TIME**

Mr Nick Quinn, a local resident, stated that his questions concern: Agenda Item 12 – Grant Thornton Findings 2019/20.

Firstly; on page 21 of the report, at the bottom of the 'Findings' column, the auditors refer to '3 Rivers Governance Reports' and 'the 17 recommendations approved by Cabinet'.

The Auditors state that the most critical of these recommendations is:

"That 3 Rivers Developments Ltd suspends any new site purchases and the commissioning of work relating to sites where construction has yet to be started, until the appointment of new Directors, in accordance with recommendations 3 and 4, has been completed and their subsequent updated business plan has been approved".

They continue: *“For clarity, recommendations 3 and 4 relate to the recruitment of a Finance Director with construction industry experience to replace Mr Jarrett, as soon as possible, and a suitable Director or Non-Executive Director with regional property development experience to complement and strengthen the existing board arrangements”*.

My question on this section is:

If the Auditors were confident that these recommendations are suitable to be made in an open report - why did Audit Committee judge, at their last meeting, that they should be withheld from the Mid Devon Public?

Secondly; on page 27 - in the ‘Impact of Unadjusted Misstatements’ section, the Auditors make reference to the agreed settlement of a ‘longstanding contractual dispute’ which is likely to cost the Council around £600,000.

The loss of £600,000 will have a significant impact on the Council finances this year and it will, no doubt, affect the Mid Devon Council Tax payer.

My question on this section is:

In the light of this loss - Will Audit Committee be asking for any actions to be taken?

The Chairman thanked Mr Quinn for his two questions and stated that he would begin by responding to the first question:

The meeting held on the 23rd June 2020 was a special Audit meeting to consider the 3RDC governance review documents.

The report was some 122 pages in total and encompassed an amount of detail that is considered exempt, this included details of commercial confidentiality and personal data.

The approach taken was consistent with that taken across all MDDC meetings when considering part two discussions, that being committee are asked to consider the item to be discussed and to decide if they wish to hear the item in part two.

At the meeting of the 23rd June this was the approach taken by myself as chair and after a round table discussion committee voted to hear the report in part two.

This was again consistent with the discussions and outcomes at the Cabinet and scrutiny meetings that had previously considered the same reports.

With regard to the second question, the Chairman stated that, save for the fact of settlement and the amount, the details of the dispute are subject to a settlement agreement – and therefore confidential.

This was a longstanding contractual dispute which could have resulted in high-risk, high stakes litigation. The dispute has now been settled to provide certainty and minimise the risk to the Council. A confidential briefing paper will be provided to Members shortly and the Audit Committee may follow this up as they then see fit.

The settlement has been made from the Housing Revenue Account (HRA) and the deduction backfilled from the HRA reserves. For those reasons, there will be no direct impact upon the Council's finances this year and no direct impact upon the Mid Devon Council Tax payer.

30. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

Cllr A Wilce declared a personal interest in that he had asked a question with regard to the 3 Rivers Development Company at the last meeting.

No other interests were declared under this item.

31. MINUTES OF THE PREVIOUS MEETING

The minutes of the special meeting held on 23 June 2020 were confirmed as a true and accurate record.

32. CHAIRMAN'S ANNOUNCEMENTS (00:07:25)

The Chairman informed the Committee that the Devon Audit Partnership had met virtually on 14 July 2020. The Chairmanship of this group was undertaken on a rolling basis each year. In the previous financial year he had been the Chairman but this had now passed to Cllr George Gribble from Devon County Council. He and Cllr A Moore would continue to attend future meetings as the Mid Devon District Council representatives.

33. UPDATE ON CLIMATE CHANGE DECLARATION AND ASSOCIATED RISKS (00:08:35)

The Cabinet Member for Climate Change had been invited to attend the Audit Committee to provide an update and to explain what actions had been identified as 'easy to do', what may be more medium term, plus any high investment opportunities whilst also recognising the severe restrictions on the Council's budget.

She explained that the emerging Climate Plan had passed through the Environment PDG and it was hoped that the final version would be brought before the Cabinet next month. This plan looked at where the Council was now within the context of the Council's finances and examines what it would cost to make small changes right away. She was in regular contact with different Council departments where changes could be made and this work had already thrown up some opportunities.

The Plan also set out an approach where by an opportunity was examined in terms of what the benefits could be and what the financial cost would be to the Council.

There was a great deal of collaborative work taking place across Devon and a Citizens Assembly was planned for 2021.

As a priority, carbon literacy training would be taking place across the Council in areas such as housing and waste collection. Currently there were lots of conversations taking place regarding cycling and walking and they were working with the Solar Together Scheme.

Additionally a large part of the work in this area centred around the communication of all these initiatives. Plans and opportunities needed to be relayed both in terms of what the Council was doing but also what was happening in local communities to push this agenda forwards.

The Group Manager for Corporate Property and Commercial Assets explained that the Emergency Action Plan had been considered by the Scrutiny Committee in June and that there was a tracking process within the document to monitor the progress of actions within the plan, for example, identifying the 'end of life' of particular assets such as old boilers that could be replaced by gas boilers that could also be run on hydrogen.

Grant funding was being applied for to help improve the housing stock with a view to reducing our emissions on our housing stock, enhancing the assets energy efficiency further. Procurement and the supply chain was also being examined as part of this process. He reiterated the point that all officers would be trained and he informed the Committee that the website would be constantly updated regarding the actions taking place.

Discussion took place regarding:

- How the Leisure Centre recharging scheme was going? It was explained that the electric recharging points were very well used. Monthly data could be circulated to Members. This was an important element in trying to encourage green travel within the district.
- The comment was made that it was vital to look at the 'whole life' costs of introducing new initiatives, for example, the manufacture of a hydrogen boiler took three times the amount of energy than a traditional type, although the long term benefits needed to be weighed up against this.
- A guide book would be created to assist the public and residents.
- A lot of learning would take place with the Hydro Mills project that had been approved by the Cabinet in the previous week.

34. PROCEDURES USED FOR THE CHECKING OF THE COVID 19 GRANTS ADMINISTERED BY MDDC (00:21:13)

The item had been brought to the Committee as a result of the Chairman attending a DAP meeting and needing his Committee to discuss whether, given the amount of money involved, there were adequate checking procedures in place for the administration of Covid 19 grants undertaken by this authority.

The Group Manager for Revenues and Benefits informed the Committee that approximately 1,700 grant payments had been made using a system called Spotlight which was the Government recommended tool and was free. The Group Manager for Performance, Governance and Data Security had signed the Council up to the National Fraud Initiative (NFI) to help identify fraud in this area. The results so far had been extremely favourable with just a few applications being identified as a potential risk. This Council's approach had been to request more information from an applicant than the Government had required it to do prior to payment.

The Council had been pushed by the Government to release grants as quickly as possible. The Government had also issued guidance on how it wanted fraud tracked with any instances needing to be reported back to central Government.

In the initial stages of Covid 19, fraud had been rife but had now settled at a national average of between 3 to 5%.

Discussion took place with regard to:

- The amount paid out, which totalled circa £22m and this included both primary and discretionary payments.
- Large rather than small batches would be processed through the NFI system which would help to reduce costs.

The Deputy Chief Executive (S151) wished to place on record his thanks to the Revenues and Benefits team and also the Economic Development team for all their hard work in recent months. Most people had received their grant within 24 hours of applying for it. The Chairman also requested that the thanks of the Committee be taken back to the relevant teams.

35. **PERFORMANCE AND RISK (00:31:54)**

The Committee had before it, and **NOTED**, a report * from the Group Manager for Performance, Governance and Data Security updating it on performance against the Corporate Plan and local service targets for 2020/21 as well as providing an update on the key business risks.

The contents of the report were outlined and a brief discussion took place regarding:

- The data before the Committee presented the first results for the 2020/2021 financial year.
- The Environment and Climate Change splits were identified within the report.
- Recommendations in relation to an external review of the 3 Rivers Governance Arrangements appearing to be behind schedule in the risk mitigating actions. This was partly due to the limitations of the SPAR system which was the software used to record performance data. However, the Leader informed the Committee that the Cabinet would be monitoring all 17 recommendations made regarding this issue. There would be no hold up but due to the large number of recommendations it would take some time to work through them.

Note: Report * previously circulated; copy attached to the signed minutes.

36. **ANNUAL GOVERNANCE STATEMENT FOR 2019/2020 AND CORPORATE GOVERNANCE FRAMEWORK (00:39:55)**

The Committee had before it a report * from the Group Manager for Performance, Governance and Data Security presenting it with the finalised Annual Governance Statement (AGS) and Action Plan and accompanying Corporate Governance Framework.

The contents of the report were outlined and consideration was given to:

- Feedback had been sought from Members at a training session in July.
- Section H was new and had been inserted to take consideration of Covid 19 implications on governance and the Council's response.
- Clarification had been provided within the Statement about Part II business and meeting recordings. However, discussions were on-going with Members about the treatment of Part II reports going forwards since it was felt that 'other limited circumstances' had not yet been fully identified. A question was asked as to what percentage of business had actually been undertaken in Part II? An answer would be circulated to all Members after the meeting.
- Members had requested that the majority of reports presented to them in the future would be in Part I with any Part II information presented in a separate appendix.
- The AGS now had an update in relation to equalities and it included reference to the appointment of a new Cabinet Member with responsibility for Climate Change.
- Mention was also made of the fact that the Executive arrangements of the Council were currently under review.
- The Main Accounting system had received a good audit although the internal audit of the Development Control system for monitoring S106 agreement had identified the need for improvements.
- The Corporate Risk Register would closely monitor risks in relation to 3 Rivers.
- The Action Plan would monitor the roll out of the HR 'Evolve' programme and the new Appraisal and Competency processes.
- The Corporate Governance Framework column in relation to 'Periodic Documents' now included Register of Interests and Statement of Community Involvement. Also under 'Contributory Processes' the Equalities Forum and Net Zero Advisory Group were included.
- Phishing emails presented a considerable risk and should not be opened but forwarded to the IT security email address and then deleted.

RESOLVED that the Annual Governance Statement be approved and that the Leader of the Council and the Chief Executive sign the Statement as per the statutory guidance.

(Proposed by the Chairman)

Reason for the decision:

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control, and to include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority in England the statement is an Annual Governance Statement (AGS). The AGS must be signed by the Leader and Chief Executive and be published with the Statement of Accounts.

Note: * Report previously circulated; copy attached to the signed minutes.

37. ANNUAL REPORT AND ACCOUNTS FOR 2019/2020 (01:04:36)

The Committee had before it a report * from the Deputy Chief Executive (S151) presenting the final version of the annual Statement of Accounts highlighting any areas which have been amended since the draft accounts were published on the website and presented for external audit in June.

The Deputy Chief Executive (S151) outlined the contents of the report and provided the following summary of the main points:

He stated that here were four reports that need to be jointly considered; the AGS; the accounts; the Audit Findings Report from Grant Thornton and the Letter of Representation, supplied to Grant Thornton.

He continued....we are now arriving at the conclusion of the annual audit process. In a separate agenda item to be discussed you will hear from the external auditors, Grant Thornton, when you will be asked to consider their Audit Findings and the Letter of Representation.

- The statements themselves are on pages:
 - 44 being the Movement in Reserves Statement
 - 46 being the Comprehensive Income and Expenditure Statement
 - 47 being the Balance Sheet
 - & 48 being the cash flow
- These statements account for the General Fund, the Housing Revenue Account and the Collection Fund.
- General Fund
 - Deficit in the year of £232k
 - General Fund balance at 31 March - £2.252m satisfying the requirement set by Cabinet in January that a balance of at least £2m should be held
 - EMR utilisation in the year £683k – after also allowing for the transfer of Brexit funding received in 2018/19 to the General Fund of £18k balance of GF EMR at 31 March was £13.688m.
 - This represents a healthy level of balances for known future expenditures
 - Details note 6 – page 61
- HRA
 - Surplus in year was £608k
 - After this was transferred to the Housing Maintenance Fund the HRA balance remained at £2m
 - HRA also carries ear marked reserves of £18.310m
 - This includes the 30 year modernisation reserve of £14.198m. Officers are working on plans to increase the housing stock over the coming years.
 - HRA notes P113–125
- Collection Fund
 - Mid Devon is a collection authority for council tax and national non-domestic rates (NNDR), and as such, is required to produce a

collection fund account for the Mid Devon area. The Council collects council tax on behalf of Devon County Council, Devon Fire and Rescue Service, Devon & Cornwall Police and the Town/Parish Councils, as well as Mid Devon Council itself.

- The **council tax collection rate for 2019/20 was 97.8%** (97.8% in 2018/19). This demonstrates how our Revenues section has consistently been effective in collecting the annual charge in extremely challenging economic times. The **Non Domestic Rates collection rate was 98.8% for 2019/20** (99.3% in 2018/19)
- Collection Fund notes P126-129

- Pension Fund – Note 21 – page 72
 - Net liability from the defined benefit obligation relating to the LGPS reduced £541k to £57.785m.
 - Fair value of plan assets £5.375m lower at £60.635m largely due to a downward revaluation of assets caused by economic concerns arising from the pandemic.

- PPE – Note 22 – page 80
 - £198m 2019 to £194m 2020
 - Relatively flat year with no major asset purchases.
 - Construction of 26 properties at Palmerston Park – now Turner Rise – completed – then immediately revalued to 35% being existing use social housing valuation.
 - Similar for 3 RTB properties repurchased in year.
 - Also commencement of new finance lease arrangements for vehicles.

- Covid 19 – Note 59 – page 112
 - Little impact in year due to limited overlap of crisis with the reporting period.
 - Expectations of negative economic impacts led to increase in bad debt provisions.
 - Financial statements given an ‘except for’ audit opinion in respect of material valuation uncertainty. The District Valuer who completed the annual valuation of the Council’s assets applied this qualification to his work, once again in view of the market uncertainty caused by Covid 19 and to a lesser extent Brexit.
 - Note 59 describes the ongoing financial implications of the crisis. As members are acutely aware the implications of Covid 19 continue to unravel. The prudent financial management of this Council means that it is able to place some reliance, in the short term, on its reserves. Those reserves were however accumulated to counter other more foreseen threats to funding in the coming years. It must be the objective of this Council therefore to maintain its reserve level. With this in mind the Authority continues to lobby government for substantial compensation for its losses.

- 3 Rivers – group p130-141
 - 3 Rivers is the wholly owned subsidiary to the Authority. This development company is consolidated into the accounts which are available on pages 130-141.

- In the year development and working capital loans to 3 Rivers increased from £2.613m to £9.061m or by £6.448m.
 - These loans are largely represented within the Group Accounts as work in progress being the construction costs for projects not yet completed.
 - During the year 3 Rivers returned to MDDC £251k by way of interest charges. Whilst this is funded during the construction period through the mechanism of the working capital loan from Mid Devon, ultimately it will be repaid from profits arising from the development projects. As such it represents a significant increase on alternative investment returns.
 - The accounting team have assessed and made provision for likely repayment and non-payment of loans within the 19/20 accounts.
- Audit
 - Auditors worked on these financial statements over a 3 week period in June.
 - Since then there have been outstanding queries which the finance team have worked with them to resolve.
 - Due to Covid 19 this has involved remote working and I think both teams would agree that in the circumstances the arrangements have worked well, thanks largely to a committed and cooperative attitude all around.
 - A couple of outstanding issues which are out of our hands relating to pension fund reporting.
 - Reference to the auditors' report to this committee in the form of the Audit Findings Report.
 - They have given the financial statements a clean audit report except for the material valuation uncertainty described above. Once again this does not reflect on these financial statements but rather the circumstances we find ourselves in.
 - Finally the auditors intend to apply an "except for" audit opinion in respect of the value for money audit reflecting their concerns regarding group governance arrangements.

The Chairman extended the thanks of the Committee to the Deputy Chief Executive (S151) and his team for their hard work and dedication in producing the Accounts. He would be writing to staff individually to reiterate this.

RESOLVED that the Statement of Accounts be approved (subject to the recommendations made by the external auditor, Grant Thornton) and that the letter of representation attached at the back of the Accounts be signed by the appropriate people.

(Proposed by Chairman)

Reasons for the decision:

There was a legal requirement to produce and publish audited accounts for the year to 31 March 2020, by 30 November and for those accounts to be considered by a committee and approved by the person providing at the committee.

The Accounts had been confirmed as true and fair by auditors Grant Thornton with an “except for” opinion relating to material valuation uncertainty.

The Letter of representation was provided to Grant Thornton for the purposes of expressing their opinion.

Note: * Report previously circulated; copy attached to the signed minutes.

38. **GRANT THORNTON AUDIT FINDINGS 2019/2020 (01:17:34)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton summarising the key findings arising from the statutory audit of the Council’s financial statements for the year ending 31 March 2020.

The following issues within the report were highlighted:

- The audit process had been carried out remotely, everybody involved had been very flexible and used different types of IT to progress the audit.
- ‘Headlines’ within the report were referred to and it was stated that Grant Thornton were proposing to issue an unqualified opinion on the Financial Statements. However, in relation to the ‘Value for Money’ arrangements they anticipated issuing a qualified “except for” conclusion.
- As was the case with a lot of council’s, the external auditors hadn’t received reassurance regarding the Pension Fund. This was still outstanding.
- Factors in relation to ‘materiality’ were set out within the report and it was stated that the materiality percentage with regard to 3 Rivers had been revised to reflect the increased risk.
- Covid 19 would have a significant effect upon the Financial Statements for the following financial year. There had been no significant issues to report this year other than financial sustainability in relation to loss of income.
- Findings in relation to 3 Rivers were set out within the report.
- Estimates and judgements in the areas of NNDR appeals and ‘Land and Buildings’ had been deemed to be ‘reasonable’.
- A Letter of Representation had been requested from the Council. This included specific representations in relation to:
 - Assumptions regarding the impairment of loans to 3 Rivers and all remaining loans being fully recoverable
 - The preparation of the Group Accounts on a going concern basis
 - Confirmation of reasons for not processing the unadjusted misstatement set out in Appendix C.
- Financial Sustainability continued to be a significant risk as was an anticipated budget gap for 2021/2022.

Note: * Report previously circulated; copy attached to the signed minutes.

39. **LETTER OF REPRESENTATION TO GRANT THORNTON (01:36:09)**

The Committee had before it, and **NOTED**, a draft Letter of Representation from Grant Thornton which was provided in connection with the audit of the financial statements of Mid Devon District Council and its subsidiary undertaking, 3 Rivers Development Limited.

It was further **NOTED** that this needed to be signed by the Deputy Chief Executive (S151) and the Chair of the Audit Committee once all outstanding issues had been resolved.

40. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:37:20)**

The following was requested to be on the agenda for the next meeting (in addition to the items already identified within the work programme):

- Consideration of a Housing Infrastructure Fund (HIF) report as recommended by the Scrutiny Committee
- Security issues associated with using Outlook as an email system and in particular the risks in relation to 'phishing' emails.

(The meeting ended at 7.15 pm)

CHAIRMAN

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to secure the recovery of the HIF funding from housing developers. It is envisaged that this will be via future S106 agreements to be entered into as part of the planning process. This is to ensure that public funds are not subsidising developer profit. There will therefore be a time lag between when monies needed to be expended in order to deliver the infrastructure and the recovery of funding from developers via S106 agreement. For the Cullompton relief road project in particular the overall project is expected to cost at least £15m, with £10m forward funding being provided through HIF. £5m will need to be forward funded by the Council until such time as S106 monies are collected from the housing development that is unlocked by the provision of the road. This report deals with the future negotiation of those funds.

The forward funding of monies for delivery of this project by the Council has been expected to be achieved through utilisation of the Council's existing financial resources and/or taking a loan via the Public Works Loan Board and is reflected in the capital programme. It has been intended that any interest charges accrued in the forward-financing of infrastructure will be clawed-back through s106 arrangements. The financial risk to the Council has previously been assessed as one of phasing to deliver the infrastructure up front for residents' benefit with the anticipated net cost to the Council being zero.

Budget and Policy Framework: None directly in terms of the Council's policy framework. The agreed 2020/21 capital programme includes this HIF scheme within the general fund projects and the projects are also built into the medium term financial plan capital programme to 2023/24. The assumptions over forward funding and payback are being kept under review.

Legal Implications: This report includes reference to the grant funding agreement that has been entered into between the Council and Homes England. The Council is the accountable body for the projects, although it is being delivered by Devon County Council. The contents and terms of the grant funding agreement has been considered by the Head of Legal (Monitoring Officer) following protracted negotiation with Homes England. At the meeting of Cabinet on 30th May 2019 it was resolved as follows:

1. To enter into grant funding agreements with Homes England to secure £18.2 million Housing Infrastructure Fund monies and grant delegated authority to the Section 151 Officer in consultation with the Group Manager for Legal Services to finalise and sign the agreements;
2. To forward fund the Cullompton town centre relief road and Tiverton Eastern Urban Extension phase 2 junction projects as set out in paragraphs 5.1 and 5.4 including taking out any associated borrowing.

The grant fund agreement was subsequently signed in accordance with the resolution on 4th December 2019.

A further area of legal implication is pursuance of S106 legal agreements as part of the planning process in order to secure developer contributions towards the cost of the delivery of the infrastructure in question. It is through this means that the Council proposes to recover the HIF funds as required by the grant funding agreement.

Entering into S106 agreements in this way is a standard requirement and would have been sought irrespective of whether this HIF funding was forthcoming or not.

Other legal implications will also arise in connection with the relief road project in terms of land assembly and acquisition, the legal interests of existing sports providers likely to be affected and any loss or substitution of public open space. The adoption and implementation of an Air Quality Action Plan (where an authority has designated one or more Air Quality Management Areas) is a statutory requirement under Part IV of the Environment Act 1995 for Local Air Quality Management (known as the LAQM regime). However the relief road project itself is not the main focus of this report.

A planning application has been submitted to this Council by Devon County Council for the Cullompton town centre relief road to connect Station Road with Duke Street (reference 20/00876/MFUL). This planning application is valid and is currently under consideration and will be referred to a future meeting of Planning Committee for determination. Nothing within this report is considered to affect the assessment, recommendation or future outcome of that application which will be determined on its planning merits under section 70 of the Town and Country Planning Act 1990. Audit Committee is reminded that they are not able to assess an individual planning application and any members of Audit Committee that are also on Planning Committee will need to ensure that their future consideration of that application remains unfettered and that there is no bias, predetermination, or appearance of such.

Risk Assessment: The consequences to the authority of not securing an adequate funding package for the infrastructure in question would have been serious as it could have compromised the ability to deliver much needed housing and affect housing land supply. At examination the Local Plan Review Inspector wished to be assured that the Plan was sound and provided deliverable housing sites in the early years of the Plan together with a supply of developable sites later in the Plan with a reasonable prospect of being developed at the point envisaged. The funding agreements with Homes England over both HIF schemes were therefore entered into against this wider background with funding being made available by the Treasury via Homes England specifically to unlock planned housing growth through the provision of key pieces of infrastructure.

To qualify for HIF funding, the proposed infrastructure has needed to meet the HIF scheme criteria and deliverables, as tested through a prolonged due diligence assessment process.

The need to meet agreed project milestones and the fund availability cut off dates remain a significant risk. The grant agreements contain milestone date targets for key stages of each project with the ultimate requirement that the infrastructure be completed by 31 March 2023 (Cullompton) in order to meet funding availability periods. Maintaining progress on the projects and ultimately securing their delivery within the requirements of the grant fund agreements including timescale will be challenging. The grant agreement contains fund clawback provisions. Officers from both Councils will continue to work to de-risk the projects, liaise with Homes England and seek their delivery in accordance with the grant agreements. It should be noted that this does not prejudice or predetermine the assessment and decision making process on the current planning application for the Cullompton relief road project.

There remain particular risks with the Cullompton relief road project. Significant technical work has now been undertaken to support the planning application and its accompanying environmental statement. However more technical work will be needed to support the detailed design and delivery phases post planning. At this time the planning process has not been completed, land remains to be assembled, affected sports facilities moved and replacement sports and recreation space provided. These together with the construction phase result in a very tight timescale.

The recovery of forward funding by the Council via developer S106 agreement payments is dependent upon housing schemes coming forward within the timescale anticipated. The Council's adopted Local Plan and the Local Plan Review set out the policy framework for this. The housing trajectory within the Local Plan Review does not assume that any homes that the relief road will unlock will be delivered within the first five years of the plan. Risk to achieving the required housing delivery rate is therefore reduced. Other forms of risk reduction include proactive working to support activities such as masterplanning that will aid the delivery of the key housing sites in question. Officers will continue to work proactively to deliver these planned for sites, but this is ultimately not under the Council's control. Planning applications for some of these schemes have been received. Again, this does not prejudice or predetermine the assessment and decision making process on these applications.

The impact of COVID-19 upon the economy, the construction industry and housing market are at the time of the writing of this report not fully known and currently present a further risk to achieving project milestones, the delivery of homes and therefore the recovery of HIF funding and the Council's forward funding within the initially expected timescales. Homes England is alive to these risks and has engaged with the Council upon them. It is expected that the impact of COVID-19 will form part of the considerations under the quarterly monitoring requirements for each of the projects. The intention of this monitoring being to have ongoing project engagement and management, to anticipate and respond accordingly to address any concerns and reduce risk of project non delivery or grant fund clawback. These quarterly monitoring returns also include examination of project level risk assessments.

The risks above are primarily project delivery risks. The focus of this report is whether the financial risks associated with the recovery of scheme costs via developer S106 agreements through the planning process have changed as a result of the recent appeal decision on land west of Siskin Chase, Cullompton (Colebroke). These specific risks are addressed in **Appendix 2** to this report.

Equalities Assessment: There are none directly arising from this report.

Impact on Climate Change: The HIF scheme in question relates to a highway infrastructure project. On the face of it, this may appear at odds with the Council's climate change declaration and the target of net-zero carbon emissions by 2050. However the Cullompton relief road will deliver wider improvements to air quality within the Cullompton Air Quality Management Area as well as resultant opportunities for improvements to the town centre environment by reducing town centre traffic. Idling cars in queues of traffic waste fuel, impact on air quality and contribute to climate change. The scheme and strategic scale development that it will unlock have / will be subject to environmental impact assessment which will seek to reduce or mitigate impact. The scheme is important to the delivery of development

within the Local Plan Review which provides for sustainable development up to 2033 and contains policies for the protection and enhancement of the natural as well as the built environment.

Relationship to Corporate Plan: This infrastructure project is considered vital to enable development identified in the Local Plan Review to come forward and make a valuable contribution to delivering the priorities of the Corporate Plan 2020 to 2024; Economy, Homes, Community and Environment. In his examination of the Local Plan Review the Inspector was keen to understand the likelihood and timescale for the delivery of the Cullompton town centre relief road and clearly saw it as being crucial to unlocking development planned for in the Cullompton area.

1.0 BACKGROUND: HOUSING INFRASTRUCTURE FUND.

1.1 In July 2017 the Government launched its £2.3 billion Housing Infrastructure Fund to finance infrastructure to unlock housing delivery. This funding to be awarded on a highly competitive basis. The Government has made this fund available to:

- Deliver new physical infrastructure to support new and existing communities;
- Make more land available for housing in high demand areas, resulting in new additional homes that otherwise would not have been built;
- Support ambitious local authorities who want to step up their plans for growth and make a meaningful difference to overall housing supply; and
- Enable local authorities to recycle the funding for other infrastructure schemes, achieving more and delivering new homes in the future.

1.2 This Council made two bids for HIF funding with proposals under this fund capped at £10m each. The two schemes relate to highway infrastructure schemes which will unlock development sites identified within the adopted Local Plan and the Local Plan Review which is at a pre-adoption stage. The Council's HIF bids were considered and agreed at the meetings of Cabinet on 31st August 2017 and 23rd May 2018 with authority granted to make the bids and prioritise that relating to Cullompton.

1.3 The funding was offered on the basis of a locally recoverable grant. There is a requirement to recover the HIF funds from development. This Council will retain those funds locally (rather than return them to Homes England) and will need to recycle them into projects or schemes that achieve further accelerated housing delivery. Cabinet at the meeting of 30th May 2019 agreed to enter into the grant find agreements and granted delegated authority for their finalisation and signing.

2.0 BACKGROUND: CULLOMPTON HIF PROJECT: CULLOMPTON TOWN CENTRE RELIEF ROAD

2.1 At Cabinet on 23rd May 2018 it was agreed to proceed with the £10 million Cullompton HIF bid on the basis of delivering a town centre relief road to the

east of Cullompton, which will improve capacity at the motorway junction together with achieving a reduction of traffic flows through the town centre resulting in air quality and town centre amenity benefits. The overall project cost was expected to be £15 million, £10 million of which would be through HIF with £5 million from Council forward funding. The HIF bid for Cullompton infrastructure had the support of Cullompton Town Council, Cullompton Neighbourhood Plan Group, Devon County Council, the Local Enterprise Partnership and Neil Parish MP.

- 2.2 Devon County Council and Highways England have raised concerns regarding the capacity of Junction 28 for the M5 and its ability to accommodate additional traffic movements arising from planned developments. Whilst a longer term solution is planned comprising a strategic motorway junction improvement, the delivery of a town centre relief road for Cullompton will more quickly increase capacity at the motorway junction as a first phase of wider improvements. The relief road will facilitate more immediate development proposals to come forward comprising 2,000 homes planned for within the adopted Local Plan and Local Plan Review including a first release of approximately 500 dwellings east of Cullompton which will form part of the Garden Village.
- 2.3 The delivery of the town centre relief road has also been a long held aspiration to reduce traffic flows through the town centre. Cullompton town centre is a designated Air Quality Management Area. The adoption and implementation of an Air Quality Action Plan (where an authority has designated one or more Air Quality Management Areas) is a statutory requirement under Part IV of the Environment Act 1995 for Local Air Quality Management (known as the LAQM regime). Under the regime, Local Authorities have a duty to pursue measures which are designed to improve air quality. The Council's Air Quality Action Plan includes the delivery of a Cullompton town centre relief road as an air quality mitigation measure.
- 2.4 The relief road will reduce traffic through Cullompton town centre, resulting in environmental improvement. The town's Conservation Area is included in the Historic England 'Heritage at Risk' Register where its condition is assessed as being very bad and deteriorating. The Cullompton Heritage Action Zone scheme depends upon the delivery of the relief road to implement the full range of proposals and Historic England has clearly indicated the importance of addressing traffic levels in the town centre via the road and it is a pre-requisite to investment in the heritage and town centre environment of Cullompton. The Council has also commenced a masterplanning exercise for the regeneration of the town centre.
- 2.5 At the Cabinet meeting of 31st August 2017 a decision was made to give the Cullompton bid highest priority out of Mid Devon's two HIF schemes.
- 2.6 The project has now progressed to the stage of planning application submission. At the time of writing this report the planning application is yet to be determined.

3.0 BACKGROUND - GRANT FUNDING AGREEMENT WITH HOMES ENGLAND

3.1 A grant funding agreement with Homes England for the Cullompton scheme was entered into on 4th December 2019. A separate agreement has also been entered into with Devon County Council to deliver the infrastructure in question.

3.2 The report to Scrutiny Committee on 20th July 2020 included a summary of the structure and content of the HIF grant funding agreements which it is not proposed to repeat here, save for the provisions of most relevance to this report which focusses on the recent planning appeal decision. Relevant content includes:

- The Local Authority agrees to a series of warranties and representations and will be the accountable body for these projects. Of note is the requirement for the Local Authority to recover the HIF grant amount. The mechanism for this is via S106 agreements (planning obligations) with the developers of the housing to be unlocked by the projects. These will need to be negotiated at the time planning permission is granted. Failure to secure an agreement would lead to a shortfall in recovery. The purpose of recovery is to recycle the funding into the delivery of further housing. Any prospect of under recovery would be a matter for discussion with Homes England and there would be a need to show how recovery can be maximised or further housing delivered. The Council has been clear that whilst full recovery will be sought it is likely to be difficult to achieve.
- Recovered HIF money may be retained by the Local Authority and recycled so it is used for further housing delivery, details of which require agreement in advance.
- Clawback on default provisions are included to safeguard the position of Homes England, as is the ability to require repayment or recover funds if required under state aid provisions.

4.0 BACKGROUND - PROJECT FUNDING AND CASH FLOW

4.1 For the Cullompton scheme, total project cost has been estimated to be £15 million, £10 million of which will be forward funded by Homes England via the HIF programme. The Council will seek to fund both the £5 million shortfall and locally recover HIF funding through S106 agreements as part of development planning applications. However, the timescale within which S106 payments would be expected lags behind the need to deliver the road scheme quickly to meet Homes England requirements. Accordingly there is a need for the Council to forward fund (cash flow) the £5 million shortfall until S106 funds are received. This has been included in the Council's capital programme for 2020/21 and the medium term financial plan capital programme to 2023/24. It is expected that S106 funds will be received during the next 12 year period, aligning with the Local Plan Review's plan period which goes up to 2033.

- 4.2 The housing trajectory within the adopted Local Plan Review indicates an anticipated timescale for housing coming forward on the North West Cullompton (CU1) and East Cullompton (CU7) allocations. A third site is Colebrook (allocation CU21). Applications from these sites would be expected to make financial contributions towards the relief road. For the Colebrook site, a planning application for 105 homes was recently allowed at appeal. This report considers this appeal decision and any implications arising from it in more detail.

| Site | Policy | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | TOTAL |
|-----------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| NW Cullompton | CU1 | 49 | 100 | 100 | 150 | 150 | 176 | 100 | 100 | 100 | 100 | 100 | 100 | 25 | 1350 |
| East Cullompton | CU7 | | | | 50 | 125 | 175 | 150 | | | | | | | 500 |
| Colebrook | CU21 | 12 | 25 | 25 | 38 | | | | | | | | | | 100 |

Note: that only the first 500 homes at East Cullompton have been included as these will be unlocked by the relief road. The remainder of homes at East Cullompton will require a further, more substantial motorway junction upgrade.

- 4.3 The drawdown tranches for the £10 million HIF money for this scheme are programmed by quarter within each financial year. To date claims made under this project total £340,800.40. For each financial year, the HIF funding is programmed to be split as follows:

| Period | Funding |
|--------|--------------------------|
| 19/20 | £650,000 (first tranche) |
| 20/21 | £1,827,500 |
| 21/22 | £2,807,046 |
| 22/23 | £4,715,454 |

- 4.4 The agreement specifies initial payments that are termed first tranche or early release funding which are for specified purposes such as planning and design fees. Initial claims for this funding or part of this funding were required to have been made by a milestone date in March 2020.

5.0 PLANNING APPLICATION 19/00118/MOUT AND APPEAL DECISION

- 5.1 Planning application 19/00118/MOUT sought outline permission for the erection of up to 105 dwellings, associated landscaping, public open space and allotments together with vehicle and pedestrian access from Siskin Chase and pedestrian access from Colebrooke Lane on the now allocated CU7 Colebrook site in Cullompton. For planning application purposes, the site is also known as land west of Siskin Chase. An appeal against non determination was lodged. The Planning Inspector granted planning permission on 6th July 2020.
- 5.2 As part of his considerations, the appeal Inspector assessed the content of two mutually exclusive unilateral undertakings submitted by the appellant

under the provisions of section 106 of the Town and Country Planning Act 1990. These included:

- Unilateral undertaking 1 (UU1): affordable housing up to 20%, the transfer of an area of land to facilitate a possible future link road to the north of the site, the submission of a Travel Plan; financial contributions towards the cost of public open space and £787,500 (£7,500 per plot) towards the town centre relief road.
- Unilateral undertaking 2 (UU2): affordable housing up to 35%; the transfer of an area of land to facilitate a possible future link road to the north of the site the submission of a Travel Plan and; financial contributions towards the cost of educational infrastructure, improvements to air quality and public open space

Parts of both unilateral undertakings were in dispute between this Council and the appellant.

5.3 A Statement of Common Ground (SCG), agreed between the appellant and Devon County Council as the Highway Authority (HA), has been submitted. Amongst other things, the appellant and the HA agreed that: the development impacts could be accommodated on the surrounding highway network without any significant impacts on the network (in terms of capacity and congestion), or on highway safety with no off-site highway works required and there would be no unacceptable impact on road safety or any severe residual cumulative impact on the highway network.

5.4 In respect of the financial contribution towards the town centre relief road, the Inspector commented as follows:

'36. As noted within the LPR (IR) and the recommended modifications to policy CU21, as well as the SCG with the HA, the development of the appeal site is no longer dependent on the completion of the Cullompton Town Centre Relief Road. The contribution of £7,500 per dwelling in UU1 towards the cost of this road is not therefore necessary for the purpose of making the appeal scheme acceptable in planning terms. This obligation does not satisfy the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Frame work. I cannot therefore take it into account in determining the appeal.

37. The Council has informed me that in addition to highway safety and congestion issues, financial contributions towards the cost of the Cullompton Town Centre Relief Road would be necessary to mitigate poor air quality within the AQMA. Be that it may, this is a separate issue to funding the construction of the road and an Air Quality Contribution forms part of UU2 which I shall address below.

43. The Air Quality Contribution in UU2 amounts to £40,169. (There is separate provision for electricity cabling for electric vehicle charging.) This has been calculated based on methodology provided by Defra's 'Air quality cost guidance' and 'Air quality damage cost appraisal toolkit' with deductions/dwelling based upon the costs of cabling to enable the future

installation of electric vehicle charging points and a Travel Plan. This would be necessary to mitigate the risk of a deterioration in air quality within the AQMA. Whilst it would be substantially less than the figure sought by the Council it would be fairly and reasonably related in scale and kind to the proposed development. It (and the provision for electric cabling) satisfies the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Framework. I have therefore take it into account.'

5.5 A copy of the Inspector's decision letter allowing the appeal is at **Appendix 1** to this report.

6.0 ASSESSMENT OF THE POTENTIAL IMPLICATIONS OF THIS APPEAL DECISION ON FUTURE S106 NEGOTIATIONS TO SECURE FINANCIAL CONTRIBUTION TOWARDS THE CULLOMPTON TOWN CENTRE RELIEF ROAD

6.1 During the consideration of Scrutiny Committee of the report on the Council's HIF projects, the appeal decision referred to above was raised and a report to Audit Committee requested to considered the implications (if any) of the appeal decision upon the ability of the Council to undertake successful future negotiations of developer financial contributions via S106 agreements towards the Cullompton town centre relief road and hence the recovery of HIF monies and Council forward funding.

6.2 This assessment is contained within **Appendix 2** to this report. Due to the subject matter of this appendix, namely assessment of whether there are any consequences for the Council's future approach to negotiation with developers to achieve funding for the relief road, the relationship that this has through the HIF agreement and part forward funding role of the Council with the Council's financial interest, this appendix is presented as a Part 2 item as it is considered to be exempt under paragraph(s) 3 of Part 1 of Schedule 12A the Local Government Act 1972 due to it being information relating to the financial or business affairs of any particular person (or authority holding that information).

7.0 CONCLUSIONS

7.1 The recovery of the HIF funds and this Council's forward funding element is intended to be from development via S106 agreements to be negotiated through the planning process. The recent appeal decision for land west of Siskin Chase considered a proposed financial contribution towards the town centre relief road. The consequences (if any) of this appeal decision upon future negotiations with applicants to secure financial contributions towards the town centre relief road are set out in **Appendix 2**.

| | |
|---|---|
| Contact for any more information | <p>Jenny Clifford Head of Planning, Economy and Regeneration jclifford@middevon.gov.uk</p> <p>Kathryn Tebbey Head of Legal (Monitoring Officer) ktebbey@middevon.gov.uk</p> |
| Background Papers | <p>Cabinet November and December 2014; Council January 2015; Council 27th April 2016; Cabinet 15th September 2016; Council 22nd September 2016; Cabinet 21st November 2016 Council 1st December 2016 Cabinet 31st August 2017 Cabinet 23rd May 2018 Cabinet 30th August 2018 Cabinet 31st January 2019 Cabinet 30th May 2019 Scrutiny Committee 20th July 2020</p> <p>MHCLG https://www.gov.uk/government/publications/housing-infrastructure-fund</p> |
| File Reference | 19/00118/MOUT |
| Circulation of the Report | Councillor Richard Chesterton |

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Appeal Decision

Site visit made on 6 July 2020

by **Neil Pope BA (Hons) MRTPI**

an Inspector appointed by the Secretary of State

Decision date: 9 July 2020

Appeal Ref: APP/Y1138/W/19/3238707

Land west of Siskin Chase, Colebrooke Lane, Cullompton, Devon, EX15 1UD.

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a failure to give notice within the prescribed period of a decision on an application for outline planning permission.
 - The appeal is made by Taylor Wimpey UK Ltd against Mid Devon District Council.
 - The application Ref. 19/00118/MOUT, is dated 11 January 2019.
 - The development proposed is the development of up to 105 dwellings, associated landscaping, public open space and allotments together with vehicle and pedestrian access from Siskin Chase and pedestrian access from Colebrooke Lane.
-

Decision

1. The appeal is allowed and outline planning permission is granted for the development of up to 105 dwellings, associated landscaping, public open space and allotments together with vehicle and pedestrian access from Siskin Chase and pedestrian access from Colebrooke Lane. The permission is granted in accordance with the terms of the application Ref. 19/00118/MOUT, dated 11 January 2019 and subject to the conditions in the attached Schedule.

Preliminary Matters

2. All matters of detail, other than the means of access, have been reserved for subsequent consideration.
3. The Council has informed me that had it determined the application it would have refused permission for the following reason:

The tilted balance in paragraph 11 of the NPPF applies to the determination of this application. The application should be approved unless any adverse impacts of so doing would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF, taken as a whole. In considering this application, the LPA are of the view that the proposed point of access from Siskin Chase is not considered suitable for the additional increase in traffic anticipated from the proposed development of 105 dwellings. Siskin Chase is a cul-de-sac which was designed to accommodate those vehicles attracted to the housing it currently serves and incorporates features to narrow the road such as a chicane. The increase in car ownership since the development was built has led to an increasing number of vehicles being parked on the public highway. The use of Siskin Chase as the sole access to the proposed development of 105 new dwellings is not considered acceptable and would lead to conflict between existing and proposed residents and would interrupt the free flow of vehicles, particularly emergency vehicles. In the opinion of the LPA this identified harm significantly and demonstrably

outweighs the benefits of the proposal when assessed against the policies in the NPPF, taken as a whole and is considered to be contrary to policies COR1 and COR9 of the Local Plan Part 1 (Core Strategy) and policy DM2 of the Local Plan Part 3 (Development Management).

4. The appellant has submitted two (mutually exclusive¹) planning obligations (unilateral undertakings – UU1 and UU2) under the provisions of section 106 of the Town and Country Planning Act 1990 (as amended). These include: provision for some of the proposed dwellings to comprise affordable housing (up to 20% in UU1 and up to 35% in UU2); the transfer of an area of land to facilitate a possible future link road to the north of the site (UU1 and UU2), the submission of a Travel Plan (UU1 and UU2) and; financial contributions towards the cost of educational infrastructure (UU2), improvements to air quality (UU2), public open space (UU1 and UU2) and a town centre relief road (UU1). There is dispute between the main parties regarding aspects of UU1 and UU2.
5. A Statement of Common Ground (SCG), agreed between the appellant and Devon County Council as the Highway Authority (HA), has been submitted. Amongst other things, the appellant and the HA agree that: the appeal site is in a sustainable location with access to a range of local facilities by walking and cycling and has access to frequent local bus services; a safe and suitable access to the site could be achieved for all users, with the sole vehicular access from Siskin Chase; the development impacts could be accommodated on the surrounding highway network without any significant impacts on the network (in terms of capacity and congestion), or on highway safety with no off-site highway works required; the proposal complies with paragraph 108 of the National Planning Policy Framework (the Framework) and there would be no unacceptable impact on road safety or any severe residual cumulative impact on the highway network as required by paragraph 109 of the Framework.
6. The appeal site forms part of the extensive settings of the Grade I listed Parish Church of St. Andrew and the Cullompton Conservation Area. I agree with the findings within the appellant's Heritage Statement that the proposed development would not harm the significance of these or any other heritage assets. The proposals would preserve the setting of the listed church and preserve the character and appearance of the conservation area.
7. An application for costs was made by the appellant against the Council. This application is the subject of a separate Decision.

Main Issues

8. The two main issues are: firstly, the likely impact upon the free flow of traffic along Siskin Chase and the potential for parking conflict with existing residents and; secondly, whether the submitted UUs meet the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the National Planning Policy Framework (the Framework).

Reasons

Planning Policy

9. The development plan includes the Mid Devon Core Strategy (CS), adopted in 2007, the Allocations and Infrastructure Development Plan Document (AIDP),

¹ The UUs include clauses specifying that only one should be enforceable in the event of the appeal succeeding.

adopted in 2010 and the Local Plan Part 3 Development Management Policies (DMP), adopted in 2013.

10. The Council has issued a position statement. Amongst other things, this states that notwithstanding that a 5 year (housing) supply requirement has been met CS policies COR3 (housing needs), COR17 (villages) and COR18 (countryside) are not consistent with the relevant policies in the Framework and should be accorded limited weight and the tilted balance applies to the determination of planning applications for proposed housing development.
11. The most relevant development plan policies to the determination of this appeal are: CS policies COR1 (sustainable communities), COR9 (access) and COR14 (Cullompton), DMP policy DM2 (design) and AIDP policy AL/CU/20 (a contingency site² for residential development at Colebrook).
12. The development plan is currently being reviewed. The Inspector's Report³ (IR) on the Examination of the Mid Devon Local Plan Review 2013-2033 (LPR) was received by the Council in June 2020. The LPR has reached an advanced stage and can be given considerable weight. The most relevant LPR policy to the determination of this appeal is CU21 (land at Colebrook⁴). The main modifications of the IR include removing the contingency status of policy CU21.
13. The Cullompton Neighbourhood Plan has yet to reach the stage where it can be given any material weight. It is not relied upon by the LPA.

Free-Flow of Traffic/Parking Conflict

14. This 4.9 ha appeal site lies to the north of Colebrooke Lane and to the west of the local distributor road at Swallow Way and the residential estate road (a cul-de-sac) at Siskin Chase. These roads have footways and street lighting and are subject to 30 mph speed restrictions. A section of the carriageway along Siskin Chase reduces in width (about 3.55m) to the west of the junction with Linnet Dene (also a cul-de-sac) to form a pinch-point/chicane feature.
15. From the representations made to me, as well as those made to the Council at 'application stage', and from what I saw during my visit⁵, some limited on-street parking occurs along sections of Siskin Chase and neighbouring estate roads. I saw 1 van parked in the turning head between 7 and 8 Siskin Chase⁶ and several other vehicles parked nearby on this road. This was similar to what I observed along other sections of neighbouring estate roads. At the time of my visit, traffic flows and speeds along Siskin Chase were low. As to be expected, these were greater along Swallow Way but the flows were light and the drivers of most vehicles appeared to be observing the speed limit.
16. The proposed development would be served from an extension of the estate road between 7 and 8 Siskin Chase. At about 5.6m wide, this new section of carriageway would meet the minimum carriageway width requirement set out in the HA's Residential and Commercial Estates – Design Guide. Moreover, it

² This comprises the appeal site.

³ This includes main modifications to enable the LPR to provide an appropriate basis for the planning of the District.

⁴ The appeal site.

⁵ I arrived in Siskin Chase at about 07:30 hours. It is reasonable to assume that most residents would still be at home at this time, especially as not all COVID-19 lockdown measures had been lifted. I stayed in the area for some time, during which I noted traffic flows, speeds and the parking situation along the local highway network.

⁶ The evidence submitted to me shows that on occasion other vehicles are parked in this turning facility.

would exceed the 4.8m width carriageway requirement in Manual for Streets that is deemed sufficient for a car and heavy goods vehicle to pass. 1.8m wide footways would also be provided on either side of the new carriageway.

17. A pedestrian access into the appeal site would also be created to the north west of 12 Siskin Chase and a secondary pedestrian/cycle connection⁷ would be made from Colebrooke Lane. The proposal satisfies the requirement of AIDP policy AL/CU/20 and LPR policy CU21 for the provision of two points of access from Siskin Chase as part of the development of this 4.9 ha site for housing.
18. The proposal would increase traffic flows along the local highway network, including Siskin Chase and Swallow Way. The appellant's Transport Assessment (TA) includes: an interrogation of Personal Injury Collision data; a response to a stage 1 Road Safety Audit of the proposals; an assessment of traffic flows and the capacity of the local highway network (including junctions) to accommodate traffic generated by the development and; the effect upon the Cullompton Air Quality Management Area⁸ (AQMA). The TA demonstrates that there are unlikely to be any significant transport/highways impacts. This is unchallenged by the HA or the Council's Environmental Health Officers and the application was recommended for approval by the Council's planning officers.
19. The proposed means of access would be likely to reduce the capacity for on-street parking along Siskin Chase and, in turn, an increase in demand for on-street parking elsewhere within the street and some neighbouring cul-de-sacs. This could be annoying/frustrating to some existing residents who in future may have to park further away from their properties. However, turning heads that form part of the highway are not intended to be used for the parking of vehicles and whilst these may provide convenient on-street parking for some residents this could result in difficulties for others who need to use such areas for the safe manoeuvring of their vehicles. Some on-street parking capacity could also become available along sections of the new carriageway. Moreover, as noted by the Council's planning officers in their report of 15 January 2020, there are no rights for anyone to park on/obstruct the public highway.
20. Given the predicted traffic flows⁹ from the proposed development, drivers of vehicles waiting at the pinch point in Siskin Chase whilst oncoming traffic passes are unlikely to be seriously inconvenienced. There is nothing to demonstrate that there would be any significant interruption to the free-flow of traffic along Siskin Chase or Swallow Way, or any harmful increase in congestion.
21. Those living alongside the appeal site, as well as members of the Town Council (TC) and some District Councillors, will be very familiar with local traffic conditions (including on-street parking) and the local highway network. I have visited and driven through Cullompton on numerous occasions but am mindful that my most recent visit represents only a snapshot in time. However, the appellant's detailed highways evidence has been prepared by an expert and has been carefully considered by the HA which is very familiar with the local highway network (including on-street parking and congestion). It is also reasonable to assume that the Council's planning officer is familiar with the local highway network/conditions.

⁷ This would also serve as an emergency vehicle access into the site and a temporary construction access.

⁸ The application was accompanied by a separate detailed Air Quality Assessment.

⁹ Set out in the TA and unchallenged by the HA or the District Council.

22. Whilst I do not set aside lightly the concerns of some residents or the TC, there is no technical or other cogent evidence to justify taking a contrary stance to the findings of the TA, the contents of the SCG or the recommendation of the Council's planning officer on this issue. Moreover, in guiding the development of the appeal site the Council, via its own local planning policies, has specified that access should be onto Siskin Chase. The development plan and LPR are 'silent' on any requirement to provide alternative access to another highway. The LPR would have been the opportunity to do so if highway circumstances had materially changed since the adoption of AIDP policy AL/CU/20 in 2010.
23. Although the Council is concerned that an increasing number of vehicles are being parked on the highway, it has not submitted anything of substance to justify departing from its planning policies for the development of this 4.9 ha site or to outweigh the appellant's compelling argument on highway matters.
24. I conclude on the first main issue that the proposed development would be unlikely to have any significant adverse impact upon the free flow of traffic along Siskin Chase or result in any significant parking conflict with existing residents. The proposal accords with the provisions of CS policy COR9, DM policy DM2, AIDP policy AL/CU/20(b), LPR (IR) policy CU21(c) and (g) and the thrust of CS policy COR14.

Unilateral Undertakings

25. A financial viability assessment¹⁰ has been submitted on behalf of the appellant in an attempt to substantiate its argument that the development could not support the scale/extent of planning obligations¹¹ that have been sought by the Council. The appellant has argued that permission should be granted pursuant to UU1 but has informed me that it has made no statement to support the proposed financial contribution towards the cost of the town centre relief road.

Obligations that appear to be undisputed (UU1 and UU2)

26. The obligation to transfer a small area of land to the north of the appeal site (adjoining Cullompton Rugby Club) to either the District or County Council would limit the risk of any future housing development on this land being stifled by access constraints should it be required to assist in maintaining a future supply of housing land within the district. Although the intentions behind this obligation may be laudable, it is not necessary for the purpose of making the appeal scheme acceptable in planning terms. It does not therefore satisfy the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Framework. I am unable therefore take it into account in determining the appeal.
27. In major developments such as the appeal scheme, Travel Plans (TP) are important in assisting residents making informed choices about sustainable modes of transport, as well as monitoring progress. This has important

¹⁰ This tested five scenarios, three of which (0% affordable housing + £1.8m S106 contributions; 28% affordable housing + £318,015 S106 contributions or; 20% affordable housing + £660,030 S106 contributions) were found to be "reasonably viable". However, on behalf of the appellant, I have been informed that the total sum that would potentially satisfy the relevant tests for financial contributions is between £851,753.75 and £889,922.75.

¹¹ On 15 January 2020, the Council, having considered the viability assessment, resolved to secure a package of obligations that included provision for up to 20% affordable housing and a financial contribution of £787,500 towards the cost of the Cullompton Town Centre Relief Road. The Council has informed me that these are its two "priority obligations." It has also informed me that if this financial contribution does not meet the relevant tests for planning obligations other financial contributions e.g. educational infrastructure, would be required.

benefits in terms of reducing the need to travel by car, tackling climate change and improving air quality. The need for a TP is recognised within the TA and LPR (IR) policy CU21 (g).

28. The submission, implementation and monitoring of a TP would be necessary to make the development acceptable in planning terms. It would be directly related to the development and fairly and reasonably related in scale and kind. This obligation therefore satisfies the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Framework. Whilst I have taken it into account, the Framework advises that planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition. The TA recommended that this matter be dealt with by way of a condition. It is unclear why it has been included as part of the UUs rather than a planning condition.
29. Some residents of the proposed development would be likely to require access to areas of public open space and/or an equipped play area. To avoid any unacceptable increase on existing facilities and to ensure residents have safe and convenient access to open space, it would be necessary for the proposed development to include such facilities and provision for its maintenance. In this regard, national and local planning policies recognise the importance of promoting healthy and safe communities, including open space.
30. The proposed open space provisions of the UUs would be directly related to the development and fairly and reasonably related in scale and kind. These obligations satisfy the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Framework. I have therefore taken them into account in determining the appeal.
31. In order to help meet the housing needs of the local community and to assist in providing mixed, balanced and inclusive communities, it would be necessary for the proposed development to include an element of affordable housing and for this to be managed by a registered provider. In this regard, the development plan requires 35% affordable housing provision and the LPR specifies 28% provision from 100 dwellings on the appeal site.

Obligations Specific to UU1

32. Having considered the appellant's viability appraisal, the Council accepts that 20% affordable housing provision is fair and reasonable given the development costs for this site. Affordable housing up to this level would be at odds with the provisions of AIDP policy AL/CU/20(a) and LPR (IR) policy CU21(a).
33. Amongst other things, the Framework advises that it is up to an applicant to demonstrate whether particular circumstances justify the need for a viability assessment. In this regard, there have been many economic and other planning related changes since the requirement for 35% affordable housing provision on the appeal site was adopted by the Council in 2010.
34. As already noted, one of the scenarios tested on behalf of the appellant demonstrated that affordable housing provision at 28% with some section 106 financial contributions would be viable. An argument for providing less than 28% affordable housing provision, which would be below what is stipulated in the very recent LPR (IR), would be unconvincing. Confidence in the planning system is also likely to be undermined if policies that have recently been

publicly examined and found appropriate (subject to recommended modification) are set aside from the outset.

35. As affordable housing is one of the Council's priority obligations I disagree that 20% provision on the appeal site would be fairly and reasonably related in scale and kind to the development. I am unable therefore to take this obligation into account. As a consequence, UU1 would fail to secure the necessary amount of affordable housing to make the development acceptable in planning terms. The absence of adequate affordable housing provision would render the proposal in conflict with AIDP policy AL/CU/20(a), LPR (IR) policy CU21(a) and the provisions of the Framework aimed at meeting local housing needs and assisting in providing mixed, balanced and inclusive communities. This weighs heavily against granting planning permission.
36. As noted within the LPR (IR) and the recommended modifications to policy CU21, as well as the SCG with the HA, the development of the appeal site is no longer dependent on the completion of the Cullompton Town Centre Relief Road. The contribution of £7,500 per dwelling in UU1 towards the cost of this road is not therefore necessary for the purpose of making the appeal scheme acceptable in planning terms. This obligation does not satisfy the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Framework. I cannot therefore take it into account in determining the appeal.
37. The Council has informed me that in addition to highway safety and congestion issues, financial contributions towards the cost of the Cullompton Town Centre Relief Road would be necessary to mitigate poor air quality within the AQMA. Be that it may, this is a separate issue to funding the construction of the road and an Air Quality Contribution forms part of UU2 which I shall address below.

Obligations Specific to UU2

38. The provision of up 35% affordable housing on the appeal site would accord with the provisions of AIDP policy AL/CU/20(a). If this quantum of affordable housing were to be provided it would exceed the requirement of LPR (IR) policy CU21(a). However, there is an acute need for affordable housing within the district and a figure in excess of 28% would satisfy the relevant tests for a planning obligation.
39. The definitions of affordable housing and the proposed tenure split (75% affordable rent and 25% shared ownership), as well as the triggers for providing such housing within UU2 would also satisfy the relevant tests. This affordable housing obligation would meet the objectives of national and local planning policies for providing mixed and balanced communities. I have therefore taken it into account in determining this appeal.
40. UU2 also includes provision for financial contributions towards the cost of educational infrastructure (£250/qualifying dwelling for Early Years and sound formulae for calculating contributions for primary and secondary education). Some residents of the proposed dwellings would almost certainly attend local educational establishments and increase the pressure on such infrastructure.
41. Devon County Council, as Education Authority, has advised that additional capacity/resources would be required to accommodate those children from the development that would be likely to require Early Years education, as well as

- local primary and secondary school provision. Financial contributions towards the cost of accommodating residents would therefore be necessary to safeguard the quality of local educational infrastructure.
42. The County Council has identified cost formulae, based on Department for Education build rates and extension rates for calculating the necessary financial contributions arising from the proposed development. The education contributions set out in UU2 would ensure there was no harm to the quality of local educational infrastructure. This obligation would accord with the relevant tests and I have taken it into account in determining the appeal.
43. The Air Quality Contribution in UU2 amounts to £40,169. (There is separate provision for electricity cabling for electric vehicle charging.) This has been calculated based on methodology provided by Defra's 'Air quality cost guidance' and 'Air quality damage cost appraisal toolkit' with deductions/dwelling based upon the costs of cabling to enable the future installation of electric vehicle charging points and a Travel Plan. This would be necessary to mitigate the risk of a deterioration in air quality within the AQMA. Whilst it would be substantially less than the figure sought by the Council it would be fairly and reasonably related in scale and kind to the proposed development. It (and the provision for electric cabling) satisfies the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the Framework. I have therefore take it into account.
44. The Council has argued that the proposed development should also include financial contributions towards the maintenance/provision/improvement of a bus service (£135,000) and the cost of maintaining service delivery to the Royal Devon and Exeter NHS Foundation Trust (£1,457.32/dwelling). However, it appears that the Council agreed not to pursue these matters at its meeting in January 2020 and they do not form part of its Regulation 122 CIL Compliance Statement submitted in support of the Council's 'reason for refusal'. Furthermore, it has not been demonstrated that these contributions would accord with the relevant tests for obligations. The viability appraisal also indicates that if they were to be included as part of the package of proposed contributions the development would not be viable.
45. I conclude on the second main issue that some aspects of UU1 (Travel Plan, and public open space provision) and all of UU2 meet the tests set out within Regulation 122(2) of the Community Infrastructure Levy Regulations 2010 and paragraph 56 of the National Planning Policy Framework (the Framework).

Other Matters

46. The proposed development would add to the choice and supply of housing within the district and would assist in helping to meet the housing needs of the local community. It would be well-related to services and facilities, including public transport, and would help support the construction industry, including employment. A proportion of new household expenditure is also likely to be spent in local shops and services, helping to sustain existing services in Cullompton. The landscaping details that would form part of the reserved could also result in net gains to biodiversity. These matters add considerable weight to the case for granting planning permission and outweigh the limited adverse landscape and visual impacts of the proposed development.

47. I note the concerns of some residents regarding flooding. However, neither the Council nor those with responsibility for advising on the likely increase risk of flooding have raised land drainage objections. A planning condition could be attached to an approval requiring details of the proposed drainage arrangements, thereby limiting any increase in flood risk.
48. I note the findings made by other Inspectors in the various appeal decisions that have been drawn to my attention on other sites, including those at Uffculme¹², Cullompton¹³ and Silverton¹⁴. However, no two sites/cases are the same and the main issues in these other appeals are different to the ones that I have identified in the case before me. I have determined this appeal on its own merits and these other decisions do not set a precedent that I must follow.

Planning Conditions

49. In addition to the 'standard' conditions requiring the submission/approval of the reserved matters and the commencement of development, in the interests of certainty a condition would be necessary specifying the approved plans. For the same reason and to safeguard the character and appearance of the area, as well as safeguarding nature conservation interests, a condition would be necessary specifying the submission of important information as part of the reserved matters.
50. A pre-commencement condition would be necessary to ensure satisfactory drainage arrangements were in place to serve the development. For concision, I have modified the conditions that have been suggested regarding this matter. Pre-commencement conditions would also be necessary to safeguard any archaeological interests and to safeguard public health in the event of any land contamination being discovered within the site.
51. Landscaping is a reserved matter and the submission of finished floor levels, as part of the suggested condition for a Construction Environmental Management Plan (CEMP), would duplicate other conditions and would be unnecessary.
52. A pre-commencement condition requiring a CEMP would be necessary to limit the disruption to neighbouring residents, avoid damage/danger on the local highway network and to safeguard nature conservation interests. I have modified the suggested condition to prevent unnecessary duplication, as well as placing a limit on the height which topsoil should be stored so as to avoid damaging this important material. It would also be necessary for the CEMP to incorporate the appellant's specified ecological mitigation works.
53. In the interests of certainty and to ensure safe and satisfactory access for residents, a condition would be necessary requiring the submission and approval of the detailed highway works before any of the new dwellings are occupied. To ensure construction traffic is directed away from neighbouring estate roads a pre-commencement condition would be required to secure the proposed construction access onto Colebrooke Lane. In the interests of pedestrian and cycle linkage/use and to allow emergency access, it would be necessary to ensure that this link is retained thereafter for such purposes.

¹² APP/Y1138/W/15/3025120

¹³ APP/Y1138/W/17/3184498

¹⁴ APP/Y1138/W/20/3244550

54. Conditions to the above effect would accord with the provisions of paragraph 55 of the Framework. I note that having considered the LPA's suggested conditions the appellant is content with the pre-commencement conditions.

Overall Conclusion

55. With UU2 in place (i.e. obligations that include up to 35% affordable housing provision), the appeal scheme would secure the necessary economic, social and environmental objectives so as to amount to sustainable development. There would be no unacceptable impact on highway safety interests and the residual impacts on the road network would not be severe. The proposal would accord with the most relevant local and national planning policies, including CS policy COR1. Given all of the above, I conclude that the appeal should succeed.

Neil Pope

Inspector

SCHEDULE OF PLANNING CONDITIONS

1. Details of the appearance, landscaping, layout and scale (hereinafter called "the reserved matters") shall be submitted to and approved in writing by the Local Planning Authority before any development commences and the development shall be carried out as approved.
2. Application for approval of the reserved matters shall be made to the Local Planning Authority not later than three years from the date of this decision.
3. The development hereby permitted shall take place not later than two years from the date of approval of the last of the reserved matters to be approved.
4. The development hereby permitted shall be carried out in accordance with the following approved plans: 1:2,500 scale site location plan (ref. P17-0169 04 Rev A); 1:500 scale access arrangement (ref. 173040_G_02 Rev C); 1:250 scale north pedestrian access arrangement (ref. 173040_G_06); 1:250 scale Siskin Chase road access arrangement (ref. 173040_G_07) and; 1:500 scale southern pedestrian access arrangement (ref. 173040_G_08 Rev A).
5. The details required by condition 1 above shall include the following: existing and proposed site levels; finished floor levels; boundary treatments; the materials to be used on the external walls and roofs of the buildings; details of all areas of public open space, allotments and green infrastructure; details of all boundary trees and hedgerows to be retained and measures to protect these features during the construction phase, including engineering details and any electric vehicle charging points within root protection areas and; the works of ecological mitigation, compensation and enhancement set out within the EAD Ecology Ecological Impact Assessment dated December 2018.
6. Development shall not begin until details of the proposed drainage works, including the design of the proposed surface water drainage systems and the arrangements for adopting, managing, maintaining and inspecting permanent surface water drainage systems, as well as the means of disposing of foul sewage from the site have been submitted to and approved in writing by

the Local Planning Authority. The development shall be undertaken in accordance with the approved details/works/arrangements. No dwelling shall be occupied until the approved means of disposing of foul sewage have been provided.

7. Development shall not begin until the developer has secured the implementation of a programme of archaeological work in accordance with a written scheme of investigation which has been submitted to and approved in writing by the Local Planning Authority (LPA). The development shall be carried out in accordance with the approved scheme, or such details as may be subsequently agreed in writing by the LPA.
8. Development shall not begin until a site investigation and risk assessment has been carried out to determine the nature and extent of any land contamination that may be present within the site and the likely impact on receptors. A full report of the investigation and risk assessment shall be submitted to the Local Planning Authority (LPA) for approval in writing. No work shall proceed on site until either the LPA gives written consent for the development to commence or the requirements of condition 10 below are met.
9. Where actual or probable significant pollutant linkages are found following the investigation and risk assessment required by condition 8 above, the developer shall submit a remediation statement together with a timescale for the completion of the required works for approval in writing by the Local Planning Authority.
10. Following the completion of any works required by condition 9 above, a remediation validation report shall be submitted to the Local Planning Authority (LPA) for approval in writing. No dwelling shall be occupied on those parts of the site affected by any land contamination until the validation report has been approved in writing by the LPA.
11. No development shall begin until a Construction Environmental Management Plan (CEMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The CEMP shall include:
 - A. the timetable of the works and a phasing plan;
 - B. daily hours of construction;
 - C. any road closure;
 - D. hours during which delivery and construction traffic shall travel to and from the site, with such vehicular movements restricted to between the hours of 08:00 and 18:00 Mondays to Fridays and 09:00 to 13:00 on Saturdays, with no such vehicular movements on Sundays or Bank/Public Holidays unless agreed in writing by the LPA;
 - E. the number and size of vehicles likely to be visiting the site in connection with the construction phase(s) and the frequency of their visits;
 - F. the proposed route of construction traffic, including the temporary use of an access from Colebrooke Lane;
 - G. the compound/location where all building materials, finished or unfinished products, parts, crates, packing materials and waste will be stored and confirmation that no topsoil will be stored over 2 metres in height;
 - H. areas where delivery vehicles and construction traffic will load or unload and confirmation that no construction traffic or delivery vehicles will park on the County highway for loading or unloading, unless otherwise agreed in

writing by the LPA;

- I. areas for the parking of vehicles used by site operatives, contractors and sub-contractors working at the site;
- J. the means of enclosure during construction works;
- K. details of wheel washing facilities and measures to prevent mud, water and other materials and liquids being deposited on the public highway;
- L. photographic evidence of the condition of the adjacent public highway network prior to the commencement of works;
- M. the steps and procedures to be implemented to minimise the creation and impact of noise, vibration, dust and waste disposal resulting from site preparation, groundwork and the construction phases;
- N. measures to protect nature conservation interests, as set out in within the Ecological Impact Assessment by EAD Ecology dated December 2018 and the Technical Note dated 11 March 2019 also from EAD Ecology.

The development shall be undertaken in accordance with the approved CEMP.

- 12. No dwelling shall be occupied until details of the proposed estate roads, cycleways, footways, footpaths, verges, junction, street lighting, sewers, drains, retaining walls, service routes, surface water outfall, road maintenance/vehicle overhang margins, embankments, visibility splays, accesses, car parking and street furniture have been provided and laid out in accordance with details previously submitted to and approved in writing by the Local Planning Authority.
- 13. No development shall take place until details of the layout and means of constructing the temporary construction access from Colebrooke Lane have been submitted to and approved in writing by the Local Planning Authority. Construction works shall proceed utilising the approved temporary access. Upon completion of the development this access onto Colebrooke Lane shall be retained as a secondary pedestrian/cycle connection to and from the development, as well as for use as an emergency vehicular access.

AUDIT COMMITTEE 22 SEPTEMBER 2020

PERFORMANCE AND RISK REPORT

Cabinet Member Cllr Bob Deed
Responsible Officer Catherine Yandle, Group Manager for Performance, Governance and Data Security

Reason for Report: To provide Members with an update on performance against the corporate plan and local service targets for 2020-21 as well as providing an update on the key business risks.

RECOMMENDATION: That the Committee reviews the Performance Indicators and Risks that are outlined in this report and feeds back any areas of concern.

Relationship to Corporate Plan: Corporate Plan priorities and targets are effectively maintained through the use of appropriate performance indicators and regular monitoring.

Financial Implications: None identified

Budget and Policy Framework: Produced in accordance with the Risk and Opportunity Management Strategy.

Legal Implications: None

Risk Assessment: If performance is not monitored we may fail to meet our corporate and local service plan targets or to take appropriate corrective action where necessary. If key business risks are not identified and monitored they cannot be mitigated effectively.

Equality Impact Assessment: No equality issues identified for this report.

Impact on Climate Change: No impacts identified for this report.

1.0 Introduction

- 1.1 Appendices 1-5 provide Members with details of performance against the Corporate Plan and local service targets for the 2020-21 financial year. **The Committee is invited to suggest measures they would like to see included in the future for consideration.**
- 1.2 Appendix 6 shows the higher impact risks from the Corporate Risk Register. See 3.0 below.
- 1.3 Appendix 7 shows the risk matrix for the Council.
- 1.4 All appendices are produced from the Corporate Service Performance And Risk Management system (SPAR).

1.5 When benchmarking information is available it is included.

2.0 Performance

Please note that for all areas of the Council the results since March will have been understandably impacted by the effects of the Covid 19 pandemic. There are specific comments on the attached appendices reflecting this.

Environment Portfolio - Appendix 1

2.1 Regarding the Corporate Plan Aim: **Increase recycling and reduce the amount of waste**; Covid 19 has had an impact on the amount of waste created by households, the increase per household was 5.4% compared to the same period last year. The recycling rate is also slightly below target. These figures have yet to be verified by DCC as is usual.

2.2 Mid Devon District Council's fleet of recycling vehicles, which were scheduled to be replaced in 2020, have started to be delivered from the manufacturers. The new vehicles have been designed to accommodate a greater range and weight in the materials put out by residents.

Homes Portfolio - Appendix 2

2.3 Regarding the Corporate Plan Aim: **Deliver Housing**: The target for annual housing completions has been updated to reflect the Local Plan target.

2.4 Regarding the Corporate Plan Aim: **Private Sector Housing: Bringing Empty homes into use** is a little below target as at the end of May. Due to funding changes this is the last year that this measure will be reported.

2.5 Regarding the Corporate Plan Aim: **Council Housing**: all measures are either at or just below target. In terms of gas servicing compliance this has been affected by Covid 29 and we currently have 25 properties with expired LGSRs. We still have an extremely high compliance % compared to our peers.

2.6 Regarding the Corporate Plan Aim: **Support and grow active tenancy engagement**: The tenant census has commenced the Housing Facebook Page currently has 853 "likes".

2.7 Housing performance remains in the top quartile compared with HouseMark.

Economy Portfolio - Appendix 3

2.8 Regarding the Corporate Plan Aim: **Identify strategic and tactical interventions to create economic and community confidence and pride in the places we live. This includes a continued focus on Town Centre Regeneration: Empty shops**; it should be noted that the vacancy count is done at the start of each quarter but it was not done in April due to Covid 19.

We are looking at changing the information to reflect all empty commercial properties rather than just shops. Your comments on this would be welcomed.

- 2.9 Data on units owned by MDDC has now been added to Appendix 3.
- 2.10 Regarding the Corporate Plan Aim: **Work with local stakeholders to initiate delivery of the new garden village at Culm**: Engagement with the various stakeholder groups has been re-started including 3 Stakeholder Forum events on the subjects of Building with Nature, held on 11 August, Connecting the Culm project (9 September) and Transport and Future Mobility (October/ November).
- 2.11 Regarding the Corporate Plan Aim: **Work with developers and DCC to deliver strategic cycle routes between settlements and key destinations**: Walking and cycling provision needs to be prioritised as set out in the Culm garden village vision and objectives.

Community Portfolio - Appendix 4

- 2.12 We currently have no PIs set for the new Corporate Plan although projects have been identified, so the Community PDG has been asked to consider PIs and targets to set for 2020/21.
- 2.13 The play area at West Exe Recreation Ground will be closed for approximately one month to allow contractors to carry out a make-over of the community space from 14 September. Mid Devon District Council is investing around £75,000 to fund the exciting improvements.

Corporate - Appendix 5

- 2.14 **Working days lost due to sickness** is better than expected for the first quarter of 2020 despite the Covid 19 pandemic.
- 2.15 The **Response to FOI requests** have been 100% on time since April 2019.
- 2.16 The % **total Council Tax collected** and % **total NNDR collected** are both slightly below target. This has deteriorated due to the pandemic. Staff have resumed collections work and having concentrated on processing small business grants and the council tax relief hardship fund for the first 4 months of the year.
- 2.17 All the Planning quality and delivery PIs are on target.
- 2.18 The Council has now formally adopted the Mid Devon Local Plan Review 2013 – 2033.

3.0 Risk

Some risk scores have increased due to the Covid 19 pandemic especially as regards financing, homelessness and the economic outlook.

- 3.1 The Corporate risk register is regularly reviewed by Group Managers and Leadership Team and updated as required.
- 3.2 Risk reports to committees include strategic risks with a current score of 10 or more in accordance with the Risk and Opportunity Management Strategy. (Appendix 6)
- 3.3 Appendix 7 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.
- 3.4 Operational risk assessments are job specific and flow through to safe systems of work. These risks go to the Health and Safety Committee biannually with escalation to committees where serious concerns are raised.

4.0 Conclusion and Recommendation

- 4.1 That the Committee reviews the performance indicators and any risks that are outlined in this report and feeds back any areas of concern.

Contact for more Information: Catherine Yandle Group Manager for Performance, Governance and Data Security ext 4975

Circulation of the Report: Leadership Team and Cabinet Member

Corporate Plan PI Report Environment

Monthly report for 2020-2021
 Arranged by Aims
 Filtered by Aim: Priorities Environment
 For MDDC - Services

Key to Performance Status:

| | | | | | | |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|
| Performance Indicators: | No Data | Well below target | Below target | On target | Above target | Well above target |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|

* indicates that an entity is linked to the Aim by its parent Service

| Corporate Plan PI Report Environment | | | | | | | | | | | | | | | | |
|--|--------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|--|
| Priorities: Environment | | | | | | | | | | | | | | | | |
| Aims: Increase recycling and reduce the amount of waste | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| <u>Residual household waste per household (measured in Kilograms) (figures have to be verified by DCC)</u> | 123.35 (4/12) | 362 | 35 | 64 | 97 | 130 | | | | | | | | | Stuart Noyce | (April - July) Covid-19 'Stay at Home' guidance impacted on the amount of waste created by households during the first quarter. The % increase per household for the year so far is 5.39 compared to the same period in the previous year (LD) |
| <u>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</u> | 8 (4/12) | No Target | 0 | 0 | 4 | 4 | | | | | | | | | Stuart Noyce | (July) Due to carrying one vacancy in the team and the remaining team assisting with other critical services such as waste during covid enforcement has been minimal during the 1st quarter and into the 2nd quarter (LD) |
| <u>% of Household Waste Reused, Recycled and Composted</u> | 54.14% (4/12) | 54.5% | 52.5% | 53.7% | 54.1% | 54.1% | | | | | | | | | Stuart Noyce | (July) The rate is very slightly below target. Most dry |

| Corporate Plan PI Report Environment | | | | | | | | | | | | | | | | |
|--|--------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|--|
| Priorities: Environment | | | | | | | | | | | | | | | | |
| Aims: Increase recycling and reduce the amount of waste | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| <u>(figures have to be verified by DCC)</u> | | | | | | | | | | | | | | | | recycling materials have increased during the first quarter due to the 'stay at home' guidance; an increase in GW customers has been seen. However there has also been an increase in residual waste so recycling rates are similar to the same period last year. (LD) |
| <u>Number of Households on Chargeable Garden Waste</u> | 10,195 (4/12) | | 10,007 | 10,837 | 10,928 | 11,088 | | | | | | | | | Stuart Noyce | (July) An increase of 893 customers compared to July 2019 (LD) |
| <u>% of missed collections reported (refuse and organic waste)</u> | 0.01% (4/12) | 0.03% | 0.01% | 0.02% | 0.02% | 0.01% | | | | | | | | | Stuart Noyce | (July) Remaining within target (LD) |
| <u>% of Missed Collections logged (recycling)</u> | 0.02% (4/12) | 0.03% | 0.03% | 0.03% | 0.03% | 0.03% | | | | | | | | | Stuart Noyce | (July) Remaining on target for the year (LD) |

Corporate Plan PI Report Homes

Monthly report for 2020-2021
 Arranged by Aims
 Filtered by Aim: Priorities Homes
 For MDDC - Services

Key to Performance Status:

| | | | | | | |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|
| Performance Indicators: | No Data | Well below target | Below target | On target | Above target | Well above target |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|

* Indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Homes

Priorities: Homes

Aims: Deliver Housing

| Title | Prev Year (Period) | Prev Year End | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
|---|--------------------|---------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------------|---------------|
| <u>Net additional homes provided</u> | n/a | n/a | 393 | n/a | Jenny Clifford, Tristan Peak | |
| <u>Number of affordable homes delivered (gross)</u> | | 85 | 124 | n/a | Angela Haigh | |
| <u>Build Council Houses</u> | 0 (3/12) | 26 | | n/a | n/a | 0 | n/a | n/a | | n/a | n/a | | n/a | n/a | | Angela Haigh | |

Aims: Private Sector Housing

| Title | Prev Year (Period) | Prev Year End | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
|--|--------------------|---------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|---------------|
| <u>Deliver homes by bringing Empty Houses into use</u> | 55 (4/12) | 138 | 72 | 1 | 9 | 26 | 31 | | | | | | | | | Simon Newcombe | |

Aims: Council Housing

| Title | Prev Year (Period) | Prev Year End | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
|---|--------------------|---------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|---------------|
| <u>% Properties With a Valid Gas Safety Certificate</u> | 99.91% (4/12) | 99.82% | 100.0% | 99.6% | 99.4% | 98.9% | 98.9% | | | | | | | | | Angela Haigh | |
| <u>% Complaints Responded to On Time</u> | 100.0% (4/12) | 100.0% | 99.0% | 100.0% | 0.0% | 100.0% | 100.0% | | | | | | | | | Angela Haigh | |
| <u>% Emergency Repairs Completed on Time</u> | 100.0% (4/12) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | | | | | | | | | Angela Haigh | |
| <u>% Urgent Repairs Completed on Time</u> | 100.0% (4/12) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | | | | | | | | | Angela Haigh | |
| <u>% Routine Repairs Completed on Time</u> | 100.0% (4/12) | 99.3% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | | | | | | | | | Angela Haigh | |
| <u>% Repair</u> | 100.0% (4/12) | 98.9% | 100.0% | 100.0% | 100.0% | 99.8% | 100.0% | | | | | | | | | Angela | |

| Corporate Plan PI Report Homes | | | | | | | | | | | | | | | | | |
|---|--------------------|---------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------|---------------|
| Priorities: Homes | | | | | | | | | | | | | | | | | |
| Aims: Council Housing | | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Prev Year End | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| <u>Jobs Where an Appointment Was Kept</u> | | | | | | | | | | | | | | | | Haigh | |

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Corporate Plan PI Report Economy

Monthly report for 2020-2021
 Arranged by Aims
 Filtered by Aim: Priorities Economy
 For MDDC - Services

Key to Performance Status:

Performance Indicators:

| | | | | | |
|---------|-------------------|--------------|-----------|--------------|-------------------|
| No Data | Well below target | Below target | On target | Above target | Well above target |
|---------|-------------------|--------------|-----------|--------------|-------------------|

* indicates that an entity is linked to the Aim by its parent Service

| Corporate Plan PI Report Economy | | | | | | | | | | | | | | | | |
|---|--------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|---|
| Priorities: Economy | | | | | | | | | | | | | | | | |
| Aims: Improve and regenerate our town centres | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| <u>Tiverton Town Centre Masterplan</u> | n/a | | n/a | | Jenny Clifford, Tristan Peak, Adrian Welsh | |
| <u>Cullompton Town Centre Masterplan</u> | n/a | | n/a | | Jenny Clifford, Tristan Peak, Adrian Welsh | |
| <u>West Exe North and South</u> | n/a | | n/a | n/a | 12 | n/a | n/a | | n/a | n/a | | n/a | n/a | | Andrew Busby | (Quarter 1) 92% 1 vacant unit (CY) |
| <u>Fore St Tiverton</u> | n/a | | n/a | n/a | 2 | n/a | n/a | | n/a | n/a | | n/a | n/a | | Andrew Busby | (Quarter 1) 67% 1 unit vacant (CY) |
| <u>Market Walk Tiverton</u> | n/a | | n/a | n/a | 13 | n/a | n/a | | n/a | n/a | | n/a | n/a | | Andrew Busby | (Quarter 1) 87% 2 vacant, 1 under offer (CY) |
| <u>Tiverton Other</u> | n/a | | n/a | n/a | 8 | n/a | n/a | | n/a | n/a | | n/a | n/a | | Andrew Busby | (Quarter 1) 100% (CY) |
| <u>The Number of Empty Shops (TIVERTON)</u> | (1/4) | 18 | n/a | n/a | | Adrian Welsh | (Quarter 1) Count not done in |

| Corporate Plan PI Report Economy | | | | | | | | | | | | | | | | |
|--|---------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------|-------------------------|
| Priorities: Economy | | | | | | | | | | | | | | | | |
| Aims: Improve and regenerate our town centres | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| | | | | | | | | | | | | | | | | Q1 due to covid 19 (CY) |
| <u>The Number of Empty Shops (CREDITON)</u> | (1/4) | 8 | n/a | n/a | | Adrian Welsh | |
| <u>The Number of Empty Shops (CULLOMPTON)</u> | (1/4) | 8 | n/a | n/a | | Adrian Welsh | |

Corporate Plan PI Report Community

Monthly report for 2020-2021

Arranged by Aims

Filtered by Aim: Priorities Community

Filtered by Flag: Exclude: Corporate Plan Aims 2016 to 2020

For MDDC - Services

Key to Performance Status:

| | | | | | | |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|
| Performance Indicators: | No Data | Well below target | Below target | On target | Above target | Well above target |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|

* indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Community

No Data Returned

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2020 18:06

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Corporate Plan PI Report Corporate

Monthly report for 2020-2021
 Arranged by Aims
 Filtered by Aim: Priorities Delivering a Well-Managed Council
 For MDDC - Services

Key to Performance Status:

| | | | | | | |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|
| Performance Indicators: | No Data | Well below target | Below target | On target | Above target | Well above target |
|-------------------------|---------|-------------------|--------------|-----------|--------------|-------------------|

* Indicates that an entity is linked to the Aim by its parent Service

| Corporate Plan PI Report Corporate | | | | | | | | | | | | | | | | | |
|--|--------------------|---------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|--|
| Priorities: Delivering a Well-Managed Council | | | | | | | | | | | | | | | | | |
| Aims: Other | | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Prev Year End | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| <u>% of complaints resolved w/in timescales (10 days - 12 weeks)</u> | 95% (4/12) | 94% | 90% | 100% | 100% | 89% | 77% | | | | | | | | | Lisa Lewis | (July) 9 completed at first check - check again at 8 weeks (RT) |
| <u>Number of Complaints</u> | 34 (4/12) | 26 | | 5 | 11 | 15 | 16 | | | | | | | | | Lisa Lewis | (July) figure amended from 23 to 19 as 4 are either SRs or not MDDC (RT) |
| <u>New Performance Planning Guarantee determine within 26 weeks</u> | 99% (1/4) | 100% | 100% | n/a | n/a | 100% | n/a | Jenny Clifford, Eileen Paterson, Tristan Peak | (Quarter 1) COVID-19 (RP) |
| <u>Major applications overturned at appeal (over last 2 years)</u> | 0% (1/4) | 2% | 10% | n/a | n/a | 4% | n/a | Jenny Clifford, Eileen Paterson, Tristan Peak | |
| <u>Major applications overturned at appeal % of appeals</u> | 0.00% (1/4) | 10.00% | | n/a | n/a | 100% | n/a | Jenny Clifford, Tristan Peak | |
| <u>Minor applications overturned at appeal (over last 2 years)</u> | 0% (1/4) | 0% | 10% | n/a | n/a | 0% | n/a | Jenny Clifford, Eileen Paterson, Tristan Peak | |
| <u>Minor applications overturned at appeal % of appeals</u> | 0% (1/4) | 13% | | n/a | n/a | 0.25% | n/a | Jenny Clifford, Tristan Peak | |
| <u>Response to FOI Requests (within 20 working days)</u> | 100% (5/12) | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | | | | | | | Catherine Yandle | |
| <u>FOI/EIR Requests where the information was granted in full</u> | 37 (5/12) | 31 | | 15 | 24 | 35 | 26 | 24 | | | | | | | | Catherine Yandle | |
| <u>ICO Decision</u> | 3 (5/12) | 3 | | 0 | 0 | 0 | 0 | 0 | | | | | | | | Catherine | |

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| Corporate Plan PI Report Corporate | | | | | | | | | | | | | | | | | |
|--|--------------------|---------------|---------------|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------------|---------------|
| Priorities: Delivering a Well-Managed Council | | | | | | | | | | | | | | | | | |
| Aims: Other | | | | | | | | | | | | | | | | | |
| Performance Indicators | | | | | | | | | | | | | | | | | |
| Title | Prev Year (Period) | Prev Year End | Annual Target | Apr Act | May Act | Jun Act | Jul Act | Aug Act | Sep Act | Oct Act | Nov Act | Dec Act | Jan Act | Feb Act | Mar Act | Group Manager | Officer Notes |
| Notices | | | | | | | | | | | | | | | | Yandle | |
| Community Infrastructure Levy | n/a | n/a | | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | Jenny Clifford, Tristan Peak | |
| Working Days Lost Due to Sickness Absence | 1.55days (3/12) | 8.12days | 7.00days | n/a | n/a | 1.41days | n/a | n/a | | n/a | n/a | | n/a | n/a | | Matthew Page | |
| % total Council tax collected - monthly | 29.29% (3/12) | 98.50% | | 10.71% | 19.36% | 28.02% | | | | | | | | | | Dean Emery | |
| % total NNDR collected - monthly | 33.07% (3/12) | 99.20% | | 10.09% | 16.52% | 31.01% | | | | | | | | | | Dean Emery | |

Corporate Risk Management Report - Appendix 6

Report for 2020-2021

Filtered by Prefix: Exclude Risk Prefix: OP, PR, EV

Filtered by Flag: Include: * Corporate Risk Register

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records, Including Mitigating Action records

Key to Performance Status:

Mitigating Action:

| | | | | |
|-------------------------|------------------------|--------------------|--------------------------------|--------------------------|
| Milestone Missed | Behind schedule | In progress | Completed and evaluated | No Data available |
|-------------------------|------------------------|--------------------|--------------------------------|--------------------------|

Risks:

| | | | |
|--------------|-------------------|--------------------|-----------------|
| No Data (0+) | High (15+) | Medium (6+) | Low (1+) |
|--------------|-------------------|--------------------|-----------------|

Corporate Risk Management Report - Appendix 6

Risk: Affordable and Council Housing Demand Housing supply does not meet local demand or reflect demographic shifts like increased demand for single occupancy

Service: Housing Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------------|-----------------------------------|---|--------------------|-----------------|------------------|----------------------------------|
| Completed and evaluated | Detailed Analysis of Housing Need | Provision of 'heat map' to show where housing need is gathered by geographical area | Claire Fry | 28/05/2013 | 12/05/2020 | Fully effective (1) |
| In progress | Review of Housing Register | The register is regularly reviewed to minimise the incidence of fraud and to ensure that it represents a true picture of housing need. We also participate in the NFI waiting list matches. | Claire Fry | 31/12/2019 | 12/05/2020 | Positive(2) |

Current Status: No Data **Current Risk Severity: 4 - High** **Current Risk Likelihood: 4 - High**

Service Manager: Claire Fry

Corporate Risk Management Report - Appendix 6

Risk: Climate Change Declaration The implications to the Council's strategic, budget and medium term financial plans are not yet fully explored and understood. This introduces an increased level of uncertainty. Impact of climate change on the financial viability of the Council.

Service: Governance

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|--|---|--------------------|--|------------------|----------------------------------|
| Completed and evaluated | Cabinet Member for Climate Change | Was appointed in January 2020 with specific responsibility for the climate change agenda. | Catherine Yandle | 17/02/2020 | 04/09/2020 | Fully effective (1) |
| In progress | Consideration by the Environment PDG | This PDG has been tasked with considering the Council's own policy response (s) to the Climate Change Declaration made at Full Council on 26 June 2019. | Catherine Yandle | 19/07/2019 | 04/09/2020 | Positive(2) |
| In progress | Devon Climate Emergency – Tactical Group | MDDC are part of the tactical group for the climate emergency that has strategic links to our own plans. | Catherine Yandle | 18/05/2020 | 04/09/2020 | Fully effective (1) |
| In progress | Net Zero Advisory Group | This was approved by Cabinet on 23 April terms of reference to be progressed for the group, membership confirmed and a date of the first meeting to be scheduled. | Catherine Yandle | 18/05/2020 | 04/09/2020 | Positive(2) |
| Current Status: High (20) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 4 - High | | |
| Service Manager: Catherine Yandle | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Commercial Land supply Insufficient diversity in commercial land provided to meet changing business needs

Service: Planning

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|--------------------------------------|--|--------------------|---|------------------|----------------------------------|
| In progress | Business and landowner engagement | Continued brokering of sites and identification of creative opportunities to meet business demands can be very effective in addressing this risk | Adrian Welsh | 10/06/2019 | 19/08/2020 | Positive(2) |
| Behind schedule | Incubator/Flexible workspace project | This project should help identify opportunities to help the delivery of new flexible workspace | Adrian Welsh | 10/06/2019 | 19/08/2020 | Poor - action required(3) |
| In progress | Plan for recovery | Develop a recovery plan/ strategy in conjunction with partners | Jenny Clifford | 12/05/2020 | 19/08/2020 | Positive(2) |
| Current Status: Medium (10) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 2 - Low | | |
| Service Manager: Jenny Clifford, Tristan Peak | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Coronavirus Pandemic There is now a significant risk to MDDC's ability to conduct business as usual

Service: Public Health

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|---|--|--------------------|--|------------------|----------------------------------|
| Completed and evaluated | Business Continuity Planning (BCP) | BCPs have been reviewed. Regular updates are being obtained from Public Health England and the Local Resilience Forum. Weekly meetings of managers and Leadership Team via Skype. | Catherine Yandle | 06/03/2020 | 06/07/2020 | Fully effective (1) |
| In progress | Financial and Economic effects monitoring | To ensure that local authorities including MDDC are reimbursed in full for the Covid 19 response by Central government. At present we have been given approx. 20% of the costs to date in extra funding. Announcement re additional funding of 75p in the £1 on 3 July is encouraging. | Catherine Yandle | 13/05/2020 | 06/07/2020 | Positive(2) |
| Current Status: High (15) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 3 - Medium | | |
| Service Manager: Simon Newcombe | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Culm Garden Village Possible discontinuance of Government funding support

Service: Planning

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|-----------------------------------|---|--------------------|-----------------|------------------|----------------------------------|
| No Data available | Further bids for capacity funding | To continue to secure external funding to support the project | Jenny Clifford | 29/03/2019 | 02/06/2020 | No Score(0) |

Current Status: No Data **Current Risk Severity: 4 - High** **Current Risk Likelihood: 4 - High**

Service Manager: Ian Chilver

Corporate Risk Management Report - Appendix 6

Risk: Cyber Security Inadequate Cyber Security could lead to breaches of confidential information, damaged or corrupted data and ultimately Denial of Service. If the Council fails to have an effective ICT security strategy in place.

Risk of monetary penalties and fines, and legal action by affected parties

Service: I C T

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|------------------------------------|--|--|--------------------|--|------------------|----------------------------------|
| Completed and evaluated | Email and Protective DNS | ICT have applied the all levels of the government secure email policy, which ensures secure email exchange with government agencies operating at OFFICIAL. PSN DNS has been configured at the Internet gateway, which ensures the validity of websites and blocks known sites. | Lisa Lewis | 06/06/2019 | 15/05/2020 | Fully effective (1) |
| Completed and evaluated | Information Security Policy in place, with update training | Information Security Policy reviewed. LMS (online policy system) included in induction. | Catherine Yandle | 22/10/2015 | 15/05/2020 | Fully effective (1) |
| In progress | Regular user awareness training | Staff and Member updates help to reduce the risk | Catherine Yandle | 03/01/2019 | 15/05/2020 | Positive(2) |
| Completed and evaluated | Technical controls in place | Required to maintain Public Sector Network certification | Lisa Lewis | 03/01/2019 | 15/05/2020 | Fully effective (1) |
| Current Status: No Data | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 4 - High | | |
| Service Manager: Lisa Lewis | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Economic Development Service The macro economic position might necessitate a reactive response, impacting on the Council's resourcing and reducing its ability to deploy resources as planned.

Service: Growth, Economy and Development

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--------------------------------------|--|---|--------------------|---|------------------|----------------------------------|
| Completed and evaluated | Distribution and processing of Gov business support funding. | To assist businesses through these difficult initial stages. | Adrian Welsh | 12/05/2020 | 19/08/2020 | Positive(2) |
| In progress | Hardship funding | To support individuals/households but also crucial for self employed and furloughed staff | Adrian Welsh | 12/05/2020 | 19/08/2020 | Positive(2) |
| In progress | Recovery plans | Work underway to develop recovery plans to assist positive impacts on local economy. | Adrian Welsh | 12/05/2020 | 19/08/2020 | Positive(2) |
| Current Status: High (25) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 5 - Very High | | |
| Service Manager: Adrian Welsh | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Economic Strategy Failure to deliver projects/outcomes in Economic Strategy

Service: Growth, Economy and Development

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|---|--|--------------------|-----------------|------------------|----------------------------------|
| In progress | Continue to seek out existing and new funding opportunities | To assist in ensuring adequate funding for delivery. | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | partnership working | Continue to work closely with delivery partners to gain advance warning of difficulties so as to seek to mitigate | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | Project Management | Continue rigorous project management, monitoring and reporting | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | Recovery Plans | Recovery Plans will be put in place to aid recovery. | Adrian Welsh | 12/05/2020 | 12/05/2020 | Positive (2) |
| In progress | Review and re-prioritisation | Part of review of projects for Year 2 actions. This will consider maximising investment and prioritising officer time. | Adrian Welsh | 31/01/2020 | 12/05/2020 | Positive(2) |

Current Status: High (20)

Current Risk Severity: 4 - High

Current Risk Likelihood: 5 - Very High

Service Manager: Jenny Clifford, Tristan Peak

Corporate Risk Management Report - Appendix 6

Risk: Funding Insufficient resources (including funding) to deliver growth aspirations of Corporate Plan.

Service: Growth, Economy and Development

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--------------------------------------|--|---|--|-----------------|--|----------------------------------|
| In progress | Lobbying | Officers will continue to review funding opportunities and seek opportunities to work closely with local partners and the HotSWLEP to seek additional funding support for key infrastructure. | Adrian Welsh | 12/05/2020 | 12/05/2020 | Positive (2) |
| In progress | Officers have reprioritised work programmes to explore new funding opportunities | End of European funding sources | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| Current Status: High (16) | | | | | | |
| Service Manager: Adrian Welsh | | | Current Risk Severity: 4 - High | | Current Risk Likelihood: 4 - High | |

Corporate Risk Management Report - Appendix 6

Risk: GDPR compliance That the Council cannot demonstrate that we are compliant with GDPR requirements.

Service: Governance

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|--------------------------------|---|--------------------|---|------------------|----------------------------------|
| In progress | IDOX Records Handling Plan | To utilize IDOX bulk data handling tool across the Council services using Uniform | Catherine Yandle | 01/03/2019 | 06/07/2020 | Positive(2) |
| In progress | Records Management Action Plan | To improve identified issues with records management | Catherine Yandle | 15/06/2018 | 06/07/2020 | Positive(2) |
| Current Status: Medium (10) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 2 - Low | | |
| Service Manager: Catherine Yandle | | | | | | |

Risk: Health and Safety Inadequate Health and Safety Policies or Risk Assessments and decision-making could lead to Mid Devon failing to mitigate serious health and safety issues

Service: Governance

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|-------------------|---|--------------------|---|------------------|----------------------------------|
| Completed and evaluated | Risk Assessments | Review risk assessments and procedures to ensure that we have robust arrangements in place. In progress ready for September reports. | Catherine Yandle | 28/05/2013 | 20/11/2019 | Fully effective (1) |
| In progress | Risk assessments | Group Managers contacted with request to update the outstanding risk reviews | Catherine Yandle | 20/09/2019 | 20/11/2019 | Positive(2) |
| Current Status: Medium (10) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 2 - Low | | |
| Service Manager: Catherine Yandle | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Homelessness Insufficient resources to support an increased homeless population could result in failure to meet statutory duty to provide advice and assistance to anyone who is homeless.

Service: Housing Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------------|-------------------|---|--------------------|-----------------|------------------|----------------------------------|
| Completed and evaluated | Computer System | New ICT system for recording homelessness data procured and fully functional including reporting facility. | Claire Fry | 05/09/2017 | 12/05/2020 | Fully effective (1) |
| Completed and evaluated | Staff Support | Officers are trained and knowledgeable and the structure of Housing Options team to be reviewed to build resilience. Homelessness strategy was reviewed Autumn 2019. | Claire Fry | 22/06/2017 | 12/05/2020 | Fully effective (1) |

Current Status: No Data **Current Risk Severity: 4 - High** **Current Risk Likelihood: 4 - High**
Service Manager: Claire Fry

Corporate Risk Management Report - Appendix 6

Risk: Information Security Inadequate data protection could lead to breaches of confidential information and ultimately enforcement action by the ICO.

Service: Governance

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|------------------------|--|--------------------|---|------------------|----------------------------------|
| In progress | Awareness and Training | Attend team meetings and other meetings such as Tenants Together to provide training and answer questions on request. Articles in the Link on an ad hoc basis. | Catherine Yandle | 09/08/2019 | 06/07/2020 | Positive(2) |
| In progress | Breach notification | Security breaches are logged via the helpdesk and monitored for developing trends. Training and advice is offered in response to items logged. | Catherine Yandle | 09/08/2019 | 06/07/2020 | Positive(2) |
| Current Status: Medium (10) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 2 - Low | | |
| Service Manager: Catherine Yandle | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Infrastructure delivery Inability to deliver, or delay in delivering, key transport infrastructure to unlock planned growth

Service: Growth, Economy and Development

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|--|--|--------------------|-----------------|------------------|----------------------------------|
| In progress | Partnership working | Close working with delivery partners to attempt to mitigate risks. | Adrian Welsh | 12/05/2020 | 12/05/2020 | Positive (2) |
| In progress | Partnership working with infrastructure providers and statutory bodies | Reduce risk of delays and communication. | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | target funding opportunities | To seek to bring forward delivery | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |

Current Status: High (16) Current Risk Severity: 4 - High Current Risk Likelihood: 4 - High

Service Manager: Jenny Clifford, Tristan Peak

Risk: Localism Act - Community Right to Buy / Challenge Transference of services to the community could enable the Council to identify cost savings

Service: Financial Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|--|------|--------------------|-----------------|------------------|----------------------------------|
| In progress | This is an opportunity - Communication with third parties needed | | Ian Chilver | 02/08/2019 | 06/09/2020 | Positive(2) |

Current Status: Medium (12) Current Risk Severity: 4 - High Current Risk Likelihood: 3 - Medium

Service Manager: Ian Chilver

Corporate Risk Management Report - Appendix 6

Risk: Overall Funding Availability Changes to Revenue Support Grant, Business Rates, New Homes Bonus and other funding streams in order to finance ongoing expenditure needs.

Service: Financial Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------------------------|-----------------------------------|---|--------------------|-----------------|--|----------------------------------|
| In progress | Engaging in commercial activities | | Ian Chilver | 28/09/2017 | 15/05/2020 | Positive(2) |
| In progress | Medium term planning | | Ian Chilver | 28/09/2017 | 15/05/2020 | Positive(2) |
| Current Status: No Data | | Current Risk Severity: 5 - Very High | | | Current Risk Likelihood: 3 - Medium | |
| Service Manager: Ian Chilver | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: Reduced Funding - Budget Cuts We are subject to continuing budget reductions. If we concentrate on short term cost savings, it may increase long term impact of decisions

Service: Financial Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|-----------------------|--|--------------------|-----------------|------------------|----------------------------------|
| In progress | Business Plans | Service Business Plans are reviewed each financial year with suggestions for revised performance targets based on budget to be agreed by Cabinet Member and PDG. | Andrew Jarrett | 28/05/2013 | 15/05/2020 | Positive(2) |
| In progress | Identify Efficiencies | Taking proactive steps to increase income and reduce expenditure through efficiencies, vacancies that arise and delivering services in a different way. | Andrew Jarrett | 28/05/2013 | 15/05/2020 | Positive(2) |
| In progress | Reserves | Cabinet have taken the decision to recommend a minimum general reserve balance of 25% of Net annual budget. | Andrew Jarrett | 28/05/2013 | 15/05/2020 | Positive(2) |
| In progress | Set Budget | Each year as part of the budget setting process, members are consulted via PDGs in time to evaluate savings proposals, ahead of the November draft budget. | Andrew Jarrett | 28/05/2013 | 15/05/2020 | Positive(2) |

Current Status: No Data **Current Risk Severity: 4 - High** **Current Risk Likelihood: 4 - High**

Service Manager: Ian Chilver

Corporate Risk Management Report - Appendix 6

Risk: Reputational damage - social media impact of reputational damage through social media is a significant risk that warrants inclusion on the Authority's risk register.

Service: Communications

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|------------------------------------|-------------------------|--|--------------------|---|------------------|----------------------------------|
| No Data available | Monitoring social media | Two members of the communications team monitor the main corporate social media accounts on a rota basis. Alerts are also set up so the team receives notification of comments and can respond as appropriate. This is monitored in office hours only and the team does not provide 24 hour monitoring or a call out function. The Comms Team also works with other local authorities and takes part in social media training with other local authorities as the opportunities arise budgets permitting. | Jane Lewis | 05/06/2019 | 18/05/2020 | No Score(0) |
| Current Status: Medium (10) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 2 - Low | | |
| Service Manager: Jane Lewis | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: S106 Agreement Inability of the legacy systems to provide a full overview of the 'trigger points' for all of the s106 agreements

Service: Planning

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|--|--------------------------|--|--------------------|---|------------------|----------------------------------|
| In progress | S106 improvement project | A S106 improvement project is taking place to build a new system that will be able to effectively manage the process and provide better visibility over the information on S106 agreements and monies held/spent/expected. | Jenny Clifford | 04/10/2019 | 19/08/2020 | Positive(2) |
| Current Status: Medium (10) | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 2 - Low | | |
| Service Manager: Jenny Clifford, Tristan Peak | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: SPV - 3 Rivers - Failure of the Company This will depend on Economic factors and the Company's success in the marketplace commercially.

For MDDC the impacts will be:

3 Rivers are unable to service and repay the loan from MDDC

Not receiving the forecast additional income

Not supporting corporate objectives.

Service: Financial Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------------------------|-----------------------------------|--|--------------------|--|------------------|----------------------------------|
| In progress | Quarterly Officer Programme Board | Will receive detailed project updates and will ensure performance correlates with existing metrics, budgets, timetable and considers any specific material project risks that have been identified. Anything materially o/s of project confines would then be reported to Cabinet | Andrew Jarrett | 13/06/2019 | 15/05/2020 | Positive(2) |
| In progress | Regular monitoring | The Board of 3 Rivers deliver a half yearly report to the Cabinet which provides an update on their delivery against their business plan. We charge interest to them at a commercial rate in order to maintain an "arms-length" relationship and the interest provides some mitigation to the outstanding principal. | Andrew Jarrett | 30/05/2019 | 15/05/2020 | Positive(2) |
| Current Status: No Data | | Current Risk Severity: 5 - Very High | | Current Risk Likelihood: 4 - High | | |
| Service Manager: Ian Chilver | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: SPV Disclosure requirements - 3 Rivers Failing to maintain the balance between commercial sensitivity and the transparency and openness requirements of a wholly owned entity.

Service: Financial Services

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------------------------|---|--|--------------------|--|------------------|----------------------------------|
| In progress | Employed services of Ichabod | We can refer technical matters regarding group accounts etc. to our retained technical advisor. This is a cost effective way of receiving technical updates. | Ian Chilver | 02/01/2018 | 15/05/2020 | Positive(2) |
| In progress | Liaison with External Auditors and 3 Rivers | We have regular discussions with our external auditors to ensure that we are providing the correct information for decision making purposes. We are mindful of the need to maintain commercial sensitivity but we are also aware that Members must be appraised to an appropriate level to be able to make informed decisions. | Ian Chilver | 06/01/2020 | 15/05/2020 | Positive(2) |
| Current Status: No Data | | Current Risk Severity: 4 - High | | Current Risk Likelihood: 3 - Medium | | |
| Service Manager: Ian Chilver | | | | | | |

Corporate Risk Management Report - Appendix 6

Risk: SPV Governance Arrangements - 3 Rivers Not being able to demonstrate robust challenge and decision-making.

Service: Governance

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|---------------------------|---|--------------------|-----------------|-------------------|-----------------------------------|
| Behind schedule | External Review | Several recommendations have been recommended. All have been approved between Cabinet, Audit and Scrutiny. Action Plan will be put in place after Cabinet 9 July meeting. | Catherine Yandle | 06/07/2020 | 06/07/2020 | Poor - action required (3) |
| In progress | Included on AGS | This issue has been included on the Annual Governance Statement Action Plan so we do not lose sight of the issue throughout the year. | Catherine Yandle | 15/07/2019 | 06/07/2020 | Positive(2) |
| In progress | Openness and Transparency | Regular reports to Cabinet in open session where possible. Need to balance commercial interests with Nolan principles. | Catherine Yandle | 20/05/2019 | 06/07/2020 | Positive(2) |

Current Status: High (20)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 4 - High

Service Manager: Catherine Yandle

Corporate Risk Management Report - Appendix 6

Risk: Tiverton Pannier Market Failure to maximise the economic potential of Tiverton Pannier Market

Service: Growth, Economy and Development

Mitigating Action records

| Mitigation Status | Mitigating Action | Info | Responsible Person | Date Identified | Last Review Date | Current Effectiveness of Actions |
|-------------------|---|---|--------------------|-----------------|------------------|----------------------------------|
| In progress | Continue to retain and prioritise market budget | To ensure most efficient use of resources | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | continue to work with traders on promotion | To increase footfall. | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | Implement and review market strategy | Implementation of strategy will increase market's financial success and help fulfill its function as a key driver for the town. | Adrian Welsh | 10/06/2019 | 12/05/2020 | Positive(2) |
| In progress | Masterplan Implementation | To realise benefits from the Masterplan to increase visibility of market and increase footfall. | Adrian Welsh | 10/06/2019 | 12/05/2020 | Poor - action required(3) |

Current Status: High (16) Current Risk Severity: 4 - High Current Risk Likelihood: 4 - High

Service Manager: Jenny Clifford, Tristan Peak

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SPAR.net

Print Date: 06 September 2020

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Risk Matrix

Report
 Filtered by Prefix: Exclude Risk Prefix: OP, EV
 For MDDC - Services
 Current settings

| | | | | | | |
|------------------------|----------------------|-----------------|-------------------|-----------------|----------------------|----------------|
| Risk Likelihood | 5 - Very High | No Risks | No Risks | No Risks | 1 Risk | 1 Risk |
| | 4 - High | No Risks | No Risks | No Risks | 5 Risks | 2 Risks |
| | 3 - Medium | 1 Risk | 1 Risk | 10 Risks | 4 Risks | 1 Risk |
| | 2 - Low | No Risks | 1 Risk | 13 Risks | 10 Risks | 6 Risks |
| | 1 - Very Low | 5 Risks | 1 Risk | 2 Risks | 2 Risks | 2 Risks |
| | 1 - Very Low | 2 - Low | 3 - Medium | 4 - High | 5 - Very High | |
| | Risk Severity | | | | | |

| | | |
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AUDIT COMMITTEE 22 SEPTEMBER 2020

PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN

Cabinet Member Cllr Bob Deed, Leader
Responsible Officer Catherine Yandle, Group Manager Performance, Governance and Data Security

Reason for Report: To provide the Committee with an update on progress made against the Annual Governance Statement 2019/20 Action Plan.

RECOMMENDATION(S): The Committee note the progress update

Relationship to the Corporate Plan: Having good governance arrangements and an effective internal control environment is a fundamental element of being a well-managed council.

Financial Implications: None arising from this report.

Budget and Policy Framework: None arising from this report.

Legal Implications: None arising from this report.

Risk Assessment: Failure to monitor progress against the Annual Governance Statement Action Plan could result in comment from the external auditors when they next review the Annual Governance Statement.

Equality Impact Assessment: No equality issues identified for this report.

Impact on Climate Change: No impacts identified for this report.

1.0 Introduction

- 1.1 The purpose of this report is to provide Members of the Committee with an update on the progress that has been made against the actions in the Annual Governance Statement Action Plan since the Audit Committee approved it on 11 August 2020.
- 1.2 The Action Plan is attached as Appendix A and progress updates have been noted on the document. There were 7 issues identified in the 2019/20 Annual Governance Statement which required remedial action.
- 1.3 Progress has been made on 2 of the issues and there is a separate action plan for the 3 Rivers governance actions.
- 1.4 Progress against the Action Plan is reported at each Audit Committee. There is a column for RAG status to make progress clearer.

Contact for more Information: Catherine Yandle Group Manager Performance,
Governance and Data Security ext 4975

Circulation of the Report: Leadership Team and Cabinet Member

List of Background Papers: None

Annual Governance Statement (2019/20)

| Annual Governance Statement 2019-20 Action Plan | | | | |
|--|---|--|--|--------|
| Issues Identified | Action to be taken | By whom and progress | When | Status |
| <p>1. The 2018/19 Internal Audit report for Development Control identified “Improvements Required” with regard to the inability of the legacy systems to provide a full overview of the ‘trigger points’ for all of the s106 agreements.</p> <p>A follow up review took place in 2019/20; the assurance opinion remains at “improvements required” where the risks around identification of S106, income management and utilisation of funds remain.</p> | <p>A project to address this is ongoing through use of specialised software, although populating the system is time consuming as many of the s106 agreements are complex.</p> | <p>The Head of Planning, Economy and Regeneration</p> <p>Proposed S106 governance arrangements have not yet been agreed by Members. A working group of PPAG has been set up to consider proposals in more detail.</p> <p>A paper on proposed governance arrangements has been prepared for Scrutiny and Cabinet.</p> | <p>Scrutiny 17 August</p> <p>Cabinet 3 September</p> | |
| <p>2. External legal and financial reviews have been undertaken on 3 Rivers at the request of the Leader. A number of recommendations have come from this work regarding improving governance arrangements. These were all approved by Cabinet at their meetings of</p> | <p>Progress will be monitored by Cabinet and in this action plan</p> | <p>Chief Executive</p> | <p>Not yet set</p> | |

Annual Governance Statement (2019/20)

| | | | | |
|--|---|--|-------------------------|--|
| <p>11 June and, after consultation with Scrutiny and Audit committees, 9 July. An action plan is in place to address the recommendations</p> | | | | |
| <p>3. Continue to strengthen the link between finance and performance during 2019/20, particularly in the light of budget cuts and cost savings requirements.</p> | <p>Financial information is now regularly included in performance and risk reports</p> <p>Further integration with financial monitoring reports</p> | <p>Deputy Chief Executive</p> | <p>31 December 2020</p> | |
| <p>4. The 2018/19 internal audit report on risk management opinion was “The quality of information about risks and the mitigating action of those risks required significant improvement to enable the risk register and risk management framework to be an effective tool to protect the Council’s activities”.</p> | <p>There has been good progress although further improvements needed. Audit Committees need to further challenge the adequacy of mitigating actions recorded and monitoring of progress</p> | <p>Director of Business Transformation and Corporate Affairs</p> | <p>31 December 2020</p> | |
| <p>5. An Internal Audit Report on 3 Rivers states “We consider that the current developing position of the Company and the level of risk and investment into this</p> | <p>We have reviewed the risks on the Corporate Risk Register to reflect the findings of the Internal and External audit reports. This will be regularly monitored and updated where</p> | <p>Deputy Chief Executive</p> | <p>Linked to No.2</p> | |

Annual Governance Statement (2019/20)

| | | | | |
|---|--|--|--|--|
| <p>new venture represents a significant risk to the Authority.”</p> | <p>appropriate.</p> | | | |
| <p>6. A draft Internal Audit report on counter fraud indicates “improvements required”. There are some key messages in that report about policy and strategy and the absence of monitoring and reporting of fraud in the Council.</p> | <p>Actions to be taken will be agreed when the audit report is finalised</p> | <p>Director of Business Transformation and Corporate Affairs</p> <p>Deadlines have now been agreed and the fraud and anti-corruption policy review brought forward to the November Audit Committee meeting.</p> | <p>31 March 2021</p> | |
| <p>7. The current economic situation is likely to continue to see a reduction in the number of staff employed by the Authority. We have identified that this presents a potential risk to our ability to retain the skills and experience needed. Measures are being implemented to combat this risk.</p> | <p>Skills Audit to be completed by collecting information as part of the appraisal process and utilisation of the LMS system to record qualifications and experience.</p> <p>The new “Evolve” project is wrapping up these themes.</p> | <p>Director of Business Transformation and Corporate Affairs</p> <p>The GM for HR has set out a series of practical steps to ensure “Evolve” is fully implemented. This includes the following:</p> <p>The implementation of a new Appraisal and Competency process followed by completion of the skills audit</p> | <p>30 September 2020</p> <p>31 December 2020</p> | |

Green is completed

Amber is in Progress

Red is not completed

White is not due for completion yet

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Internal Audit Update Note

Internal Audit Assurance Opinions - Standardisation across the public sector

September 2020

Official



Support, Assurance & Innovation

Devon Audit Partnership

Internal Audit

Update note on the standardisation of Assurance Opinions across the public sector as recommend by CIPFA, and adoption of this by DAP.

1 Introduction

- 1.1 The professional practice of internal audit within the public sector is governed by a set of overall standards, being the Public Sector Internal Audit Standards (PSIAS). Whilst these are now consistent across the public sector, there is no common practice regarding how best to report the overall results, i.e. the “engagement opinion”, of internal audit work at the end of each assignment.
- 1.2 The “Engagement Opinion” is:-
“The rating, conclusion and/or other description of results of an individual internal audit engagement, relating to those aspects within the objectives and scope of the engagement.”

2 Work of the CIPFA Special Interest Group (SIG)

- 2.1 The CIPFA Special Interest Group for Internal Audit have undertaken a review of assurance opinions used and identified a range of current reporting practices and opinions in use, but by far the most common practice was four levels of assurance opinion on the engagement.
- 2.3 There are a number of clear advantages to introducing common practice for reporting opinions on Internal Audit engagements. These include:
- a standard opinion and underlying definition would increase confidence that the engagement opinion issued is consistently applied;
 - In particular, it would aid those who sit on more than one public sector audit committee;
 - It would support the training of internal audit staff, helping to drive up the quality and consistency of audit opinions.
- 2.4 The principal arguments against adopting standard opinion levels are that this might constrain innovation in the profession, or it may not suit the particular needs of an organisation or its audit team.

3 DAP – Current Approach

3.1 DAP currently already use four assignment assurance opinions levels which are set out below:-

| | |
|------------------------------------|---|
| High Standard. | The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures. |
| Good Standard. | The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures. |
| Improvements required. | In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk. |
| Fundamental Weaknesses Identified. | The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority. |

3.2 In practice it is difficult to be able to provide a “High” standard assurance within the reduced internal audit budgets that we work with. The scope of our work is focussed on key risks, and so we are only able to give our opinion on those risk areas reviewed, not the whole system of control.

4 CIPFA Recommendations - Based on their analysis of existing practice, the CIPFA SIG have recommended that the following standard internal audit assurance opinions are provided for engagements, as follows:-

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

4.2 We considered that it would be appropriate to adopt the CIPFA recommended assurance opinions. However, it should be noted the use of the standardised definitions is ‘recommended’, not mandated.

4.3 DAP Management Board agreed to adopt the new assurance opinions for all internal audit completed from **2020/21** for all **our partners and clients**.

5 Annual Assurance Opinions

5.1 Further to the above, our annual audit report aims to provide a statement for senior management and the Audit Committee (or equivalent) on the overall organisational control environment. Again, there is no prescribed way in which Internal Audit should provide this; DAP currently use four categories for the annual opinion as set out below:-

| | |
|-----------------------|--|
| Full Assurance | Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed. |
| Significant Assurance | Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk. |
| Limited Assurance | Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed. |
| No Assurance | Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected. |

5.2 It would seem logical to closely mirror the individual assignment opinions when providing our annual, overall assurance opinion. Some small changes are required to make this work, but we suggest that the following four ratings should be used for our overall audit opinion provided during 2020/21.

| | |
|------------------------------|--|
| Substantial Assurance | A sound system of governance, risk management and control exists across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives. |
| Reasonable Assurance | 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. |
| Limited Assurance | Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved. |
| No Assurance | Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives. |

6 DAP Management Board – May 2020
It was agreed to adopt the new assurance opinions for all internal audit completed from 2020/21 for all **our partners and clients**.

Robert Hutchins
Head of Devon Audit Partnership
Sept 2020

Internal Audit

Audit Progress Report 2020-21

Mid Devon District Council
Audit Committee

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September 2020

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

Agenda Item 13.

Introduction

The Audit Committee, under its Terms of Reference contained in Mid Devon District Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2020-21 was presented and approved by the Audit Committee in June 2020. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2019/20 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Robert Hutchins
Head of Devon Audit Partnership

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Opinion Statement

Overall, based on work performed during 2020/21 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement will support Members in their consideration for signing the Annual Governance Statement.

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews, and an opinion on the adequacy of controls is provided to management as part of the audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified.

Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of a specific follow-up process.

Directors and Senior Management have been provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements at year end.

| | |
|------------------------------|--|
| Substantial Assurance | A sound system of governance, risk management and control exists across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives. |
| Reasonable Assurance | 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. |
| Limited Assurance | Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved. |
| No Assurance | Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives. |

Executive Summary of Audit Results

Core Audits of the Council's key financial controls remain constant and previous assurance work we have completed should hold true where systems continue to operate in the normal manner. We have completed reviews of both council tax and income collections systems and found that the control framework remains generally sound. We understand that other systems have not changed and therefore see little reason that assurance should be significantly adversely affected.

Recognising this the ongoing pandemic issue has had significant impact on the economy with knock-on to people and organisations ability to pay and there will be significant financial pressures on all councils to meet ongoing operation.

Significant funding has been made through the government and paid out through local authorities. We will programme some assurance work on compliance with requirements to support these arrangements.

Risk Based Audits have been undertaken in the first part of the year though capacity for this has been reduced during the current climate. Opinions for the current period are included in appendix 1 to this report.

Findings have generally found a good level of control and opportunity value for improvement in achievement of objectives.

Of particular note is the sickness absence monitoring process where there are ongoing changes being developed to improve the level of absence. We have found the current systems and processes to be generally sound though there is non-compliance in terms of evidence return to work meetings with employees. This is a known issue and is to be picked up with the new systems and procedures being developed.

We have reported, currently at draft stage, the area of partnership arrangements and 3rd party relationships. This is a topic that is receiving more interest across many organisations. The Councils current regulation on this is strong yet given the wide-ranging relationships our testing has been limited. We have identified the need for improvement in management control and plan to review this further during the current year.

Other Work

Tender documents have been verified as usual.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance;
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

We agreed with the Partnership Management Board that we would undertake assurance mapping for each partner. We have developed and implemented a review across each and will be sharing lessons from these reviews across all partners. These reviews will follow industry recognised processes including the 3 lines of defence model now known as the 3 Lines Model. This has already identified gaps in knowledge within the control framework and that of additional assurance available. When complete these reviews will strengthen the governance arrangements for each partner and improved assurance in line with Public Sector Internal Audit Standards.

We will bring a separate report to the audit committee when a wider base of assurance has been developed.

Audit Coverage and Performance Against Plan

Performance against plan shows work has yet to gain pace though we anticipate and plan to make more significant inroads in the second half year. In recognition of the pandemic and the consequential impact that has on service delivery the DAP Management Board agreed to the change in working practices (Assurance Mapping etc) and expected reduction in audit delivery across all partners. This will be undertaken in a balanced approach ensuring all partners receive fair coverage so that an assurance opinion can still be provided at year end. Changes to audit plans will be agreed with management and reported to audit committee appropriately.

Staffing - We have lost a key member of our audit team at the beginning of the year where they now work in MDDC Finance Team. Replacement has not been practical in the current climate, where instead, we have restructured and put together a Team of auditors, headed by a new audit manager, to deliver our district council partner needs including those of MDDC. This should strengthen the skill base and resilience going forwards.

Training – we continue to develop our staff and have engaged many across the partnership over the last few months on a range of areas including

enterprise risk management, business continuity, reputational risk management, counter fraud, report writing and leading internal audit etc.

Covid-19 response – we have, with the DAP Management Boards agreement, supported the response plans across partners. Some more directly than with others though, for example, our co-ordinating work with the Devon Food Cell supported the wider community across the whole of Devon.

Appendix 1 to this report provides a summary of the audits undertaken since our last progress report in June 2020, along with our assurance opinion. Where a "substantial assurance" or "reasonable assurance" of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of "limited assurance" has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

Key performance indicators on progress against audit recommendations reveals that the Council continues to make progress though there remain several recommendations outstanding from prior year audits. See appendix 2.

Fraud Prevention and Detection

There have been no reported issues in the year to date. We understand that review work has been undertaken on COVID-19 related measures e.g. small business rate relief and we have provided national guidance information to our partners to support arrangements. Management are aware that they can refer any suspected issues to our counter fraud team. We will liaise with management to undertake some sample testing of payments for compliance purposes.

Customer Satisfaction – satisfaction returns specific to MDDC have yet to be received this year though in general for DAP, survey returns score 98% satisfaction year to date.

Appendix 1 – Summary of audit reports and findings for 2020-21

Risk Assessment Key

Spar – Local Authority Risk Register score Impact x Likelihood = Total & Level
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Direction of Travel Assurance Key

Green – action plan agreed with client for delivery over an appropriate timescale;
 Amber – agreement of action plan delayed or we are aware progress is hindered;
 Red – action plan not agreed or we are aware progress on key risks is not being made.
 * report recently issued, assurance progress is of managers feedback at debrief meeting.

| Risk Area / Audit Entity | Audit Report | | | Direction of Travel Assurance |
|--|--|---|---|---|
| | Assurance opinion | Executive Summary / Residual Risk | Summary of Recommendations High / Med / Low | |
| Core - Key Financial Systems | | | | |
| Council Tax, NNDR Risk / ANA: ANA –High Spar 3x2=6 Medium | Substantial Assurance Status: Final | <p>The control framework for council tax and NDR remains sound and the operation of controls by staff on a day to day basis is considered to be effective. Customer accounts were found to be effectively managed and amendments are processed in good time. We found no material concerns from our review. One of the key compliance controls has not been operating during the year due to staff availability which reduces the internal control assurance, however, we understand that this will be resumed. At the time of the audit, staff were in the process of reviewing of the Small Business Rates Relief to ensure income maximisation from Non - Domestic Rates. This is the second year that this has been undertaken and it will provide some additional assurance to the emergency arrangements for business grant relief during the current pandemic.</p> <p>Work has been carried out to ensure accuracy of reconciliations between the cash receipting system and the Northgate system (Revenues and Benefits). These are now up to date and are carried out by Finance.</p> <p>There is an effective process in place to monitor arrears and progress with recovery. Detailed testing of this will be carried out in the 2020-21 audit plan.</p> | 0 2 0 |  |
| Income Collection Risk / ANA: ANA - Medium Spar | Reasonable Assurance Status: Draft | <p>The control framework for income and debt collection is generally sound and testing found that invoices are raised and collected in an appropriate manner. Reconciliations have improved and are timely which should provide second line control to ensure prompt and accurate posting to the accounts.</p> <p>Recommendations made in the previous report have not all been progressed and those regarding user access and data retention remain outstanding (a new member of staff has now been tasked with this). It is recognised that there are systems limitations for managing record retention, however, there is increased risk of non-compliance with data protection where information is retained unnecessarily.</p> | 0 8 2 |  |

| Risk Area / Audit Entity | Audit Report | | | | | |
|---|---|--|--|-----|---|---|
| | Assurance opinion | Executive Summary / Residual Risk | Summary of Recommendations High / Med / Low | | | Direction of Travel Assurance |
| Creditors System Risk / ANA: ANA –Medium Spar 4x2=8 Low | Status: in progress | We are currently reviewing the creditors system. This years focus is on compliance taking into consideration the changes in staffing. There are no material issues coming from this review to date. | | n/a | |  |
| Risk Based Reviews | | | | | | |
| Members Allowances Risk / ANA: ANA – Low, Client request Spar n/a Page 100 | Reasonable Assurance Status: Final | <p>The area of Members' Allowances is of good standard overall; some minor improvements would achieve a level of high standard.</p> <p>Control around policy and procedure provides substantial assurance. The Council has an independent remuneration panel who reviews the Scheme each year; they produce a report which outlines any recommendations they have made. Their report is presented to Council where Members elect whether to adopt the recommendations.</p> <p>Members may be appointed special responsibilities which are remunerated additionally to the standard allowance. These allowances are effectively paid like a salary and so the key control required is at the establishment of the allowance. We identified that one members allowance, previously paid was not stopped after the election and was paid for the following year. We have previously reported that control check is needed to ensure that these key changes are checked, by Member Services, following input and subject to in-year monitoring control. The absence of these controls has resulted in this overpayment, £3400, not being detected (currently being recovered).</p> <p>Members use the on-line system MyView to process their expenses and subsistence claims. We consider that the control framework provides substantial assurance of control with regard to the raising, authorisation and payment of expenses and subsistence claims.</p> | 0 | 2 | 3 |  |
| Sickness Absence Risk / ANA: ANA – Med Spar n/a | Reasonable Assurance Status: Final | <p>It is considered that there is good control environment with regard to the management of sickness absences. There is a recently updated sickness absence management policy in place which provides guidance for managers and employees on the protocol they need to follow at times of sickness.</p> <p>The HR system provides meaningful reports which allows the HR Business Partners to notify Managers when the pre-determined sickness absence trigger has been reached in any 12 month period. It appears that managers are pro-active in</p> | 1 | 4 | 2 |  |

| Risk Area / Audit Entity | Audit Report | | | | | |
|---|---|--|--|---|---|-------------------------------|
| | Assurance opinion | Executive Summary / Residual Risk | Summary of Recommendations High / Med / Low | | | Direction of Travel Assurance |
| | | <p>following HR guidance and carry out the appropriate course of action. However, assurance is reduced where completeness for return to work forms was not well evidenced.</p> <p>Managers are required to complete both an on-line form and a manual form which evidence different parts of the process. Services that do not use the time recording system have no incentive to ensure that the on-line forms are completed. A 'return to work interview' (manual form) was only found for four out of the 27 occasions of absence. It is, therefore, difficult to determine whether managers are having discussions with employees upon their return from sickness absence. Discussions can be valuable in ascertaining the wellbeing of the individual and whether the absence is work related. A further area for improvement is the identification and monitoring of unpaid absences.</p> | | | | |
| Counter Fraud Risk / ANA: ANA – Low Spar 4x2=8 Low Page 101 | Opportunity Status: Final | <p>There are recognised policies and procedures within the Council for the management of fraud. Our review confirmed that management are clear on their understanding of the requirements and expected action. There are few recognised incidents of fraud and whilst this can be taken as a level of comfort, all agreed that there is opportunity to improve identification, reporting, prevention and management of potential fraud to improve the assurance that can be taken from the current level of general awareness. This should also lead to an improved consciousness of dealing with any potential incidents that may arise. The Council's Audit Committee are keen to engage further support from our counter fraud services.</p> | 0 | 0 | 9 | |
| Partnership Management Risk / ANA: ANA – Medium Spar – 4x2=8 Low/amber | Limited Assurance Status: Draft | <p>The main consideration relates to the definition of 'what is a partnership' and recognition of 3rd Party Relationships. The Council's financial regulations set clear understanding of how formal partnerships are to be agreed and this is recognised in the strategic risk register. There are only two formal partnerships which are governed by proper legal agreements.</p> <p>There are, however, a large number of informal partnerships many of which the Council is dependent on for achievement of corporate objectives and or where, for example information governance, where risks are not clearly recognised or defined. We have not seen a strategy on how the corporate objectives are to be met through partnerships and feel that there could be value in strengthening governance through implementation of a strategy. Our key area of concern is that of management control of partnerships where there is no control record of partnerships / 3rd Party</p> | 1 | 5 | 0 | * |

| Risk Area / Audit Entity | Audit Report | | | | | |
|---|--------------------------------|---|--|-----|--|---|
| | Assurance opinion | Executive Summary / Residual Risk | Summary of Recommendations High / Med / Low | | | Direction of Travel Assurance |
| | | arrangements and though there were agreements found in sample review, these were not consistent in content nor signed copies available in several cases. Wider review and control is required to provide greater assurance on governance arrangements particularly where they may support wider corporate objectives. | | | | |
| Assurance Mapping Risk / ANA: ANA – Low - new system | Opportunity Status: ongoing | We are making progress in our creation of an assurance map to support wider governance assurance and to enable focused review with reduced capacity since COVID-19 restrictions. There is still significant work to do on this, however, there are emerging themes where there are gaps in previously identified control framework knowledge or assurance. We will pick up on these areas in the coming months. Key themes emerging <ul style="list-style-type: none"> - 1st line control - 3rd party risk, business continuity and management control reporting and links to business plans - 3rd line control – independent assurance other than internal audit Audit reviews will assimilate these areas into the work programme and focused sample testing will be completed to support the wider assurance opinion. | | n/a | |  |
| Coming Audit Reviews | Status: Planning | Building Control – joint findings with NDDC Debt Recovery Procurement We are currently agreeing audit scopes for these reviews | | n/a | | |

The following audits have been completed and draft reports are being prepared for:

- ICT Core

No material concerns have been identified with these reviews. Opinions will be provided in the next progress report.

The remaining plan work is currently being scheduled for completion during the second half of the year though in agreement with client some will be deferred until into the 2021-22 plan year).

Appendix 2 – Performance Indicators

| Incomplete Audits | Year | Recommendations | | | | | | | | | Direction of Travel R,A,G | | | |
|------------------------------|------|-----------------|---|---|--------|-----|----|-----|---|-----|------------------------------|-------|----|----|
| | | High | | | Medium | | | Low | | | | Total | | |
| | | C | N | O | C | N | O | C | N | O | | C | N | O |
| Development Management S106 | 2017 | | | 2 | | | 3 | | | | 0 | 0 | 5 | R→ |
| Equality impact assessment | 2018 | 1 | | | 3 | | | | | 1 | 4 | 0 | 1 | R→ |
| Procurement | 2018 | | | 1 | 4 | | 2 | | | | 4 | 0 | 3 | R→ |
| Payroll | 2017 | 3 | | | 6 | | 1 | | | | 9 | 0 | 1 | R→ |
| Building Control Partnership | 2018 | | | 1 | | | | | | | 0 | 0 | 1 | R→ |
| Insurance | 2017 | | | | 3 | | | | | 1 | 3 | 0 | 1 | R→ |
| Creditors | 2019 | 1 | | | 1 | | | | | 1 1 | 2 | 1 | 1 | → |
| Creditors | 2018 | | | | 3 | 1 | | 1 | 2 | | 4 | 3 | 0 | → |
| Job Evaluation | 2019 | | | | | | 5 | | | 3 | 0 | 0 | 8 | → |
| Housing Health & Safety | 2019 | 1 | | | 8 | 7 | | 1 | 1 | | 10 | 0 | 8 | → |
| Private Sector Housing | 2019 | | | | 2 | 3 | | 3 | | | 5 | 0 | 3 | → |
| Debtors | 2019 | | | | 1 | 2 | | 1 | 2 | | 2 | 0 | 4 | → |
| Vehicles & Fuel | 2015 | 5 | | | 6 | 1 | | | | | 11 | 0 | 1 | → |
| Sickness and Absence | 2020 | | 1 | | | 2 2 | | 1 1 | | | 0 | 4 | 3 | ↑ |
| Housing Benefits | 2018 | | | | 1 | 1 | | 1 | | | 2 | 1 | 0 | ↑ |
| Ctax and NNDR and recovery | 2018 | 1 | | | 2 | 1 | | 3 | | | 6 | 0 | 1 | ↑ |
| Business Continuity Planning | 2018 | | | | | 2 | | | | | 0 | 0 | 2 | ↑ |
| Members Allowances | 2020 | | | | | 2 | | | 4 | | 0 | 0 | 6 | ↑ |
| Safeguarding | 2019 | 2 | | | 3 | 1 | | | | | 5 | 0 | 1 | ↑ |
| Vehicles & Fuel | 2019 | | 1 | | 1 | | | | | | 1 | 1 | 0 | ↑ |
| Housing Benefits | 2019 | | | | 2 | 1 | | | | | 2 | 1 | 0 | ↑ |
| ICT Service Transition | 2019 | 3 | 1 | | 3 | 5 | | | | | 6 | 6 | 0 | ↑ |
| Asset Management | 2019 | | | | | 2 0 | | 2 | | | 0 | 4 | 0 | ↑ |
| | | 17 | 3 | 4 | 49 | 12 | 32 | 10 | 6 | 14 | 76 | 21 | 50 | |

Comments

Progress being monitored by LT. S106 Governance arrangements approved by Cabinet. ICT are developed an in-house software solution currently doing data migration stage. CIL action plan delayed due to Inspector review of Local Plan. Currently running two systems July 2020.

Use of equality impact assessments for all restructuring processes.

Corporate Procurement Strategy outstanding - deadline extended. Monitoring Waivers over £10k to Audit Committee.

Call logged with Zellis, awaiting information on how to set up auditing using the auditing report

Management meetings between MDDC and NDDC to be established

Insurance checks for external contractors. 75% contracts are souced through Framework agreements or SLoAC; compliance insurance is monitored through these agreements.

Reconciliation review being reallocated due to sickness absence.

On-line pro-forma has not yet gone 'live'. End-user testing complete, ICT now to resource the change need - date extended.

Policies were approved at Cabinet May 2020 - report backlog and systems improvements still being worked through

New staff member in place revised date Sept 2020

Transport policy approved and implemented April - currently working through matters with staff groups - near complete.

Re-tendering of disaster recovery contract deferred pending review of local recovery solution July 2020

Outstanding S106 invoice escalated to now Legal for debt recovery

Links to third party assurance

3 safeguarding awareness training sessions have been carried out with operatives during May 2020. Now need to pick up on those who were unavailable at the time.

dates extended

| |
|----------|
| CORE |
| 8 SYSTEM |

C = Completed 52%

N= Not yet due 14%

O= Overdue 34%

Not progressing 

Progressing some overdue 

On Target 

* report just issued

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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon & Torridge councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.

Audit Progress Report and Sector Update

Mid Devon District Council
Year ending 31 March 2020

18 September 2020

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Agenda Item 14.

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Introduction



Julie Masci

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



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Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at September 2020

Financial Statements Audit

We undertook our initial planning for the 2019/20 audit in December 2019, and interim audit in January to March 2020. We began our work on your draft financial statements in June 2020.

In January 2020 we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

Our audit work was completed remotely during June to August with our Audit Findings being reported to the 11 August Audit Committee. At the time of writing this report the following items remain outstanding:

- receipt of responses to our pensions queries from the actuary and receipt of assurance from the pension fund auditor;
- receipt of outstanding responses from the valuer to enable completion of our testing on property plant and equipment,.
- receipt of 9 investment letters totalling £14m (we are actively chasing these amounts and will consider alternative procedures if required);
- receipt of management representation letter;
- clearance of final quality review queries; and
- review of the final set of financial statements, when all our work is complete, and update of our subsequent events review.

Covid-19

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 28 January 2020, the Covid-19 pandemic led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response. On 16 April we issued an addendum to our audit plan, setting out a new significant financial statement risk in relation to Covid-19.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach were included in our Audit Plan.

Based on the work we performed to address the significant risks, we set out in our Audit Findings Report that 'we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources, except for the matter we identified in respect of Group Governance. We therefore propose to give a qualified 'except for' conclusion. This remains our proposed conclusion.

The NAO consultation on a new Code of Audit Practice (the "Code") has finished, and the new Code has completed its approval process in Parliament. It therefore came into force on 1 April 2020 for audit years 2020/21 and onwards. The new Code supersedes the Code of Audit Practice 2015, which was published by the National Audit Office (NAO) in April 2015.

The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations. The NAO public consultation is now underway and runs until 2 September 2020. It can be accessed through the NAO website:

<https://www.nao.org.uk/code-audit-practice/agn-03-vfm-consultation/>

Progress at September 2020 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2019/20 claim has already commenced and the initial testing is complete. Additional work is now being undertaken, in line with guidance, to address the issues identified in our initial testing. We plan to be able to complete our work by the revised deadline of 31 January 2021. We will report our findings to the Audit Committee following the completion of the work.

We also certify the Council's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). We have yet to receive from MHCLG guidance for the certification work for the 2019/20 return.

Meetings

We meet with Finance Officers as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and completion of the audit. We also met with your Chief Executive in April to discuss the Council's strategic priorities and plans and the impact of Covid-19.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee.

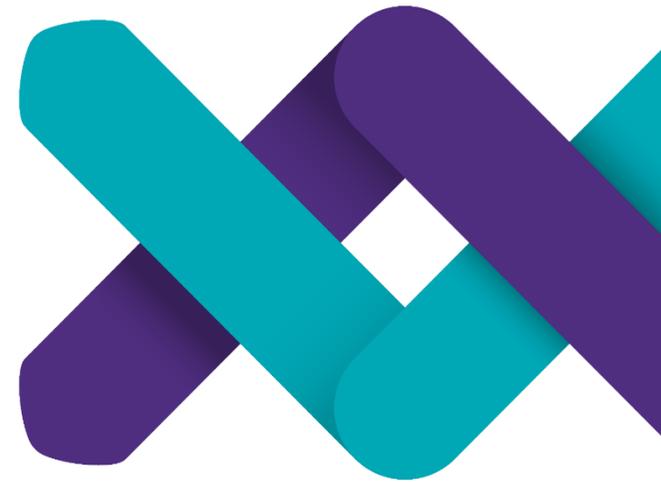
As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

| 2019/20 Deliverables | Planned Date | Status |
|---|--------------|--|
| <p>Fee Letter</p> <p>Confirming audit fee for 2019/20. We have appended the updated fee letter seeking additional fees as a result of the increased regulatory focus facing all audit suppliers.</p> | April 2019 | Complete |
| <p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements. This includes the findings of our value for money initial risk assessment.</p> | January 2020 | Complete |
| <p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit in our Audit Progress Report.</p> | March 2020 | Verbal update given at March committee |
| <p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the July Audit Committee.</p> | July 2020 | Presented at August committee in line with revised reporting timescales |
| <p>Auditors Report</p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p> | July 2020 | We are currently completing our audit procedures and plan to issue our audit report in September 2020. |
| <p>Annual Audit Letter</p> <p>This letter communicates the key issues arising from our work.</p> | August 2020 | The Annual Audit Letter will be issued on completion of our audit work. |

Covid 19 Sector update

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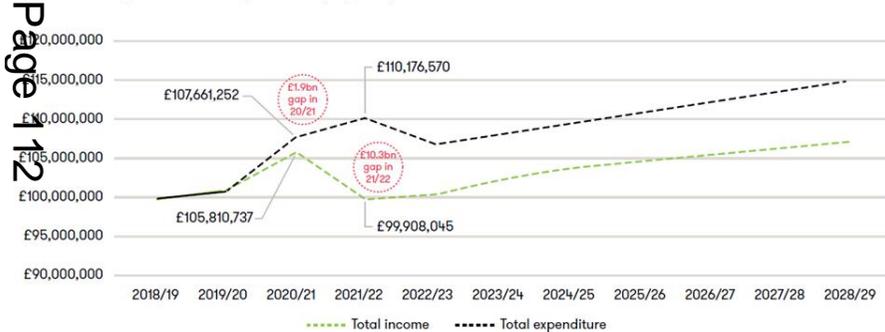
Covid-19 update

Where are we now?

Over five months into lockdown and councils have moved from the initial emergency response phase to focus on recovery planning which is running in parallel with on-going responses to the pandemic, such as supporting vulnerable people, and managing the capacity challenges of delivering business as usual alongside covid-19 response.

The Government has confirmed three tranches of funding to support the impact of increase spend and reduced income directly attributed to Covid-19, and are in the process of confirming further support via the income compensation scheme.

Local Authority Income and Expenditure (England) 2018/19 to 2028/29



Source: Grant Thornton/CIPFA Financial Foresight

Foresight forecast indicates that English local authorities have a funding gap of £1.9bn this financial year, rising to over £10bn in 2021/22. There is significant uncertainty as to whether the Government will provide further Covid-19 related funding, and what the medium-term funding for the sector will be following the Autumn's Comprehensive Spending Review. Our modelling currently assumes that government funding will remain broadly unchanged, with income being affected by ongoing reduction to Council Tax and Business Rates, both in terms of a reduction to these tax bases, alongside reduced payments as a consequence of the recession brought about by the pandemic.

The uncertainty also impacts on future spending pressures and sales fees and charges income. For example, leisure centres and swimming pools can now be opened, but must follow Government guidelines on issues such as social distancing. Not all leisure services have been able to reopen, and those that have are not able to generate levels of income originally forecast pre-covid. Social care faces uncertainty in relation to future demand, for example most councils responsible for children's services are forecasting an increase in case load when children return to schools in September. For adults, where in some cases demand has fallen during the pandemic, there is uncertainty over future levels of demand. There is also concern over provider failure in relation to social care and other services such as leisure and transport, with many councils providing financial support and loans to some providers, which will not be sustainable in the medium term.

As place leaders, councils are managing the conflict between revitalizing footfall in high streets and keeping people safe, with some leading by example and encouraging council officers to spend some of the week in council offices. Use of public transport as a key mode of travel to get to work remains a particular challenge.

Lessons learned

All organisations, including councils, have been reflecting on the lessons learned from the pandemic, and are seeking to maintain the positive experiences as well as learn from the challenges, as part of recovery planning. There is a recognition that technology has enabled many people to successfully work remotely, and that this will have a fundamental impact on working patterns well after Covid-19 has passed. Councils are reviewing their property portfolios to understand the changes required in terms of future usage patterns, including how councils interact with their communities, whether parts of the municipal estate should be disposed, and whether alternate use of space can support income generation.

There will be demographic variations between places, meaning there is no "one size fits all" to economic recovery. For example, home to work geographies will vary, with some people who previously commuted into a council area for their work may now be considering office space closer to home, leading to a rise in demand for shared office space in some areas, that will in part counterbalance the fall in demand elsewhere.

Covid-19 update (cont'd)

Lessons Learned (Cont'd)

Many councils have recognized the improvement in community engagement and partnership working with the voluntary sector and other public sector organisations during the pandemic and are seeking to build on this, with a recognition that sharing responsibility for place-based recovery plans can help sustain the improvements gained. Although a shared view of place-based recovery takes an investment of time and resource that not all partner organisations are able to provide.

Wider learning relates to central vs local response to issues such as provision of PPE, housing the homeless and rough sleepers, and provision of food and equipment to the vulnerable. This is currently playing out on test and trace and how local lockdowns should be managed, with ongoing tension between national and local government.

Many councils understand the importance of data in supporting recovery planning decision making, to effectively understand where to prioritise resources and activity in the right way and at the right time to achieve the right outcomes.

The future?

Covid-19 has only increased volatility and uncertainty for local government, and when working with councils delivering Financial Foresight we have prioritized scenario planning to support strategic financial planning. Understanding best, worst and optimum case scenarios from the impact of the pandemic are critical in strategic discussion when setting next year's budget and updating the Medium-Term Financial Plan – impacts on the place and communities, as well as on the council services and the council as an organization. Some councils are more confident than others in being able to manage their financial position during 2020/21 but all are concerned about 2021/22 and beyond. And it is not just Covid-19 scenarios that need to be understood, but other global, national and local issues that will impact over the medium term, including the impact of a no deal Brexit trade deal, and new government policies such as those expected on devolution and health and social care integration.

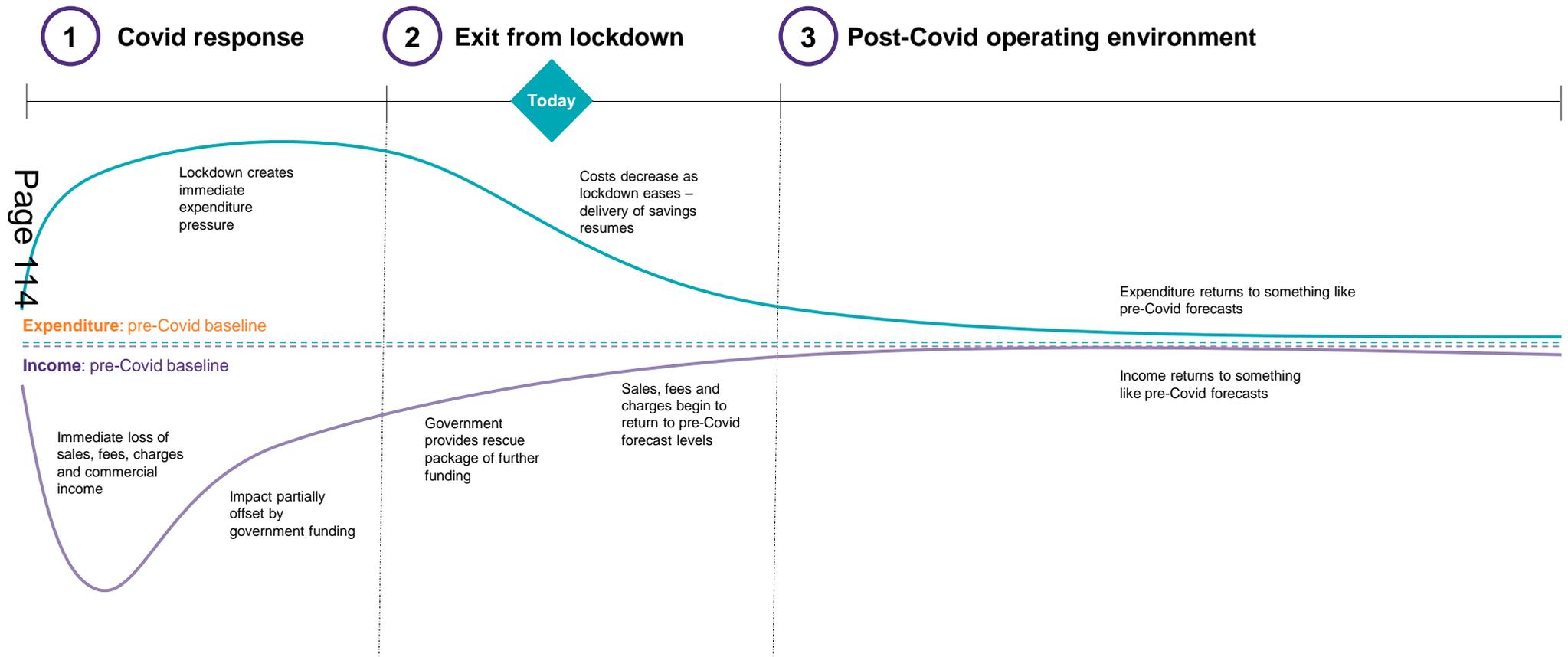
As already noted, places will vary depending on their socio-economic and demographic characteristics, but all councils are working through demand impacts arising from the ongoing pandemic and the associated recession, and ensuring their workforce continue to be supported to ensure they remain personally resilient.

Until a vaccine has been successfully produced and rolled out, the public health threat remains, and there are likely to be further local lockdowns, such as we have seen in Leicester and towns in the north west of England. There could be difficult trade offs for national and local politicians to consider to avert further waves of restrictions. For example to keep schools open after they return in September, will there be a need to increase restrictions elsewhere to ensure the cases of Covid-19 remain at a management level?

Local government has always demonstrated a remarkable resilience in managing significant challenges, including ten years of austerity, and being at the forefront of the pandemic response. And whilst much uncertainty remains, we are confident that councils will continue to demonstrate the capacity to lead places, deliver services

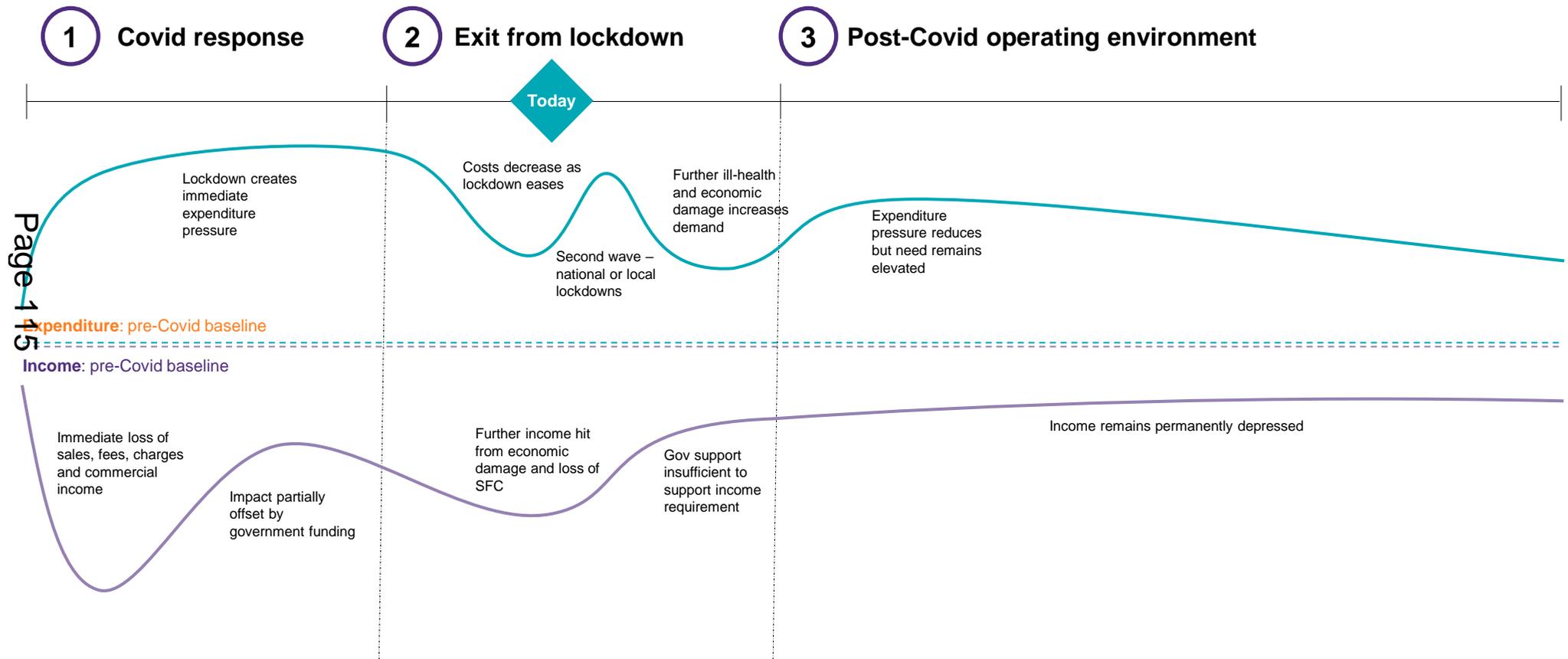
Example scenarios

Scenario 1 – swift return to normality



Example scenarios (Cont'd)

Scenario 2 – second wave and ongoing disruption



Scenarios and hypotheses

Local authority areas in 12-24 months?

| Theme | Reasonable worst case | Reasonable best case |
|-----------------------------------|--|---|
| People & community |  <ul style="list-style-type: none"> Multiple lockdowns and ongoing disruption Community dependency and expectation of sustained response Turbulence and activism within the VCS Socio-economic inequality is compounded Failure of leisure and cultural services | <ul style="list-style-type: none"> Smooth exit from lockdown to a “new normal” Community mobilisation is channelled into ongoing resilience Strengthened VCS relationships and focus Systemic response to inequality is accelerated Leisure and cultural services adapted to social distancing |
| Business & economy |  <ul style="list-style-type: none"> 16% reduction in GVA for 2020 based on OBR reference scenario Slow / uneven economic recovery and “long tail” on unemployment Central gov / BEIS focus investment on areas furthest behind Loss of tourist & student spend causes unmitigated damage 'V' shaped recovery results in 2-3 year recovery period | <ul style="list-style-type: none"> 5-10% reduction in GVA Rapid economic recovery with employment levels close behind Central government “back winners” with investment Adaptation allows resumption of tourist and student economy Business base is weighted towards growth sectors |
| Health & wellbeing |  <ul style="list-style-type: none"> Increased demand and escalating need due to fallout from lockdown Newly-vulnerable cohorts place strain on the system Unit costs increase further as markets deteriorate and providers fail SEND transport unable to adapt to social distancing Imposed disruption of care system | <ul style="list-style-type: none"> Positive lifestyle changes and attitudes to care reduce demand Needs of newly vulnerable cohorts met through new service models New investment in prevention and market-shaping manage costs New ways of working leading to stronger staff retention Locally-led reform of health and care system |
| Political & regulatory |  <ul style="list-style-type: none"> Local government side-lined by a centralised national recovery effort Unfunded burdens (e.g. enforcement and contact-tracing) Councils in the firing line for mismanaging recovery | <ul style="list-style-type: none"> Local government empowered as leaders of place-based recovery Devolution and empowerment of localities Councils at the forefront of civic and democratic renewal |
| Environment |  <ul style="list-style-type: none"> Opportunity missed to capture and sustain environmental benefits The end of the high street / town centres Emissions and air quality worsened by avoidance of public transport Capital programmes stuck | <ul style="list-style-type: none"> Ability to invest in transport modal shift and green infrastructure Changed working patterns rejuvenate town centres Sustained impact on emissions due to new behaviours New, shovel-ready infrastructure programmes |
| Organisational |  <ul style="list-style-type: none"> Inadequate funding forces fiscal constraint Working practices return to status quo – increased operating costs Imposed structural change within the place Austerity 2 Commercial portfolio becomes a liability | <ul style="list-style-type: none"> Adequate funding enables a programme of targeted investment Learning and adaptation to new operating environment Energised system-wide collaboration and reform Fiscal reform and civic renewal Commercial portfolio reshaped for economic and social gain |

What strategy is needed in response?

From response to recovery

Learn, adapt and prioritise

- Develop and test hypotheses around impact on place, services, operations, finances
- Design rapid interventions - implement, test and evaluate

Learning from the response to lock in the good stuff – reflection on operations, services and the system

Set priorities and principles – what is the Council's purpose in an uncertain context and where will it focus?

Mitigating the worst case

Consolidate and build resilience

- Ensure that emergency management and response structures are resilient for the long haul
- What is the minimum operating model to deliver this?
- Predict and model demand for social care and assess care market vulnerability
- Contingency plans for structural disruption
- Re-evaluate infrastructure pipeline

Steering towards the best case

Invest in renewal

- Programme of priority-based investment framed by recovery and renewal
- Focus on inequality, community resilience, targeted economic stimulus, skills and employment support and adapting public spaces
- Continued system leadership, pushing for positive reform and resilience

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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Our sector update provides you with an up to date summary of emerging operational issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

In-depth insight into the impact of Covid-19 on financial reporting in the local government sector – Grant Thornton

In June Grant Thornton published a report to help officers and elected members identify points they should consider when assessing and reporting the impact of Covid-19 on their authority. Each authority will be impacted in different ways and will need to make their own assessment of the impact on their financial statements. However, the report identified some of the key challenges for the sector, along with the potential financial reporting and regulatory impact, to support preparers of local authority accounts navigate through some of these key issues. The report also included a number of useful links to other resources.

The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities' finances. Increased demand for many local public services, directly related to the outbreak of the virus, has placed immediate pressure on authorities' cash flows and expenditure budgets. The longer-term consequences of recession and unemployment on demand for services have yet to be experienced.

At the same time, several important sources of local authority income including Council Tax, Non-domestic (business) rates, fees and charges, rents and investment returns have, to a greater or lesser extent, been subject to reduction or suspension. This perfect storm of conditions presents a real threat to the financial sustainability of the sector. Now, more than ever, strong political and executive leadership is needed to re-establish priorities, review strategies and medium-term financial plans and ensure that public funds are being used as efficiently and effectively as possible. A balance has to be struck between responding to the needs of residents and businesses in a timely manner, protecting the most vulnerable and ensuring appropriate measures and controls around financial management are in place to mitigate against future 'financial shock'. In doing so, iterative scenario planning will help officers and elected members to take informed decisions at key stages, revisiting and revising plans along the way.

The report considered:

- Operational challenges and the related financial reporting/regulatory impact
- Government support schemes – considering the accounting implications
- Significant financial reporting issues to consider
- Other sector issues and practicalities to consider
- Impact on audit work/external scrutiny process
- Engagement with experts

In terms of key financial reporting considerations for 2019/20, consideration should be given to:

Information published with accounts

- Does the Narrative Report reflect the urgency of the situation, the changes to Council services as a result of lockdown, the partnership arrangements in place, the impact of the pandemic on income and expenditure and possible future scenarios, the impact on savings programmes, the capital programme, treasury management, medium term financial plans and the Council's communications strategy (noting this is not an exhaustive list)?
- Does the Annual Governance Statement reflect significant developments between 31 March 2020 and the finalisation of the accounts? Does the AGS describe emergency governance arrangements for decision making, the postponement of elections, the transition to virtual meetings and plans for the return to normal democratic processes?

Non-current asset valuations

- There has been a significant increase in volatility and uncertainty in markets following the outbreak of Covid-19. RICS has issued a Valuation Practice Alert following the pandemic, and we are aware a significant number of valuers are including 'material valuation uncertainty' disclosures within their reports. Has the Council assessed the impact of such comments, reflected 'material valuation uncertainty' disclosures within the financial statements and taken account of the requirement of Code paragraph 3.4.2.90 to provide appropriate disclosure in their financial statements in relation to major sources of estimation uncertainty?

Non-current asset valuations

- The Council is required to make an assessment at the end of each reporting period as to whether there is any indication that assets may be impaired. There are several types of event or change in circumstance that could indicate an impairment may have occurred, including evidence of obsolescence or physical damage or a commitment to undertake a significant reorganisation. Has the Council assessed whether the impact of the pandemic may have triggered impairments?
- Has the Council considered these matters in relation to Investment Property held? Potentially more so for 2020/21, there may be significant declines in asset carrying values, especially for investments in retail or office premises.

Impairment of receivables

- IFRS 9 *Financial Instruments* introduced an expected credit loss model for financial assets which drives earlier recognition of impairments. Has the Council assessed the impact of the pandemic on its expectation of credit losses?

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Impairment of statutory Council Tax and Non-domestic rate debtor balances is also possible. Has the Council observed a measurable decrease in estimated future cashflow, for example an increase in the number of delayed payments? Has the Council considered whether recent historical loss experience across aged debt may also need revision where current information indicates the historical experience doesn't reflect current conditions? Experience following the 2008/09 financial crisis may prove to be a useful reference point, given the ensuing recession conditions.

Events after the reporting period

- By 31 March 2020 enough was known about the pandemic for accounts preparers and market participants to reflect and, if necessary, adjust assumptions and assessments. By the end of March 2020, it would be extremely difficult to say that the pandemic was not an event that existed and therefore any accounting impact that occurred after this date is not an adjusting event.
- Has the Council distinguished between subsequent events that are adjusting (i.e. those that provide further evidence of conditions that existed at the reporting date) and non-adjusting (i.e. those that are indicative of conditions that arose after the reporting date)? Has the Council got arrangements in place to assess events up to the date the final accounts are authorised for issue?

Sources of estimation uncertainty

Has the Council identified the assumptions required about the future and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year? Have these been appropriately disclosed in accordance with the requirements of IAS 1 paras 125-133?

2019/20 financial statements are being prepared in an environment of heightened uncertainty as a result of the pandemic and the situation is evolving and fast moving. We have drawn out some of the key considerations for local authority financial reporting here, but further details can be found in our full report available on the Grant Thornton website:

<https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2020/impact-of-covid19-on-financial-reporting-local-government-sector.pdf>



Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19 – National Audit Office

In June the National Audit Office (NAO) published a guide that “aims to help audit and risk committee members discharge their responsibilities and to examine the impacts on their organisations of the COVID-19 outbreak. It is part of a programme of work undertaken by the NAO to support Parliament in its scrutiny of the UK government’s response to COVID-19.”

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The NAO report notes “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The NAO comment “This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

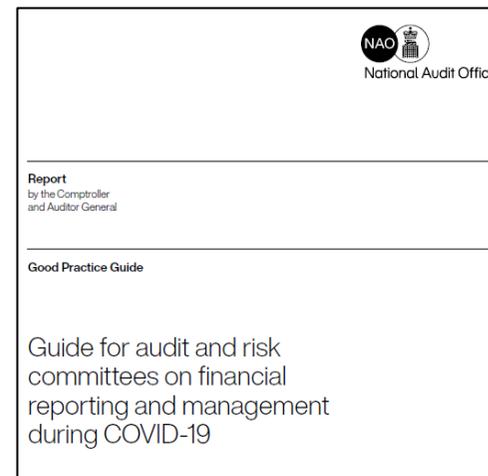
- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

In each section of the guide we have set out some questions to help audit and risk committee members to understand and challenge activities. Each section can be used on its own, although we would recommend that audit and risk committee members consider the whole guide, as the questions in other sections may be interrelated. Each individual section has the questions at the end, but for ease of use all the questions are included in Appendix One.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period.”

The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>



Kickstarting Housing – Grant Thornton and Localis

In July Grant Thornton Head of Local Government, Paul Dossett, wrote an essay, included as part of a collection in the Localis report – “Building for renewal: kickstarting the C19 housing recovery”.

Paul asked “So how do we address “the housing crisis” in the context of an existential threat to the British economy? Just as importantly, how do we ensure our key workers, our new heroes of the Thursday night applause, are front and centre of such a response. Paul suggested that the housing response needs to move away from the piecemeal towards a comprehensive and strategic response, with five key pillars with the key worker demographic at its heart:

• **Public housebuilding.** This will involve more borrowing, but we need a bold and ambitious target to build at least one million new public sector properties at social rents by 2025. This should involve a comprehensive and deep partnership between Homes England and local authorities and underpinned by a need to minimise the carbon footprint.

• **Private sector housing needs a rocket boost** with massive Government supported investment in modern methods of construction and consideration of required workforce needed to meet capacity. This needs to go hand in hand with a major recruitment drive into all facets of the housing industries. This should include national and local training initiatives to support workers from the service sectors who are very likely to lose their jobs because of the pandemic.

• **Strategic authorities based on existing local government footprints** across the country to remove the inconsistent patchwork quilt of current arrangements so that there is consistency between local, county and national strategic priorities. They should be legally tasked and funded for development of comprehensive infrastructure plans to support housing initiatives in their areas with a strong remit for improving public transport, supporting green energy initiatives and developing public realms which create a sense of community and belonging.

• **Building on existing initiatives to improve security of tenure and quality of accommodation,** a new partnership is needed between landlord and tenants that provides a consistent national/regional footing to ensure that housing is a shared community responsibility. This should, like the response to the pandemic, be part of a shared community narrative based on state, business and local people.

• Putting key workers at the heart of the Housing strategy. The country appears to have discovered the importance of key workers. The people that keep the country running and whose contribution is never usually recognised financially or in terms of social esteem. There are several existing key worker accommodation initiatives, but they are local and piecemeal. We need a comprehensive strategy which focuses on key worker needs, including quality of accommodation, affordable mortgages/ rents, proximity to workplaces and above all , a sense of priority on the housing ladder for those who keep the country running in good times and bad and are the best of us in every sense.

Paul concluded “Housing is a basic need and if key workers feel valued in their place in housing priorities, we will have made a giant step forward.

Key workers are not the only group in need of help of course. Utilising the momentum behind keyworkers that their role in COVID-19 has brought into focus, could help kickstart housing initiatives that help all those in need.”



The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/en/insights/homes-fit-for-heroes-affordable-housing-for-all/>

Place-Based Growth - 'Unleashing counties' role in levelling up England' – Grant Thornton

In March Grant Thornton launched a new place-based growth report 'Unleashing counties' role in levelling up England. The report, produced in collaboration with the County Councils Network, provides evidence and insight into place-based growth through the lens of county authority areas. It unpacks the role of county authorities in delivering growth over the past decade through: desk-based research, data analysis and case study consultations with 10 county authorities (Cheshire East, Cornwall, Durham, Essex, Hertfordshire, North Yorkshire, Nottinghamshire, Oxfordshire, Staffordshire, Surrey).

The report reveals:

Growth, as measured by Gross Added Value (GVA), in county areas has lagged behind the rest of the country by 2.6% over the last five years. GVA in the 36 county areas has grown by 14.1% between 2014 and 2018, compared to 16.7% for the rest of England.

- In total, 25 of these counties have grown at a rate slower than the rest of the country. The research finds no north-south divide, as the county areas experiencing some of the smallest economic growth are Herefordshire (5.3%), Oxfordshire (5.6%) and Cumbria (8.2%), Gloucestershire (9.2%), and Wiltshire (9.7%) – showing that one size fits all policies will not work.

- Some 30 of the 36 county authority areas have workplace productivity levels below the England average. At the same time, counties have witnessed sluggish business growth, with county authorities averaging 7.9% growth over the last five years – almost half of that of the rest of the country's figure of 15.1% over the period 2014 to 2019.

To address these regional disparities in growth and local powers, the report's key recommendations include:

- Rather than a focus on the 'north-side divide', government economic and investment assessments should identify those places where the economic 'gap' is greatest – Either to the national average or between different places – and focus investment decisions on closing that gap and levelling up local economies.

- The devolution white paper must consider how devolution of powers to county authorities could assist in levelling-up the country. This should include devolving significant budgets and powers down to councils, shaped around existing county authorities and local leadership but recognising the additional complexity in two-tier local authority areas and whether structural changes are required.

- Growth boards should be established in every county authority area. As part of this a statutory duty should be placed on county authorities to convene and coordinate key stakeholders (which could include neighbouring authorities). These growth boards should be governed by a national framework which would cover the agreed 'building blocks' for growth – powers, governance, funding and capacity.

- Planning responsibilities should be reviewed with responsibility for strategic planning given to county authorities. In line with the recently published final report of the Building Better, Building Beautiful Commission, the government should consider how county authorities, along with neighbouring unitary authorities within the county boundary, could take a more material role in the strategic and spatial planning process.

- The National Infrastructure Commission should ensure greater consideration of the infrastructure requirements in non-metropolitan areas. Their national infrastructure assessments could consider how better investment in infrastructure outside metropolitan areas could link to wider growth-related matters that would help to level up the economy across the country.

The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/en/insights/unleashing-counties-role-in-levelling-up-england/>



CIPFA – Financial Scrutiny Practice Guide

Produced by the Centre for Public Scrutiny (CfPS) and CIPFA, this guide provides guidance to councils and councillors in England on how they might best integrate an awareness of council finances into the way that overview and scrutiny works.

The impact of the COVID-19 pandemic on council finances, uncertainty regarding the delayed fair funding review and future operations for social care – on top of a decade of progressively more significant financial constraints – has placed local government in a hugely challenging position.

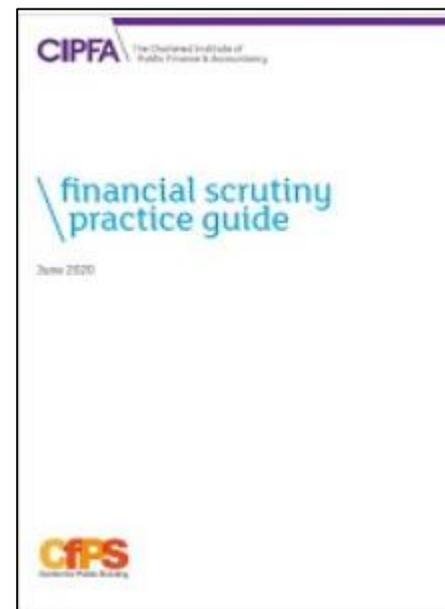
For the foreseeable future, council budgeting will be even more about the language of priorities and difficult choices than ever before.

This guide suggests ways to move budget and finance scrutiny beyond set-piece scrutiny 'events' in December and quarterly financial performance scorecards being reported to committee. Effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust and sustainable, and that it intelligently takes into account the needs of residents.

Scrutiny can provide an independent perspective, drawing directly on the insights of local people, and can challenge assumptions and preconceptions. It can also provide a mechanism to ensure an understanding tough choices that councils are now making.

This paper has been published as the local government sector is seeking to manage the unique set of financial circumstances arising from the COVID-19 pandemic. This has resulted, through the Coronavirus Act 2020 and other legislation, in changes to local authorities' formal duties around financial systems and procedures.

The approaches set out in this guide reflect CfPS and CIPFA's thinking on scrutiny's role on financial matters as things stand, but the preparation for the 2021/22 budget might look different. CfPS has produced a separate guide to assist scrutineers in understanding financial matters during the pandemic



The full report can be obtained from CIPFA's website:

<https://www.cipfa.org/policy-and-guidance/reports/financial-scrutiny-practice-guide>

Future Procurement and Market Supply Options Review – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard.

PSAA note that the report “draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31 July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams”.

Key findings in the report include:

- A lack of experienced local authority auditors as the main threat to the future sustainability of the market.
- It will be difficult to bring the non-approved firms into the market.
- Of the nine approved firms, only five have current contracts with PSAA.
- Almost all of the approved firms have reservations about remaining in the market.
- Firms perceive that their risks have increased since bids were submitted for the current contracts.
- The timing of local audits is problematic.

Key issues for the next procurement round include:

- Number of lots and lot sizes.
- Lot composition.
- Length of contracts.
- Price:quality ratio.

The report notes that “PSAA will need to balance the views of the firms with wider considerations including the needs of audited bodies and the requirement to appoint an auditor to every individual body opting in to its collective scheme”.



The full report can be obtained from the PSAA website:

<https://www.psa.co.uk/wp-content/uploads/2020/03/PSAA-Future-Procurement-and-Market-Supply-Options-Review.pdf>

