

Public Document Pack

Mid Devon District Council

Audit Committee

Tuesday, 26 January 2021 at 5.30 pm
Remote meeting

Next ordinary meeting
Tuesday, 23 March 2021 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/97234777888?pwd=bzIzSzU4YStqS1hjK216T2h0V054QT09>

Meeting ID: 972 3477 7888
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One tap mobile

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Meeting ID: 972 3477 7888
Passcode: 956649

Membership

Cllr S J Penny (Chairman)
Cllr W Burke
Cllr Mrs C Collis
Cllr N V Davey
Cllr A White
Cllr A Wilce
Cllr A Wyer

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. **Apologies**
To receive any apologies for absence.
2. **Remote meeting protocol (Pages 5 - 10)**
To note the protocol for remote meetings.
3. **Public Question Time**
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
4. **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.
5. **Minutes of the previous meeting (Pages 11 - 18)**
Members to consider whether to approve the minutes as a correct record of the meeting held on 17 November 2020.
6. **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
7. **DAP representation**
Since the last meeting, when DAP representation was discussed, the Council has been informed that DAP meetings will be inquorate if Mid Devon District Council does send a representative, meaning that their meetings could not take place. The Chairman has requested therefore that members of the Committee again give consideration to formally electing one additional Member of the Committee to attend DAP meetings alongside the Chairman.
8. **Corporate Recovery Policy (Pages 19 - 38)**
To receive a report from the Deputy Chief Executive (S151), the Corporate Manager of Revenues, Benefits & Recovery and the Principal Revenues and Benefits Officer presenting an updated policy that identifies where responsibility for collection of different debts lies and sets out the principles and standards in relation to contact, recovery process, repayments and benefit / money advice.
9. **Grants - Local Restrictions**
To receive a verbal update from the Corporate Manager for Revenues, Benefits and Recovery.

10. **Performance and Risk** (*Pages 39 - 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. **Annual Governance Statement Action Plan update** (*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. **Anti-Fraud and Corruption Policy and Strategy** (*Pages 91 - 130*)
To receive a report from the Group Manager for Performance, Governance and Data Security presenting the Committee with the reviewed and updated Policy for Anti-Fraud & Corruption and the Anti-Fraud and Corruption Strategy.
13. **Internal Audit Progress Report** (*Pages 131 - 144*)
To receive a report from the Devon Audit Partnership monitoring the progress and performance of Internal Audit.
14. **Annual Audit Letter from Grant Thornton** (*Pages 145 - 162*)
To receive the Annual Audit Letter from Grant Thornton.
15. **External Audit Progress Report and Sector Update**
To receive a verbal update from the Engagement Lead from Grant Thornton.
16. **Identification of items for the next meeting**
Members are asked to note that the following items are already identified in the work programme for the next meeting:
 - Covid grant post payment checking report
 - Performance and Risk
 - Update on the Annual Governance Statement Action Plan
 - Whistleblowing Policy
 - Risk and Opportunity Management
 - Internal Audit Progress Report
 - Internal Audit Charter and Strategy
 - Internal Audit Plan
 - Assurance Mapping
 - Grant Thornton Audit Plan
 - Grant Thornton Audit Progress and Certification Report
 - Chairman's Annual Report 2020/2021

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

Stephen Walford
Chief Executive
Monday, 18 January 2021

Covid-19 and meetings

Meetings will not be held 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 17 November 2020 at 5.30 pm

Present

Councillors W Burke, Mrs C Collis, N V Davey,
S J Penny, A Wyer, A White and A Wilce

Also Present

Councillors G Barnell, S J Clist, Mrs C P Daw, R M Deed, R Evans and
B A Moore

Also Present

Officers Andrew Jarrett (Deputy Chief Executive (S151)), Catherine Yandle (Group Manager for Performance, Governance and Data Security), David Curnow (Deputy Head of Devon Audit Partnership), Paul Middlemass (Audit Manager) and Sarah Lees (Member Services Officer)

Also

In attendance Julie Masci (Engagement Lead, Grant Thornton)

56. **APOLOGIES**

There were no apologies for absence.

57. **PROTOCOL FOR REMOTE MEETINGS**

The protocol for remote meetings was noted.

58. **PUBLIC QUESTION TIME**

There were no members of the public present, however, Cllr Barnell stated.....I am not sure if it is in order for me to raise this at this point but I do want an answered question and I couldn't see another place on the agenda to ask one. Is it in order to ask it now or shall there be another opportunity?

The Chairman stated that this was fine.

Councillor Barnell continued...

1.How will the Audit Committee exercise its responsibilities in future in respect of the ongoing risks associated with 3RDL including:-

- The validation of profit and loss forecasts provided by the Company?
- The soundness of investments of taxpayers money made in the Company?
- The repayment of loans and the repayment of interest due on these loans by Company including oversight of any future impairments that may be made in respect these payments.

2. What will be the roles of both the internal and external auditors in ensuring that any risks associated with the Councils investments in and loans to 3RDL are effectively analysed and reported to the Committee?

I do not expect an answer to that today, however, I appreciate you letting me ask the question and I would appreciate a written response in the near future. I think the question in my mind is addressed to both you and your deputy in terms of scheduling the work of the Audit Committee. Thank you very much.

The Chairman stated that... with regard to S106 my understanding is that only recently at Council were the governance arrangements agreed. In addition there will be a report to the December Cabinet meeting on the Community Infrastructure Levy which if agreed will be referred to a subsequent meeting of the Council. That report will deal with whether this Council wishes to continue with CIL or withdraw from the examination and no longer seek to implement it.

That's the note that I have been sent to mention at this point but you will get a full answer to your questions in writing and all Members will have a copy of that in due course. Is that okay?

Cllr Barnell responded by saying.....I had understood all that, the question actually related to the technical management systems for the CIL and S106, not to the procedures and it relates to the two systems referred to under item 11 which I wanted to raise then as an ordinary Member, not a member of the Committee. Item 11 you will see is the internal audit report and progress on that and one of the issues is the risk management on the two recording systems that have been put in place, one for S106, the other for CIL payments. So I wonder if I can raise that issue again there because there may have been a slight misunderstanding here about what I am asking about?

The Chairman agreed that the subject could be revisited under agenda item 11.

59. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

No interests were declared under this item.

60. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22 September 2020 were confirmed as a true and accurate record.

61. CHAIRMAN'S ANNOUNCEMENTS (00:08:00)

The Chairman welcomed Paul Middlemass to the Committee. He had been appointed as the new Audit Manager for the Devon Audit Partnership and would be attending the Audit Committee in the future. David Curnow would continue to work for Mid Devon District Council and would have oversight of the audit function.

62. MDDC REPRESENTATION ON DEVON AUDIT PARTNERSHIP (DAP) (00:10:00)

It was explained that DAP met three times a year, meetings were held remotely and lasted approximately an hour and a half. Normally there were two representatives

from each local authority, one being the Chairman of each Audit Committee and one other member of the Committee.

The Chairman stated that he had attended a DAP meeting that morning and that he was looking for a willing volunteer from the Committee to join him at future meetings.

The Vice Chairman stated that he would be willing to deputise for the Chairman if he was not able to attend a meeting but he would need advance warning since he worked full time.

There were no other volunteers so for the time being the Chairman would attend alone.

63. **PERFORMANCE AND RISK (00:14:00)**

The Committee had before it 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 2021-21 as well as providing an update on the key business risks.

The contents of the report were outlined and particular reference made to the following areas:

- The report provided performance data up until the end of September 2020 and had now passed through all 4 Policy Development Groups.
- The draft Key Performance Indicators (KPI's) were now aligned with the new Corporate Plan framework. New aims needed new measures.

Discussion took place and questions were asked with regard to the following:

- The Risk Management report and whether the section relating to monitoring the risk in relation to 3 Rivers provided enough information to the Audit Committee to adequately assess the financial risks. It was felt that perhaps the Business Plan should come to the Audit Committee as well so that it could judge performance against expectations. The Deputy Chief Executive (S151) explained that the 3 Rivers Board provided 6 monthly reports to the Cabinet which provided an update on their delivery against their business Plan. There were also monthly updates to the Cabinet on the 33 recommendations which had been approved. It was, however also the Audit Committee's job to ask for regular updates in order to seek assurance that the risks were being managed. He referred to a planned joint briefing between the Scrutiny Committee and the Audit Committee where these issues could be discussed further.
- In relation to 'Infrastructure delivery' and the mitigating action 'Close working with delivery partners' in an attempt to mitigate risk, it was felt there were no examples provided as to what had happened or what was planned. It was explained that this detail would need to be provided by the Economic Development team and could be provided after the meeting.
- Regarding 'Community Right to Buy' and the 'opportunity to communicate with third parties', it was stated that this had been reported as a mitigating action for a year but the Committee had received no information as to how that was or was not progressing.

- A range of options being considered in relation to overall funding had not been fully explained. The question was asked as to what was the possibility of sharing senior officers with other authorities? The Deputy Chief Executive (S151) explained that a report considering funding options would be presented to the Cabinet on 3 December 2020. Much would depend upon the amount of Government funding for next year. This was expected to be announced towards the end of November or early December. He further explained that shared management arrangements had already taken place with the Refuse and Recycling Manager in North Devon as well the sharing of an ICT Manager. When one of the Directors had left last year, the work of that post had been subsumed into the work load of the remaining Directors in order to make savings.
- When was it appropriate for the Audit Committee to comment on the budget gap for next year? It was explained that the Audit Committee did not have a statutory role in assessing the budget or the MTFP. This work was undertaken by the Policy Development Groups and the Scrutiny Committee who made recommendations to the Cabinet. All Members were welcome to attend each of these meetings and make contributions. Reviewing the budget in January before final approval by the Cabinet and ultimately full Council was a role for the Scrutiny Committee.
- More information was requested in relation to the risk 'SPV Governance Arrangements – 3 Rivers'. The Cabinet Member for Finance explained that detailed information was provided to the Cabinet and relevant Cabinet Members were taking a proactive approach in seeking to get outstanding actions concluded. Progress was being made. It was suggested that the monthly update on the 33 recommendations be provided to the Clerk for circulation to the Audit Committee.

RECOMMENDED to the Cabinet that the draft Key Performance Indicators be approved.

(Proposed by Cllr A Wyer and seconded by Cllr N V Davey)

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

64. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:45:00)**

The Committee had before it, and **NOTED**, a report * from the Group Manager for Performance, Governance and Data Security providing it with an update on progress made against the Annual Governance Statement 2019/20 Action Plan.

Consideration was given to:

- The need for the Audit Committee to further challenge the adequacy of mitigating actions in relation to identified risks and to closely monitor whether progress was being made. In order to do this it was felt that the Audit Committee needed as much detail as possible and for new members to the Committee especially, support and guidance be provided wherever possible.
- The perceived overlapping areas between the Scrutiny Committee and the Audit Committee. The Deputy Head of the DAP explained that it was sometimes challenging to separate the interests of each committee but the

role of the Audit Committee was essentially to seek assurance that the right mitigations were in place to manage risk and to monitor these closely. The role of the Scrutiny Committee was more about performance and the 'what and how' a decision to do something was being managed.

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

65. BRIEFING PAPER ON THE REDMOND REVIEW (00:55:00)

The Committee had before it, and **NOTED**, a briefing paper * from the Group Manager for Performance, Governance and Data Security. It was reported that in September 2020 Sir Tony Redmond completed an Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

The contents of the briefing paper were summarised and it was confirmed that the Committee would be kept updated on any developments as a result of this review.

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

66. INTERNAL AUDIT PROGRESS REPORT (00:58:00)

The Committee had before it, and **NOTED**, a report * from the Head of the Devon Audit Partnership providing a progress update on the performance of Internal Audit.

The Committee were referred to the summary of audit reports and findings for 2020-2021. It was confirmed that no significant weaknesses had been found. Additional work had been incurred as a result of Covid 19 and as a result there would be some slippage in terms of delivering the Audit Plan.

With regard to the 'Partnership Governance – Building Control' review, the Committee were informed that this review had now been completed, joint meetings had now recommenced and the direction of travel would be amended to green.

Consideration was given to:

The implementation of new management and recording systems for S106 and CIL payments being considerably overdue. The question was asked as to when these systems would be in place? The Deputy Chief Executive (S151) responded by saying that he could not give a precise date but that a detailed report would be coming to the Cabinet on 3 December 2020 setting out the exact position and how it would be managed going forwards. It was right however that the Audit Committee monitored the situation closely.

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

67. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (01:09:00)

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing an update on progress in delivering their responsibilities as the Council's external auditors.

A summary of the report was provided with particular mention of the following:

- Two items remained outstanding in their Audit Findings Report. This was a review of the final set of financial statements and post balance events review and the receipt and review of the letters of assurance from the Devon County Council Pension Fund Auditor.
- The National Audit Office had changed the way 'Value for Money' work was conducted. It was hoped this would lead to more meaningful and timely reporting as well as maximising the value from the auditors' work and provide more freedom to reflect local context. This would however, necessitate additional requirements from each audit. There would be a need for more extensive reporting assessing the Council's adequacy of arrangements. There would need to be commentary on any weaknesses or areas needing improvement. They would also now be formally required to follow up on identified weaknesses. This would be more challenging going forwards since audits would be much broader in scope and require more engagement with the Audit Manager. As a result there would be a cost implication to the Council but the precise details were not known yet, although a fee increase in the region of between 10 and 15% was expected.
- The statutory deadline for signing off the accounts was the end of November 2020. Grant Thornton would accept an electronic signature from the Leader in addition to email confirmation.

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

68. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:34:00)**

In addition to the items already in the work programme for the next meeting, the following was requested to be on the agenda for the next meeting:

- Local Restrictions – Grants

(The meeting ended at 7.04 pm)

CHAIRMAN

Response from the Audit Committee Chairman with regard to the questions raised during Public Question Time at the Audit Committee on 17 November 2020.

It is the Audit Committee's role to ensure that corporate and service risk is identified and managed and systems are put in place to report on and mitigate all controllable activities. As I am sure all members are aware an external commission was procured that looked in to both **Governance** and **Financial Viability** of the company.

These 2 commissions were reported to the Cabinet, Scrutiny and the Audit Committee – in all, 33 recommendations were made and I am assured that most of these actions have been implemented or are being progressed. I see this as a key control mechanism and my Committee is very interested in this progress and would be asking searching questions if it wasn't being provided.

The 3 questions that you have raised are items of company performance and as such are in my opinion within the domain of the Shareholder (exercised by the Cabinet) it would only then be subject to review of the Audit Committee if it was felt that risks were not being sufficiently managed.

It would currently appear that the 3 issues that you have identified are either being controlled by the existing company processes, or are being dealt with, by the officer and member group working on the previously mentioned reports considered by Cabinet, Scrutiny and Audit. My Committee is currently gaining assurance from the now monthly progress reports being provided to Cabinet which is reporting on both individual project performance and also providing commentary on progress against the 33 recommendations.

From a control and reporting perspective my Committee takes reassurance from the fact that external accountants provide monthly financial management reports to the company and ensures all key transactional processes are complied with and then delivers annual accounts at year end in full compliance with all relevant regulatory requirements. My Committee is also aware of the internal process where loan interest is calculated in full accordance with the loan agreement terms and is billed to the company on a quarterly basis.

Finally, I also now welcome the opportunity to discuss any other outstanding queries that Members have at the joint working group meeting of Scrutiny and Audit which is scheduled for 11 January 2021.

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AUDIT COMMITTEE 26 JANUARY 2021 CORPORATE RECOVERY POLICY

Cabinet Member(s): Cllr Andrew Moore
Responsible Officer: Andrew Jarrett - Deputy CEO & s151 & Dean Emery – Corporate Manager of Revenues, Benefits & Recovery, Fiona Wilkinson – Principal Revenues & Benefits Officer

Reason for Report: To bring in an updated policy that identifies where responsibility for collection of different debts lies and sets out the principles and standards in relation to contact, recovery process, repayments and benefit / money advice.

The current policy was last reviewed in 2018.

Recommendation: Audit Committee to recommend the policy to Cabinet

Financial Implications: The policy will help to enforce and recover c£82m in local taxation and sundry debts. Failure to use a consistent approach could have a detrimental effect on budgets and delivery of services.

Budget and Policy Framework: The policy sets the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring that the Council continues to maximise income collection and arrears recovery performance.

Legal Implications: This policy should ensure that each debtor is treated fairly and minimises then risk of legal challenge

Risk Assessment: There is a potential reputational risk should the policy not be adhered to.

Equality Impact Assessment: [start text here and continue without indenting]

Relationship to Corporate Plan: Maximising income for the Council is essential particularly during current financially challenging years. It is important to have a policy that is clear and transparent to ensure any recovery action is timely and proportionate.

Impact on Climate Change: There is no known impact

1.0 Introduction/Background

1.1 The existing policy was approved in 2018

1.2 A full review of the policy has been carried out by officers to reflect any legal changes and to better reflect the economic times and resources

1.3 The Council's Financial Regulations provide the framework for managing the authority's financial affairs and contribute to good corporate governance, internal control and the management of risks.

2.0 **Review**

- 2.1 Over the last few months officers have been looking at widening the policy to take into account best practice and to better reflect current economic pressures.
- 2.2 New legislation is due to come into force Called 'Breathing Space' in May 2021 as such policy and procedures need to be aligned

3.0 **Findings**

- 3.1 Each service had different formats for gathering details of income and expenditure when considering the terms to settle debts. A 'common financial statement' would provide a consistent and fair approach.
- 3.2 The procedures for each service are subject to different legislation and do not necessarily change at the same time.
- 3.3 The policy should be clearer when recovering 'multiple debt'
- 3.4 Greater focus is required on 'financial vulnerability' & vulnerability in general
- 3.5 The need for an agreed priority debt repayments based on the risk to customers, also helps officers collect.

4.0 **Outcomes**

- 4.1 The Corporate Recovery policy has been created to take the above findings into account
- 4.2 The procedures for each service will be reviewed with regards to a more formal corporate approach and maintained by a central team
- 4.3 Policy aligns with a more robust approach to 'financial vulnerability'

Contact for more Information: Dean Emery demery@middevon.gov.uk, Tel: 01884 234945 and Fiona Wilkinson, fwilkinson@middevon.gov.uk Tel: 01884 234329

Circulation of the Report: Cllr Andrew Moore, Leadership Team, Corporate Management Team

List of Background Papers: Corporate Recovery Policy & EQIA

Mid Devon District Council

Corporate Recovery Policy

Contents	Description
1	Purpose – Why is a policy required
2	Aims and Principles
3	Scope
4	Priority of Debt
5	Vulnerability
6	Methods of Payment
7	Payment Arrangements
8	Offsets
9	Write Offs
10	Performance Monitoring
11	GDPR
12	Operational Procedure
13	Complaints
14	Version Control

1. Purpose – Why is a policy required

The Corporate Debt Policy identifies where responsibility for collection of different debts lies and sets out the principles and standards in relation to contact, recovery process, repayments and benefit / money advice.

Included in the policy is the provision of support mechanisms and practices to all customers. It details the approach to collecting debt at MDDC.

The policy sets the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring that the Council continues to maximise income collection and arrears recovery performance.

2. Aims and Principles

This policy aims to achieve a balance between the financial needs of MDDC and the needs of our customers by;

- Applying common repayment and debt management principles to all the debts that it has to collect; giving regard to the relevant legislation that governs the recovery of each type of debt.
- Applying common considerations and principles across all Council departments when assessing the customers' circumstances and ability to pay.
- Recovering debts by agreed arrangements that are realistic and sustainable or, where possible, by attachment to earnings or benefits in preference to the use of external agents.
- Recognising that households dependent on means tested income replacement benefits and / or with multiple debt problems may face particular problems and need extended repayment periods.
- Endeavouring, where multiple debts are owed to the Council, to agree payment arrangements on the principles of preventing further debt whilst allowing all debts to be repaid. In practice this may mean that current liabilities are paid whilst a smaller amount is agreed to clear older debts.
- Working in partnership with local advice agencies and signpost customers to advice and support agencies available to them and encourage self help.
- Ensuring that both internal recovery officers and external agents contracted to the Council, work to the agreed Code of Conduct.
- Raising awareness of debt with customers and clearly identify how much / how it has occurred and raise awareness of the implications of non-payment.
- Using the full range of collection remedies as appropriate if debts are not paid. The policy does not prejudice any legal action that the Council may need to take.
- Promoting ways to pay and support that is available to customers.
- Applying this policy to all departments and providing the same level of service at the initial enquiry stage. However, each department will apply its' own procedures and processes in recovery of the debt.
- Maximising income for the Council, including rent income due to the Housing Revenue Account for Council houses and garages to ensure that all Council Tax and rent payers' interests are protected.
- Achieving an equitable allocation of income available to pay across all Council debts.
- Achieving efficiency savings by identifying solutions for customers on debt issues at the first point of contact.
- Being 'firm but fair'

- Being “preventative” by, for example, offering a wide range of convenient payment options and advice, such as budgeting, managing money and dealing with debt.
- Referring customers to the ‘Customer Welfare Officer’ to assist with ‘financial vulnerability’
- Helping, where possible, to maximise customer’s income and increasing their ability to pay.
- Sign posting customers to support agencies
- Ensuring consistency of approach and high standards of service when dealing with customers.
- Sharing knowledge, information and expertise across the Council and other agencies whilst striving to comply with legislation such as the Data Protection Act etc.
- Applying best practice in relation to debt collection.

3. Scope

This Policy applies to the collection of all income streams, including **(not restricted to)**

- Council Tax
- Business Rates
- Housing Benefit Overpayments
- Sundry Income (invoices raised for a variety of Council Services) also, Commercial Rent Arrears, Penalty Charge Notice’s
- Council House Rents
- Commercial Rents
- All COVID19 support grant repayments

4. Priority of Debt

There are many types of debt, but those considered as “priority” debts are those that are owed to creditors who can take the strongest legal action against an individual who does not pay. To be clear it isn’t the size of the debt that makes it a priority but what creditors can do to recover their money; individuals are not always aware of the consequences of failure to pay.

The Council will look to raise awareness in this area with its customers. Officers must factor in other non-Council “priority” debts when giving consideration to a customer’s ability to repay monies owed to the Council.

The procedures supporting this Policy will ensure that officers can effectively deal with repayments of debts.

Priority debts are listed below:

Equal priority debts

The Policy identifies these as:

- Rent arrears – as they can result in eviction
- Mortgage arrears – as they can result in repossession
- Council Tax and Business Rates – as they can result in enforcement action, deductions from earnings/benefits (Council Tax only), bankruptcy or imprisonment
- Other secured loans – as they can result in the loss of a home

Other priority debts:

- Utility debts – as they can result in disconnection
- Income Tax & VAT – as they can result in bankruptcy or imprisonment
- County Court Judgements – as they can result in enforcement agent action, Attachment of Earnings, Charging Order or bankruptcy
- Fines or Compensation – as these can result in imprisonment
- Hire Purchase – will be considered if, for example, it is for the purchase of a car needed to get the owner to work
- Benefit Overpayments – as they can result in deductions from benefits or earnings
- Maintenance or child support arrears– as they can result in enforcement agent action TV License?

Non priority debts

Credit/Store cards, unsecured personal loans, bank overdrafts, credit/interest free/hire purchase agreements (other than above), catalogue debts and money borrowed from family and friends.

All income and arrears will be actively pursued in accordance with this policy, however, in instances where multiple debts exist due regard to the hierarchy of debt detailed should be taken.

5. Vulnerability

The Council has created a **(protocol – appendix ?)** this will be used to engage with our external stakeholders to deliver on our promise to help the vulnerable. Although not an exhaustive list for reference these stakeholders include Citizens Advice, Step Change, Christians against Poverty, Churches Housing Action Team (CHAT), Shelter and Navigate. The Council recognises that personal indebtedness and debt recovery action can potentially cause distress, particularly where the person has other debts or is on a low income. The Council will make every effort to support customers in managing their Council debts and will engage with relevant welfare and debt agencies where appropriate.

It sets out a strategy to increase the likelihood of successful collection without causing unreasonable distress.

MDDC also recognises Government programs such as 'Breathing Space'
<https://www.gov.uk/government/news/breathing-space-to-help-millions-in-debt>

“Government’s new breathing space period will freeze interest, fees and enforcement for people in problem debt, with further protections for those in mental health crisis treatment”

MDDC will flex the policy in accordance with regulations, commercial considerations and local need, one size doesn’t fit all where vulnerability is concerned.

Definition

A vulnerable person is a person who, by characteristics and/or circumstances, is unable to act or respond appropriately to the normal collection procedures, or for the same reason is unreasonably affected by them. The Council recognises that vulnerability can come in many forms and it can also be multi layered. Vulnerability can also be temporary, permanent or come in a series of episodes and anyone at any time could potentially be deemed vulnerable. The characteristics or circumstances that **may** lead to identifying a person as vulnerable are as follows:

This list of factors is not definitive and all of our customers’ circumstances must be taken into account.

• Carers
• Care Leavers
• Cognitive Impairment
• Debt Management where overall debts need to be managed
• Disability
• Financial poverty
• Learning difficulty (including literacy difficulties)
• Language difficulty
• Pregnancy
• Lone parents – with young children
• Medication
• Mental Health
• Physical health
• Possession proceedings
• Probation service involvement
• Recent bereavement
• Substance abuse
• Social Care services involvement
• Terminal illness
• Victim of abuse
• Victim of war
• Homelessness

This list of factors is not definitive and all of our customers’ circumstances will be taken into account.

6. Methods of Payment

The Council recognises that the easier it is to pay, the more likely it is that payment will be made and the less likely that debts will accrue. The Council’s preference is for low cost

payment methods and those that provide a high degree of accuracy and certainty, such as Direct Debit, internet banking, use of the Council's website and automated telephone payments.

To provide our customers with the greatest flexibility payment via **'Payzone'** facility is also offered.

The Council remains proactive in trying to "channel shift" customers, where possible, to encourage them to make payments that cost the least in transaction fees.

The Council no longer accepts payments by cheque

7. Payment Arrangements

Although various scenarios may be encountered, in general terms, any arrears should be paid within a maximum of twelve months from when they were incurred. However, in many instances, officers will make informed decisions to spread the arrears over a longer period to aid repayments. It is Council policy that only in exceptional circumstances can an arrangement be made up to a maximum of six years. However, regulatory schemes such as 'breathing space' payment plans may see up to a 10 year payback.

8. Offsets (credits)

In the interests of efficiency, the Council will offset any customer credit balances against other amounts they may owe, before providing a refund - any such arrangements will be undertaken in a fair and legal manner and with the customer's agreement wherever possible.

9. Write Offs

The Council recognises that a small proportion of its overall income may not be collectable due to matters beyond its control. Where a debt is assessed to be irrecoverable it will be subject to a write off process that is consistent with recognised accounting practices. The Council will seek to minimise the cost of write offs by taking all appropriate action to recover all amounts due.

Income deemed irrecoverable must satisfy one of the pre-determined criteria including but not restricted to:

- the customer has died and there are no or insufficient funds in the estate
- the customer cannot be traced
- it is uneconomical to pursue the debt
- the income is uncollectable due to bankruptcy/insolvency
- all recovery methods have been exhausted
- it is not in the public interest to pursue e.g. at risk and vulnerable service users
- the debt is prescribed under the Limitation Act 1980

All write offs will be carried out in accordance with the relevant provisions contained within the Council's Financial Regulations.

It should be noted that just because a debt is written off it does not rule out the possibility of writing the debt back and pursuing it to the full extent of the law. Examples of this may occur is if a debtor absconds with no forwarding address but is subsequently traced or when an individual/company goes bankrupt or is made insolvent, when partial/full dividend(s) can be received many years later and the payments written back onto the account.

Where a cash credit is showing on an account and the Authority is unable to refund or transfer, the Authority will write the value back on returning the account to zero. These accounts would have to be in credit for a period greater than 13 months before this housekeeping takes place.

10. Performance Monitoring

The Council recognises that prompt recovery action is essential for effective debt management. The Council will:

- seek to maximise income generation and maximise income received by the due date;
- regularly monitor the level and age of its debt;
- set clear targets for the recovery of debt;
- have clearly documented recovery procedures;
- assess recovery methods to ensure maximum returns and
- regularly review irrecoverable debts for write off.

To ensure the Council achieves its objectives a range of high level indicators has been developed to monitor performance. Key indicators include:

- In year collection targets - Council Tax and Business Rates
- All years collection - Housing Benefit Overpayments
- Top 20 outstanding Sundry Debts progress report
- Old Sundry Debt (frozen at 31 March) targeted reduction in following financial year
- Housing Income Collection Rates, responsive maintenance, housing voids and tenant satisfaction

The Council recognises that failure to achieve income and collection targets will have financial and service consequences. Performance will be reviewed on a quarterly basis by the Business Intelligence and Performance Manager, liaising as appropriate with other relevant staff, and this information will be reported as part of the Council's wider performance updates to the Leadership Team, Group Managers & Members as required.

Where an external enforcement agency assists in the Council's collection it will also be required to produce detailed performance and management information on a regular basis. Mid Devon Council is part of a "framework" agreement consisting of three companies to aid collection of all debts.

11. Confidentiality

We will use the personal information and financial details you give us, and any supporting evidence you send us, to process your claims for example for, Housing Benefit, Council

Tax Reduction, Discretionary Housing Payments and any other local award or reduction that you might be eligible for that the local authority is responsible for administering.

We will also use the information to provide you with any money advice and support needs that you may have.

We may pass the information to other agencies or organisations such as the Department for Work and Pensions and the Inland Revenue, as allowed by law. The authority is under a duty to protect the public funds it administers, and to this end we may use the information you have provided for the prevention and detection of fraud. We may also share information with other bodies responsible for auditing or administering public funds for these purposes. We may check information you have provided, or information about you someone else has provided, with other information held by us.

We may also collect data or information about you from certain third parties, or give them information to:

- make sure the information is accurate
- protect public funds
- prevent or detect fraud and any other crime
- support National Fraud Initiatives
- provide money advice and support

These third parties include government departments, local authorities and private-sector companies, including creditors, credit reference agencies and other organisations such as banks and financial institutions that may lend you money. We will not give information about you to anyone else, or use information about you for other purposes, unless the law allows us to in accordance with our data protection obligations and in observance of the requirements of the Data Protection Act/GDPR 2018.

The Council will ensure that all information about a customer's personal and/or financial circumstances is secure and dealt with in the strictest confidence

12. Operational Procedures / Enforcement Remedies

The Council will ensure that processes around income and arrears management are robust and the most effective collection remedy is used.

Financial decisions will be made by identified officers and agreed by the s151 Officer as required. These arrangements will be clearly detailed in Financial Procedures/Rules, and operational procedures and guidance.

Enforcement Remedies such as those listed below may be applied in the collection of monies;

- Magistrates Court, Liability Orders
- County Court, CCJ
- High Court, Insolvency
- High Court, Enforcement
- CRAR – Commercial Rent Collection / Forfeiture

- PCN – Warrants of Execution

Other

- Attachment of Earnings
- Attachment of Benefits
- Enforcement Agents
- Charging Orders/ Forced Sale
- Committal to Prison
- Special Arrangements

The following table sets out the various collection pathways for the major debt streams within the Council's debt portfolio, however it should be noted that the Council operates many of its recovery pathways in cooperation with private and public sector partners to rationalise services and achieve efficiency.

As such the Council retains the option to utilise collection and enforcement agents from both the private sector and the courts to carry out associated or appropriate enforcement actions on behalf of the Council to prevent or mitigate the need to escalate debts along the collection pathway shown below.

ENFORCEMENT REMEDIES BY DEBT TYPE

Type of Debt	Charging Method	Default Collection Pathway	Appeals	Final Collection Persistent/deliberate Defaulters
Council Tax	Bill	Magistrates Court	Banding VOA Liability Magistrates Court Internal MDDC Review Valuation Tribunal	Special Arrangements Attachment of Benefits Attachment of Earnings Enforcement Agents (Bailiff) Insolvency Charging Order Committal
Business Rates	Bill	Magistrates Court Court of Suitable Jurisdiction	Rateable Value VOA Liability Magistrates Court Internal MDDC Review Valuation Tribunal	Special Arrangement Enforcement Agents (Bailiff) Insolvency Charging Order Committal CCJ
Sundry Debt	Invoice	County Court	Internal MDDC Review District Judge	CCJ Garnishee Order High Court Enforcement Winding Up Order Charging Order Attachment of Earnings
Parking Penalties	Penalty Notice	County Court	Internal MDDC Review District Judge	CCJ Garnishee Order High Court Enforcement Winding Up Order Charging Order Attachment of Earnings
Housing Rents	Annual Notification of weekly charge	County Court	Internal MDDC Review District Judge	Possession and Eviction
Housing Benefit Overpayments	Invoice	County Court	Internal MDDC Review District Judge	CCJ Garnishee Order High Court Enforcement Winding Up Order Charging Order Attachment of Earnings
Commercial Rents	Periodical Invoice	County or High Court	By application to Court/Judge	Possession and Eviction CRAR Statutory Procedures
Environmental Crime fixed penalties	Penalty Notice	Magistrates Court	Direct to Magistrates	Fine and/or Committal
Housing Rechargeable Rent Repairs	Invoice	County Court	Internal MDDC Review District Judge	CCJ Garnishee Order High Court Enforcement Winding Up Order Charging Order Attachment of Earnings

13. Complaints

The Council will endeavour to resolve problems in relation to income and arrears collection at an early stage, in an informal manner.

If it is not possible to resolve problems this way then customers who are still dissatisfied will be advised of the formal Corporate Complaint Procedure

14. Review and Version Control

The Policy will be reviewed at least every **2 years** by an Appropriate Officer. The review will take account of changes in legislation, service improvements, regulations and wider policy initiatives. Any proposed changes will be discussed with appropriate stakeholders and updated in line with related policies.

Delegated authority has been given to the S151 Officer, in consultation with the relevant Portfolio Holder, to make minor revisions including changes as a result of organisational management arrangements such as changes to named posts within the Policy.

The approved policy will be held centrally on the Council's Website and Share point site and be subject to version control to record its approval, monitor revisions under delegation and schedule a full review date.

Supporting Procedural Documentation

These will supplement this policy – **revised processes will be developed overtime** to make sure they are effective and follow best practice.

Descriptions may change

- Vulnerability Policy/Protocol
- EIA?
- Council Tax & Business Rates Recovery Strategy
- Housing Benefit Overpayments
- Sundry Income
- Housing (HRA) Recovery
- EA Framework Agreement ?
- Commercial Rent Arrears
- COVID19 Support Grants

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Equality Impact Assessment Form and Action Table 2015

(Expand the boxes as appropriate, please see guidance)

"I shall try to explain what "due regard" means and how the courts interpret it. The courts have made it clear that having due regard is **more than having a cursory glance** at a document before arriving at a preconceived conclusion. Due regard requires public authorities, in formulating a policy, to give equality considerations the weight which is **proportionate in the circumstances**, given the potential impact of the policy on equality. It is not a question of box-ticking; it requires the equality impact to be **considered rigorously and with an open mind.**"

Baroness Thornton, March 2010

What are you completing the Impact Assessment on (which policy, service, MTFP reference etc)?

Corporate Recovery Policy from 01/04/2021

Version

V1

Date

28/10/2020

Section 1 – Description of what is being impact assessed

Enforcement and recovery of monies owed to Mid Devon District Council

Section 2A – People or communities that are targeted or could be affected (taking particular note of the Protected Characteristic listed in action table)

The purpose of the policy is to collect debts in a 'firm but fair' way. It is not the intention of the policy to single out or target groups of customers protected or otherwise.

Section 2B – People who are delivering the policy or service

Council officers collectiong payments for Council Services and statutory obigations

Section 3 – Evidence and data used for the assessment (Attach documents where appropriate)

Review of of the current policy and a change of procedures to better collect arrears, Procedures will be reviewed in line with the policy. A vulnerability protocol will be created to support customers and officers in the collection of arrears. Refer to policy

Section 4 – Conclusions drawn about the equalities impact (positive or negative) of the proposed change or new service/policy (Please use **prompt sheet** in the guidance for help with what to consider):

Whilst the policy does not target any one group or those in a protected characteristic by the very nature of the collection process customers will be approached to discuss and repay debts. However, customers will be treated in accordance with their circumstances in a fair and consistent way.

If you have identified any negative impacts you will need to consider how these can be mitigated to either reduce or remove them. In the table below let us know what mitigation you will take. (Please add rows where needed)

Identified issue drawn from your conclusions	Actions needed – can you mitigate the impacts? If you can how will you mitigate the impacts?	Who is responsible for the actions? When will the action be completed?	How will it be monitored? What is the expected outcome from the action?
Age			
Different approaches and mechanisms are required for engaging with and representing, people of different ages, in particular children and young people.	Ways to pay and contact remain flexible to customers. Calls to Customer Services, emails, SMS, on line portal and a Customer Welfare Officer.	As and when an action is required it will be picked up and looked into.	Officers and Managers will monitor customer interactions
Disability			
Different approaches and mechanisms may be required for engaging with and representing, people with a range of disabilities depending on their individual needs.	<p>Online payments may adversely affect customers who are sight impaired or those with fine motor skill impairment meaning that an online solution is more problematic for them.</p> <p>However, support can be given by Customer Services and Officers plus the Customer Welfare Officer. Online and paper DD's can be set up with or without assistance</p>	As and when an action is required it will be picked up and looked into.	Officers and Managers will monitor customer interactions
Gender Reassignment			
It is very important that the specification does not discriminate against those who are or have undergone gender reassignment who currently use the service or may wish to use it in the future.	No specific impact identified	N/A	N/A

Marriage and Civil Partnership			
No issues identified	No specific impact identified	N/A	N/A
Pregnancy and Maternity			
It is very important that the specification does not discriminate against those who are pregnant, who use the service or who wish to use it in the future.	No Specific impact identified	N/A	N/A
Race (including ethnicity or national origin, colour, nationality and Gypsies and Travellers)			
It is very important that the specification reflects the particular needs of people from all backgrounds who currently use the service or may wish to use it in the future.	Language issues may cause some problems with using the telephone payment services. translation services are available to assist customers whose first language is not English Internet Access?	As and when an action is required it will be picked up and looked into.	Officers and Managers will monitor customer interactions
Religion and Belief			
It is very important that the specification reflects the particular needs of people irrelevant of their religions and beliefs who currently use the service or may wish to use it in the future.	No specific impact identified There are some implications for debt in Sharia Law	N/A	N/A
Sex			
It is very important that the specification reflects the particular needs of people irrelevant of their sex who currently use the service or may wish to use it in the future.	No specific impact identified	N/A	N/A

Sexual Orientation			
It is very important that the specification reflects the particular needs of people irrelevant of their sexual orientation who currently use the service or may wish to use it in the future.	No specific impact identified	N/A	N/A
Other (including caring responsibilities, rurality, low income, Military Status etc)			
Rurality It is important that the service is able to engage with and represent individuals who live in rural areas and / or have limited access to public transport.	Access to the internet may be a problem for some customers. However, customers can telephone customer services, use the online payment and come into the building to pay plus use 'payzone'	As and when an action is required it will be picked up and looked into.	Officers and Managers will monitor customer interactions

Section 6 - How will the assessment, consultation and outcomes be published and communicated? E.g. reflected in final strategy, published. What steps are in place to review the Impact Assessment

Council's Website

Completed by:	Dean Emery
Date	28/10/2020
Signed off by:	Fiona Wilkinson
Date	23/11/2020
Compliance sign off Date	
To be reviewed by: (officer name)	
Review date:	

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AUDIT COMMITTEE 26 JANUARY 2021

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.
- 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 2020 will have been understandably impacted by the effects of the Covid 19 pandemic. There are specific comments on the attached appendices reflecting this.

Environment Appendix 1A

- 2.1 Regarding the Corporate Plan Aim: Increase recycling and reduce the amount of waste; Covid 19 had an impact on the amount of waste created by households particularly for Q1. The recycling rate has been very slightly above target for the last 3 months.
- 2.2 On 3 December Cabinet voted to approve this PDG's recommendation to approve a new waste collection trial. The trial is part of a process to improve recycling rates as well as reduce emissions from collection vehicles. It will also help the Council to meet with Government guidelines to recycle 65% of household waste by 2035 and Devon's proposed 60% target rate by 2025. The trial, which will include both rural and urban areas, should begin in early summer and will last for a minimum of three months.

Climate Change Appendix 1B

- 2.3 Mid Devon's push towards its carbon reduction target has received a boost with the installation of solar panels at its Carlu Close depot. The Willand based depot, which is home to the Council's Street Scene teams, now has panels covering 250m² of its roof space, meaning the 147 panels can produce almost 50kW of energy per hour. The initial investment should be paid back in less than six years due to the electricity generated to power the site, meaning less reliance on the National Grid as an energy source, and the ability for the Council to sell back some of the unused power.

Homes Portfolio - Appendix 2

- 2.4 Regarding the Corporate Plan Aim: **Deliver Housing:** The targets for annual housing completions of most types have been updated to reflect the Local Plan targets.
- 2.5 Regarding the Corporate Plan Aim: **Private Sector Housing: Bringing Empty homes into use** is well above target.
- 2.6 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 19 properties with expired LGSRs. First time access continues to be difficult; less than 50%.
- 2.7 Regarding the Corporate Plan Aim: **Support and grow active tenancy engagement:** The tenant census has had a good response. Work has commenced on analysing the results.

Economy Portfolio - Appendix 3

- 2.8 Due to the work the Growth and Economic Development Service has been doing on the Council's response to the Covid pandemic no performance and risk report went to the Economy PDG this time.

Community Portfolio - Appendix 4

- 2.9 The KPIs identified are mostly new PIs and performance on most has been affected by Covid 19. It is unlikely that much progress will be seen over the next few months.
- 2.10 Several of the corporate plan aims will require partnership working with Devon County Council, the NHS and Town and Parish Councils and lobbying activity. Targets for these remain to be developed.
- 2.11 Regarding support through the Covid pandemic the council has paid grants totaling over £30M so far with further payments of £10M expected over the next few weeks. The vast majority of this was to retail, hospitality and small businesses but we have £534,410 funding specifically to help adversely affected individuals through Hardship funding and the Self Isolation payments. For the latter we have had 151 applications so far; 64 have been paid, 64 rejected and 23 are awaiting assessment.

Corporate - Appendix 5

- 2.12 **Working days lost due to sickness** is better than expected for the first 2 quarters of 2020 despite the Covid 19 pandemic, it has been suggested that this is due in part to the number of members of staff working from home.
- 2.13 The **Response to FOI requests** have been 100% on time since April 2019.
- 2.14 The % **total Council Tax collected** and % **total NNDR collected** are both slightly below target. This has deteriorated due to the pandemic. Staff have concentrated on processing small business grants and the council tax relief hardship fund for the first 6 months of the year.

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
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* 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>	238.38 (8/12)	362	34	63	94	126	155	184	217	248					Darren Beer	(April - November) A small rise compared to November 2019. The lockdown period has contributed to this rise due to residents creating more residual waste to be disposed of from home. (LD)
<u>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</u>	10 (8/12)	No Target	0	0	4	4	4	5	10	10					Darren Beer	(November) Lockdown measures during November reduced the occurrence of offences (LD)
<u>% of Household Waste Reused, Recycled and Composted (figures have to be verified by DCC)</u>	54.11% (8/12)	54.5%	52.6%	53.7%	54.3%	54.3%	54.3%	55.3%	54.7%	54.5%					Darren Beer	(November) Dry recycling has contributed 24.38% to the recycling rate; this is a 2.91 increase compared to November 2019. The recycling rate is on target for the year despite a 6% rise in residual waste. (LD)
<u>Number of Households on Chargeable Garden Waste</u>	10,072 (8/12)	11,100	10,007	10,837	10,928	11,088	11,154	11,245	11,251	11,176					Darren Beer	(November) An additional 1,104 customers compared to November

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
																2019 (LD)
<u>% of missed collections reported (refuse and organic waste)</u>	0.02% (8/12)	0.03%	0.01%	0.02%	0.02%	0.01%	0.01%	0.02%	0.02%	0.02%					Darren Beer	(November) Remaining on target for the year (LD)
<u>% of Missed Collections logged (recycling)</u>	0.02% (8/12)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%					Darren Beer	(November) Remaining on target for the year (LD)

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Corporate Plan PI Report Climate Change

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

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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* indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Climate Change																	
Priorities: Climate Change																	
Aims: Green Sources of Energy																	
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>Electric Car Charger Units</u>	n/a	n/a	8	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a		None	(Quarter 3) Five sites shortlisted for electric car charging points in our pay and display car parks that will be subject to the outcome of the tender exercise that MDDC are part of with other neighbouring Councils, including analysis on the financial return. (CY)
<u>New Solar Initiatives</u>	n/a	n/a	250	n/a	n/a		n/a	n/a	211	n/a	n/a	250	n/a	n/a		Andrew Busby	(Quarter 2) Numbers registered with MDDC direct. Numbers likely to increase when DCC registrations allocated. (CY)
<u>Electric Car Charger usage</u>	n/a	n/a	2,000	11	58	139	399	762	994	1,248						Andrew Busby	(June) Usage seriously affected by Covid in first 3 months of the year (CY)
Aims: Biodiversity																	

Corporate Plan PI Report Climate Change

Priorities: Climate Change

Aims: Biodiversity

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>Corporate Tree Planting Scheme</u>	n/a	n/a	Develop corporate tree planting scheme by end 20/21	n/a	Andrew Busby	(2020 - 2021) Post the national restrictions volunteers have now met again on the allocated area of land adjacent to Morrison's in Tiverton with a date on planting expected to be early in the New Year and Property Services also met Sustainable Crediton who are looking to plant trees at the end of January 2021 (CY)											
<u>Community climate and biodiversity grants</u>	n/a	n/a	Funding agreed is first stage	n/a	Andrew Busby												

Aims: Retro-fitting measures

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>Corporate Renewable Energy Projects</u>	n/a	n/a	1	n/a	1	Andrew Busby	(2020 - 2021) Carlu Close solar PV project has been completed and the hydro project is a live planning application at present with a report going to committee early in the new year. (CY)										
<u>ECO Flex</u>	n/a	n/a	600						424							Simon Newcombe	

Corporate Plan PI Report Climate Change																	
Priorities: Climate Change																	
Aims: Retro-fitting measures																	
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>Housing Assistance Policy</u>	n/a	n/a	5						2							Simon Newcombe	
<u>Home Improvement Loans</u>	n/a	n/a	5	1					2	2						Simon Newcombe	(September) Covid adversely affected ability to do surveys and inspections in homes and availability of contractors. Activity has increased in Q3 and we expect the number of loans to increase (SN)

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>Community Schemes</u>	n/a	n/a		n/a	n/a		n/a	n/a		n/a	n/a		n/a	n/a		Andrew Busby	
<u>Council Carbon Footprint</u>	n/a	n/a	19,000	n/a	n/a		Andrew Busby	(Quarter 3) Progress will be reported in Q4 (CY)									

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

Corporate Plan PI Report Homes

Priorities: Homes

Aims: Deliver 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>Net additional homes provided</u>	n/a	n/a	393	n/a	Jenny Clifford, Simon Newcombe												
<u>Self Build Plots</u>	n/a	n/a	5	n/a	n/a	1	n/a	n/a	1	n/a	n/a	2	n/a	n/a	n/a	Jenny Clifford	
<u>Gypsy & Traveller Pitches</u>	n/a	n/a	2	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a	n/a	Jenny Clifford	
<u>Number of affordable homes delivered (gross)</u>		133	94	n/a	Jenny Clifford												
<u>Build Council Houses</u>	26 (9/12)	26		n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a	n/a	Andrew Busby,	

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Corporate Plan PI Report Homes

Priorities: Homes

Aims: Deliver 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
																Simon Newcombe	
<u>Number of Homelessness Approaches</u>	n/a	n/a	721 for 2019/20	n/a	n/a	125	n/a	n/a	289	n/a	n/a	433	n/a	n/a		Simon Newcombe	

Aims: Community Land Trusts

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>Community Land Trusts Assisted</u>	n/a	n/a	2	n/a	n/a		n/a	n/a	1	n/a	n/a	2	n/a	n/a		Jenny Clifford	(Quarter 3) Initial advice provided to Wessex Group for the Sampford Peverell Community Land Trust (TP)

Aims: Private Sector 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>Deliver homes by bringing Empty Houses into use</u>	97 (8/12)	138	72	1	9	26	31	34	44	59	60					Simon Newcombe	
<u>Houses in Multiple Occupation (HMOs) investigations</u>	n/a	n/a	100%						100%	100%						Simon Newcombe	(September) Covid meant inspections did not recommence until July. Therefore no data for April - June.

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Corporate Plan PI Report Homes

Priorities: Homes

Aims: Private Sector 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
																	However have caught back with backlog by end of September so currently 100% for year to date (SN)
<u>Landlord engagement and Support</u>	n/a	n/a	9	n/a	n/a	4	n/a	n/a	7	n/a	n/a		n/a	n/a		Simon Newcombe	(Quarter 2) x2 pinpoint x1 C-19 HMO specific communication (multi-language) (SN)

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>% Complaints Responded to On Time</u>	100.0% (9/12)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				Simon Newcombe	
<u>Tenant Census</u>	n/a	n/a	34%	n/a	n/a	34%	n/a	n/a	34%	n/a	n/a	34%	n/a	n/a		Simon Newcombe	
<u>% Emergency Repairs Completed on Time</u>	100.0% (8/12)	100.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					Simon Newcombe	
<u>% Urgent Repairs Completed on Time</u>	99.3% (8/12)	100.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					Simon Newcombe	

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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>% Routine Repairs Completed on Time</u>	100.0% (8/12)	99.3%	95.0%	100.0%	100.0%	100.0%	100.0%	98.4%	99.8%	100.0%	100.0%					Simon Newcombe	
<u>% Repair Jobs Where an Appointment Was Kept</u>	99.8% (8/12)	98.9%	95.0%	100.0%	100.0%	99.8%	100.0%	99.0%	99.7%	100.0%	100.0%					Simon Newcombe	
<u>% Properties With a Valid Gas Safety Certificate</u>	99.87% (8/12)	99.82%	100.0%	99.6%	99.4%	98.9%	98.9%	99.2%	99.4%	99.5%	99.5%					Simon Newcombe	

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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

Priorities: Community

Aims: Health and Wellbeing

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>Annual Community Safety Partnership (CSP) Action Plan</u>	n/a	n/a	Actions identified in plan delivery affected by Covid													Simon Newcombe	
<u>Safeguarding standards for drivers</u>	n/a	n/a	100%						100%							Simon Newcombe	
<u>Mental Health First Aiders</u>	n/a	n/a		n/a	n/a		n/a	n/a		n/a	n/a		n/a	n/a		Matthew Page	
<u>National and regional promotions</u>	n/a	n/a	5						1							Simon Newcombe	(September) x1 national event promoted. A number of regular events we engage with including Clear Air Day, Noise Action etc have been rescheduled due to Covid into Q3 and Q4 this year so we expect this to improve. It may however be 2021/22 before we fully meet target. (SN)

Aims: Community Involvement

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</u>	95% (7/12)	94%	90%	100%	100%	96%	91%	94%	93%	87%						Lisa Lewis	(October) 10 still

Corporate Plan PI Report Community																	
Priorities: Community																	
Aims: Community Involvement																	
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>resolved w/in timescales (10 days - 12 weeks)</u>																	open at 4 weeks (check again at 8 & 12 weeks) (RT)
<u>Number of Complaints</u>	210 (7/12)	313		5	21	45	64	97	122	145						Lisa Lewis	(July) figure amended from 23 to 19 as 4 are either SRs or not MDDC (RT)

Aims: Leisure Centres																	
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>Health Referral Initiative starters</u>	n/a	n/a	15	0	0	0	0	0	0	4	2	0				Corinne Parnall	(December) COVID (K)
<u>Health Referral Initiative completers</u>	n/a	n/a	15	0	0	0	0	0	0	0	0	0				Corinne Parnall	(December) Schemes were suspended due to Covid (K)
<u>Health Referral Initiative conversions</u>	n/a	n/a	5	0	0	0	0	0	0	0	0	0				Corinne Parnall	(December) Schemes were suspended due to Covid (K)

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: South West Mutual Bank

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>South West Mutual Bank</u>	n/a	n/a	Funding provided monitor progress	n/a	n/a		Andrew Jarrett										

Aims: Commercial Opportunities

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>Tiverton Other</u>	n/a	n/a		n/a	n/a	8	n/a	n/a	8	n/a	n/a	8	n/a	n/a		Andrew Busby	(Quarter 3) 100% (CY)
<u>Industrial Units Cullompton</u>	n/a	n/a		n/a	n/a	15	n/a	n/a	14	n/a	n/a	14	n/a	n/a		Andrew Busby	(Quarter 3) 93% 1 vacant unit (CY)

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>Sickness absence %</u>	2.91% (6/12)	3.27%	2.78%	n/a	n/a	2.17%	n/a	n/a	1.99%	n/a	n/a		n/a	n/a		Matthew Page	(Quarter 2) Short term sickness has considerably reduced due to a combination of the new sickness policy but also the impact of COVID-19 and WFH (as well as the need for staff to self isolate) (CY)
<u>Appraisals completed</u>	(1/2)	75%	100%	n/a	n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a	n/a		Matthew Page	
<u>New Performance Planning Guarantee determine within 26 weeks</u>	99% (3/4)	100%	100%	n/a	n/a	100%	n/a	n/a	100%	n/a	n/a	100%	n/a	n/a		Jenny Clifford, Eileen Paterson	(Quarter 1) COVID-19 (RP)
<u>Major applications overturned at appeal (over last 2 years)</u>	2% (3/4)	2%	10%	n/a	n/a	4%	n/a	n/a	5%	n/a	n/a	4%	n/a	n/a		Jenny Clifford, Eileen Paterson	

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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
<u>Major applications overturned at appeal % of appeals</u>	13.33% (3/4)	10.00%		n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a		Jenny Clifford, Eileen Paterson	
<u>Minor applications overturned at appeal (over last 2 years)</u>	0% (3/4)	0%	10%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	2%	n/a	n/a		Jenny Clifford, Eileen Paterson	
<u>Minor applications overturned at appeal % of appeals</u>	17% (3/4)	13%		n/a	n/a	0.25%	n/a	n/a	0.25%	n/a	n/a	1.73%	n/a	n/a		Jenny Clifford, Eileen Paterson	
<u>Response to FOI Requests (within 20 working days)</u>	100% (9/12)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%				Catherine Yandle	
<u>Working Days Lost Due to Sickness Absence</u>	3.51days (6/12)	8.12days	7.00days	n/a	n/a	1.41days	n/a	n/a	2.61days	n/a	n/a		n/a	n/a		Matthew Page	
<u>Staff Turnover</u>	n/a	n/a	10%													Matthew Page	
<u>% total Council tax collected -</u>	83.97% (9/12)	98.50%	98.50%	10.72%	19.37%	28.02%	36.82%	45.54%	54.55%	64.10%	73.26%	80.75%				Dean Emery	

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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
monthly																	
% total NDR collected - monthly	80.12% (9/12)	99.20%	99.20%	10.09%	16.52%	31.01%	38.88%	47.90%	55.45%	62.86%	70.21%	77.03%				Dean Emery	(August) COVID effect and no formal recovery. Better to compare actuals in prev yr and work out the value down c £104,190 (DE)

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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
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Risks:	No Data (0+)	High (15+)	Medium (6+)	Low (1+)
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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: Climate Change

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	13/01/2021	Fully effective (1)
In progress	Climate Change Strategy and Action Plan	Was approved by Cabinet on 1 October 2020. The Handbook needs completing and publishing	Catherine Yandle	09/12/2020	13/01/2021	Positive(2)
Completed and evaluated	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	13/01/2021	Fully effective (1)
Completed and evaluated	Devon Climate Emergency – Tactical Group	MDDC are part of the tactical group for the climate emergency that	Catherine Yandle	18/05/2020	13/01/2021	Fully effective (1)

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Corporate Risk Management Report - Appendix 6						
Mitigating Action records						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
		has strategic links to our own plans.				
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 first meeting held remotely.	Catherine Yandle	18/05/2020	13/01/2021	Positive(2)
Current Status: High (20)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 4 - High		
Service Manager: Catherine Yandle						
Review Note: The recruitment of a climate change specialist is in progress, closing date was 8 January, interviewing is w/c 18 January						

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	10/12/2020	Positive(2)
In progress	Incubator/Flexible workspace project	This project should help identify opportunities to help the delivery of new flexible workspace	Adrian Welsh	10/06/2019	10/12/2020	Positive(2)
In progress	Plan for recovery	Develop a recovery plan/ strategy in conjunction with partners	Jenny Clifford	12/05/2020	10/12/2020	Positive(2)
Current Status: Medium (10)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 2 - Low		
Service Manager: Jenny Clifford						
Review Note: Position has not changed since last review. Local Plan adoption provides allocated employment sites						

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: Governance

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	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	07/01/2021	Positive(2)
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. £1.2M to date in extra funding in 4 tranches.	Catherine Yandle	13/05/2020	07/01/2021	Positive(2)
Current Status: High (25)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 5 - Very High		
Service Manager: Simon Newcombe						
Review Note: Response continually monitored in the light of the increased threat from the new Covid variant in combination with poor weather, Brexit etc. Community response has been stood up in view of the National lockdown						

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
In progress	Further bids for capacity funding	To continue to secure external funding to support the project	Jenny Clifford	29/03/2019	04/11/2020	Positive(2)

Current Status: Medium (12)

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Jenny Clifford, Adrian Welsh

Review Note: Further round of capacity funding (20/21) announced by Government. Bid submitted and currently awaiting outcome

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	11/01/2021	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	11/01/2021	Positive(2)
In progress	Regular user awareness training	Staff and Member updates help to reduce the risk	Catherine Yandle	03/01/2019	11/01/2021	Positive(2)
Completed and evaluated	Technical controls in place	Required to maintain Public Sector Network certification	Lisa Lewis	03/01/2019	11/01/2021	Fully effective (1)

Current Status: High (20)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 4 - High

Service Manager: Lisa Lewis

Review Note: Policy reviewed awaiting signoff by portfolio holder.

Appropriate controls in place and annual pen' testing scheduled for February - final mitigation actions currently in progress.

Notification/emails to staff/members about phishing and other risks regular basis.

Email and Protective DNS - conforming with government secure email policy.

Staff training via LGA grant on Cyber Security Autumn 2020.

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
In progress	Distribution and processing of Gov business support funding.	To assist businesses during the Covid19 pandemic and to help sustain them during this time of national restrictions.	Adrian Welsh	12/05/2020	19/11/2020	Positive(2)
In progress	Hardship funding	To support individuals/households but also crucial for self employed and furloughed staff as a result of the pandemic.	Adrian Welsh	12/05/2020	19/11/2020	Positive(2)
In progress	Recovery plans	Work underway in partnership with other Devon and regional partners to develop economic recovery plans to assist positive outcomes on local economy.	Adrian Welsh	12/05/2020	19/11/2020	Positive(2)

Current Status: High (25)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 5 - Very High

Service Manager: Adrian Welsh

Review Note: Since the last review a further national restrictions has occurred. Current projections suggest Mid Devon will likely take over five years to recover economically. A period further national restrictions will result in a need to review these modelling predictions. Mitigation as part of the 'Team Devon' approach is being formulated. Current MDCC work is focussed on immediate grant support.

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 of COVID19 economic recovery work.	Adrian Welsh	10/06/2019	19/11/2020	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 and also to develop joint responses to COVID economic recovery	Adrian Welsh	10/06/2019	19/11/2020	Positive(2)
In progress	Project Management	Continue rigorous project management, monitoring and reporting of economic development projects	Adrian Welsh	10/06/2019	19/11/2020	Positive(2)
In progress	Recovery Plans	Recovery Plans will be put in place to aid recovery.	Adrian Welsh	12/05/2020	19/11/2020	Positive(2)
In progress	Review and reprotisation	Part of review of projects for Year 2 actions and a review of the likely impacts on the economy of the pandemic. This will consider maximising investment through external funding and prioritising officer time.	Adrian Welsh	31/01/2020	19/11/2020	Positive(2)
Current Status: High (20)		Current Risk Severity: 4 - High		Current Risk Likelihood: 5 - Very High		

Corporate Risk Management Report - Appendix 6

Service Manager: Adrian Welsh

Review Note: A review of the strategy will be undertaken in Q1 2021 informed by 'Team Devon recovery work'. This work will also be informed by national economic predictions and forecasts once a better idea of the implications to the economy of the emerging vaccination programme are known.

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	19/11/2020	Positive(2)
In progress	Officers have reprioritised work programmes to explore new funding opportunities	End of European funding sources	Adrian Welsh	10/06/2019	19/11/2020	Positive(2)

Current Status: High (16)

Current Risk Severity: 4 - High

Current Risk Likelihood: 4 - High

Service Manager: Adrian Welsh

Review Note: Given constraints on resource during this pandemic induced economic crisis and the scale of the challenges at this time there has been need to carefully prioritise project delivery.

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	10/01/2021	Positive(2)
In progress	Records Management Action Plan	To improve identified issues with records management	Catherine Yandle	15/06/2018	10/01/2021	Positive(2)

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Catherine Yandle

Review Note: Monitoring of data breaches and document retention continues to identify any weaknesses. Awareness of need for DPIAs and DSAs is improved. Privacy notices in place. Information audits will need to take place as soon as practicable.

Corporate Risk Management Report - Appendix 6

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
In progress	Risk Assessments	Review risk assessments and procedures to ensure that we have robust arrangements in place. Risk training sessions in place.	Catherine Yandle	28/05/2013	10/01/2021	Positive(2)
In progress	Risk assessments	Group Managers receive monthly automated reminders to update any outstanding risk reviews	Catherine Yandle	20/09/2019	10/01/2021	Positive(2)
Current Status: Medium (10)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 2 - Low		
Service Manager: Catherine Yandle						
Review Note: Covid Secure RAs have been updated in the light of latest national lockdown and mitigations re new variants of the virus. Guidance updated.						

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
In progress	Multi-skilled Staff	Due to an increase in homelessness approaches more applicants with complex needs are coming through the system that require far greater staff attention than normal. In order to mitigate this, staff are expanding their training around mental health, drug and alcohol awareness, and safeguarding, in order to create a more multi-skilled and adaptable workforce. This may require a greater allocation of resources as homelessness increases.	Claire Fry	21/12/2020	30/12/2020	Positive(2)
Completed and evaluated	RSI funding	The number of homeless approaches and the number of rough sleepers in the District are both likely to increase as a result of the economic instability and the current outbreak of	Claire Fry	21/12/2020	30/12/2020	Fully effective(1)

Corporate Risk Management Report - Appendix 6						
Mitigating Action records						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
		Covid19. Our success in obtaining up to £6,400 in RSI funding to deliver services during the cold weather means that we can adapt to this increased caseload and better carry out early intervention and prevention options to aid rough sleepers and prevent returning to the streets.				
Completed and evaluated	Staff Support	Officers are trained and knowledgeable and the structure of Housing Options team reviewed to build resilience.	Claire Fry	22/06/2017	30/12/2020	Fully effective(1)
In progress	Temporary Accommodation	With the rise in homelessness applicants, the overall cost of homelessness provisions will increase and therefore there is a need to make use of existing stock as temporary accommodation, as opposed to more costly alternatives such as bed and breakfast.	Claire Fry	21/12/2020	30/12/2020	Positive(2)
Current Status: High (16)		Current Risk Severity: 4 - High		Current Risk Likelihood: 4 - High		
Printed by: Catherine Yandle			SPAR.net		Print Date: 15 January 2021 12:02	

Corporate Risk Management Report - Appendix 6

Service Manager: Claire Fry

Review Note: The score for this risk remains the same, as a result of the pandemic there is a need to safe-guard rough sleepers as much as possible. The economic impact of the pandemic is likely to result in increased approaches from people who may be homeless or at risk of becoming homeless. In addition, there could be a reduction in the number of homes available in the private rented sector.

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. Annual Information Security training is mandatory for all network computer users	Catherine Yandle	09/08/2019	14/01/2021	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	14/01/2021	Positive(2)

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Catherine Yandle

Review Note: Compliance with mandatory training is good and network access is not granted initially until the induction training is complete.

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	Close working with Devon Country Council (delivery partner) over the HIF schemes	DCC is the delivery partner for the Council's HIF highway infrastructure project. Close working is taking place in order to ensure risks of project delay or cost escalation are reduced. DCC is undertaking robust project management of the projects. These actions seek to ensure the projects remain on track and any problems are raised at an early stage allowing for corrective action.	Jenny Clifford	13/01/2021	13/01/2021	Positive(2)
In progress	Close working with Homes England over the HIF schemes	Grant fund agreements over the HIF funding to deliver 2 highway infrastructure schemes. These include a range of requirements and project milestones. Close liaison with Homes England is taking place via monthly project update meetings and quarterly monitoring returns. This ensures Homes England is updated on both projects, is aware of issues as they arise and any corrective actions	Jenny Clifford	13/01/2021	13/01/2021	Positive(2)

Corporate Risk Management Report - Appendix 6						
Mitigating Action records						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
		can be taken- for example seeking the revision of project milestones to reflect the latest project programme.				
In progress	Partnership working	Close working with delivery partners to attempt to mitigate risks.	Adrian Welsh	12/05/2020	13/01/2021	Positive(2)
In progress	Partnership working with infrastructure providers and statutory bodies	Reduce risk of delays and communication.	Adrian Welsh	10/06/2019	13/01/2021	Positive(2)
In progress	target funding opportunities	To seek to bring forward delivery	Adrian Welsh	10/06/2019	13/01/2021	Positive(2)
Current Status: High (16)		Current Risk Severity: 4 - High		Current Risk Likelihood: 4 - High		
Service Manager: Adrian Welsh						
Review Note: We are working closely with Homes England on both HIF scheme and looking to mitigate project risks where possible. The Cullompton Relief Road has advanced to planning application determination stage. Comprehensive work to deliver infrastructure required to unlock planned growth continues to take place.						

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	To provide additional revenue streams	Ian Chilver	28/09/2017	13/01/2021	Positive(2)
Completed and evaluated	Medium term planning	Due to Cabinet in December 2020. Gap in excess of £5M A range of options are being considered but Covid, business rates and uncertainty over fair funding review make the situation extremely challenging	Ian Chilver	28/09/2017	13/01/2021	Fully effective (1)
In progress	We continue to work with managers to reduce costs and explore new income streams	To close the budget gap and maintain services	Ian Chilver	07/02/2019	13/01/2021	Positive(2)

Current Status: High (20)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 4 - High

Service Manager: Ian Chilver

Review Note: S151 and Cabinet Member for Finance are actively lobbying local MP and government (via LGA).

S151 has responded to government consultation on the level of funding post Dsecember announcement.

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	10/01/2021	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	10/01/2021	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	10/01/2021	Positive(2)
Completed and evaluated	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	10/01/2021	Fully effective (1)

Current Status: High (16)

Current Risk Severity: 4 - High

Current Risk Likelihood: 4 - High

Service Manager: Ian Chilver, Chris Davey

Review Note: The 21/22 budget gap is now much reduced from previously reported, work continues to close the gap prior to the Cabinet report in February. Senior managers have been asked to suggest further savings.

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
In progress	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	Positive(2)

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Jane Lewis

Review Note: Risk remains as per last year. There will always be this risk as we do not provide a 24 hour cover but there are staff and alerts to reduce this risk.

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	10/12/2020	Positive(2)

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Jenny Clifford, Eileen Paterson

Review Note: Review of processes around S106 agreements continues to advance, but slower than initially intended due to resource availability and impact of COVID-19.

Governance arrangements have been agreed.

The enquiries part of project management system is now live, monies reconciled against the financial system and data migration has been taking place in batches. By the end of December 20 reporting on funds by Parish and catchment for public open space and air quality funds will be available. Further stages of the project will be completed through to late 2021

The Infrastructure Funding Statement to be published by the end of December 20 will report on S106 monies collected and spent for 19/20 and will be updated annually for the previous financial year. It will also identify and prioritise the infrastructure the Council intends to fund through S106 agreement/ Community Infrastructure Levy (report to Cabinet 3rd December 2020).

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	Cabinet	Monthly meetings with Cabinet ambassadors and monthly update to Cabinet on progress with the recommendations action plan and projects.	Catherine Yandle	09/11/2020	13/01/2021	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	13/01/2021	Positive(2)

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Ian Chilver

Review Note: Two experienced directors have been recently recruited as required by the action plan.

The company is also exploring the possibility of providing social housing to the Council (Teckel permitting)

Corporate Risk Management Report - Appendix 6

Risk: SPV 3 Rivers Reputational Impact That 3 Rivers' reputation is damaged by the actions of the council, threatening the long-term success of the company and potentially threatening the operational activity of the company through increased costs, reduced revenues, staff retention, or future claims against the council.

Service: Governance

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Work with Members	Sustained work with elected members to ensure that the necessary balance is struck between constructive challenge and debate, without bringing the company or its activity into disrepute. Awareness raising relating to the roles of the council's scrutiny committee in assuring governance outcomes, the audit committee providing assurance on risk and mitigation, and the cabinet in its decision-making as shareholder. Use of external advice when necessary to provided added assurance.	Stephen Walford	11/11/2020	15/01/2021	Positive(2)

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Stephen Walford

Review Note: Work continues with elected members to ensure that the necessary balance is struck between constructive challenge and debate, without bringing the company or its activity into disrepute. Monthly update reports are currently being tabled at Cabinet to ensure maximum transparency and opportunity for questions. There is a concerted effort being made to hold all debates in public, with only commercially-sensitive or contractual details in restricted session. In addition, members are being briefed on structural and governance issues relating to the relationship with 3RDL to increase awareness of the potential damage that can be done by to the company (and council) reputation arising from inaccurate commentary. Member ownership of 3RDL reputational matters has increased with the appointment of two cabinet member ambassadors, and this is improving trust and confidence amongst the wider membership.

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
In progress	External Review	Several recommendations have been recommended. All have been approved between Cabinet, Audit and Scrutiny. Action Plan is in place and progress is steady.	Catherine Yandle	06/07/2020	26/10/2020	Positive(2)
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	26/10/2020	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	26/10/2020	Positive(2)

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Catherine Yandle

Review Note: 25 of the 33 actions identified on the governance action plan are now completed. Cabinet updates monthly currently.

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	19/11/2020	Positive(2)
In progress	continue to work with traders on promotion	To increase footfall.	Adrian Welsh	10/06/2019	19/11/2020	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	19/11/2020	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	19/11/2020	Positive(2)

Current Status: High (16)

Current Risk Severity: 4 - High

Current Risk Likelihood: 4 - High

Service Manager: Adrian Welsh

Review Note: At time of current risk review a further period of national covid restrictions are in place inhibiting the market from being able to function normally. Plans to maximise economic potential of the pannier market are being reviewed to reflect the current challenges and future opportunities arising from changing retail habits as a result of the pandemic.

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Print Date: 15 January 2021
12:02

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	3 Risks
	4 - High	No Risks	No Risks	No Risks	8 Risks	3 Risks
	3 - Medium	1 Risk	1 Risk	8 Risks	3 Risks	4 Risks
	2 - Low	No Risks	1 Risk	14 Risks	13 Risks	5 Risks
	1 - Very Low	3 Risks	No Risks	1 Risk	6 Risks	2 Risks
	1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High	
	Risk Severity					

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Print Date: 15 January 2021
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AUDIT COMMITTEE 26 JANUARY 2021

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 2 actions are now completed. Progress has been made on all the other issues identified but note there is a separate action plan for the 3 Rivers Development Ltd. governance issues.
- 1.4 Progress against the Action Plan is reported at each Audit Committee. There is a column for RAG status to make progress clearer. Amendments since the last report are shown as tracked changes so they are highlighted.

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><u>The S106 Parish reports and Annual Infrastructure Funding statement were published in December as required by legislation</u></p>	<p>Scrutiny 17 August</p> <p>Cabinet 1 October</p> <p>Full Council 28 October - adopted</p> <p><u>23 December 2020</u></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>Regular reports on progress on the Action Plan are being presented to Cabinet</p> <p><u>25 of the 33 actions now complete.</u></p>	<p>Cabinet 29 October <u>Currently monthly</u></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 2020/21, 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><u>Progress is being made but more work is planned</u></p>	<p>31 December 2020<u>March 2021</u></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><u>The risk review reporting has been updated for reports starting from January 2021 and training sessions for managers have commenced</u></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</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>monitored and updated where 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>The <u>revised</u> anti-fraud and corruption policy review brought forward to the November <u>is being presented at the January 21</u> 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><u>The Evolve project was launched by HR in November, as part of this appraisals and progress against the competency framework can now be recorded on the LMS system, as can 1:1s.</u></p> <p><u>Training is now being rolled out by L&D</u></p>	<p><u>30¹ December 2020</u> <u>June 2021</u></p>	

Green is completed

Amber is in Progress

Red is not completed

White is not due for completion yet

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AUDIT COMMITTEE 26 JANUARY 2021

ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

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

Reason for Report: To present the Committee with the reviewed and updated Policy for Anti-Fraud & Corruption and the Anti-Fraud and Corruption Strategy.

RECOMMENDATION(S):

1. That the Committee approves the revised Anti-Fraud and Corruption and Anti-Policy and the Anti-Fraud and Corruption Strategy document.
2. Give the Group Manager for Performance, Governance and Data Security delegated authority to make minor amendments to these documents e.g. changes to job titles

Relationship to Corporate Plan: The policy and strategy support good governance arrangements enabling confidence in our delivery of the Corporate Plan.

Financial Implications: Not having these documents could result in not detecting fraud, corruption or financial irregularities, which could result in a loss to the Council.

Budget and Policy Framework: The policy is already included in the budget and policy framework.

Legal Implications: Any legal requirements are embedded in the documents no new or additional implications arise.

Risk Assessment: Without this policy and strategy the Council is at risk of not detecting fraud, corruption or financial irregularities, which could result in significant loss to the Council and damage its reputation.

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 policy was last approved at Audit Committee on 20 November 2018.

1.2 The review of this policy was brought forward as an agreed action after an Internal Audit Counter Fraud Governance review in 2019/20, because of out of date references to the "Audit Commission" for example. Also the responsibility of the Council to manage its fraud risks; section 5.7.

1.3 In addition the opportunity has been taken to make reference to how MDDC can be held accountable for tax evasion by associated persons including suppliers in section 1.7, this is called a Corporate Criminal Offence.

1.4 There is also reference to a Tax Strategy on the Anti-Fraud Strategy document which is Appendix A to the policy. This is a new strategy and is scheduled to go to Cabinet in February 2021.

2.0 **Conclusion and Recommendations**

2.1 It is essential to have these policies in place to promote good governance and accountability within MDDC. The Committee is therefore asked to:

1. Approve the revised Anti-Fraud and Corruption policy and the Anti-Fraud and Corruption Strategy document.
2. Give the Group Manager for Performance, Governance and Data Security delegated authority to make minor amendments to these policies e.g. changes to job titles

2.2 These policies are reviewed every four years so unless there are any major changes the Committee will next review them in 2025.

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

Background Papers: FFCL – Strategy for the 2020's

Anti-Fraud & Corruption Policy 2020



1.0 WHAT IS FRAUD AND CORRUPTION?

What is Fraud?

- 1.1. There are a number of criminal offences that relate to what might commonly be termed as 'fraud' that are covered by the Theft Act 1968 and the Theft Act 1978. However the Fraud Act 2006 created a new general offence of fraud with three definitions:-
- 1.2. Fraud by false representation, i.e. if an individual dishonestly makes a false representation and intends by making the representation to make gain for himself or another, or to cause loss to another or expose another to risk of loss;
- 1.3. Fraud by failing to disclose information, i.e. if an individual dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by means of abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and
- 1.4. Fraud by abuse of position, i.e. if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss.
- 1.5. Most actual and attempted fraud against local authorities is committed by people who do not work for the authority, usually by claiming grants and benefits to which they are not entitled.
- 1.6. Fraud does not include petty theft or misappropriation unless there is distortion of financial statements or other records.
- 1.7. Fraud does include tax evasion and the Council may be held accountable for these acts by associated persons, including suppliers, under the Criminal Finance Act 2017 unless it has reasonable preventative procedures in place.

What is Corruption?

- 1.6. Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.
- 1.7. 'Misconduct in a public office' is a common law offence and is committed when the holder of a public office acts, or omits to act, in a way contrary to his duty.

Anti-Fraud & Corruption Policy 2020



- 1.8. In addition, the Bribery Act 2010 which came into force on 1 July 2011 applies to attempts to influence the improper performance of relevant functions or activities.
- 1.9. The Act describes 4 types of offence:
 - Bribing another person
 - Receiving a bribe
 - Bribing a foreign public official
 - Failure of commercial organisations to prevent bribery
- 1.10. Members in particular need to be aware mainly of the first 2 of these. As they could be exposed to potential attempts at bribery, given their responsibilities for planning, licensing and public expenditure.

2.0 MID DEVON DISTRICT COUNCIL'S APPROACH TO COMBAT FRAUD AND CORRUPTION

- 2.1 MDDC's expectation is that Members and employees at all levels will lead by example to ensure high standards of propriety and accountability are established and strictly adhered to, and that personal conduct is above reproach at all times.
- 2.2 The Council's Anti-Fraud and Corruption Policy demonstrates a firm, clear and unambiguous commitment to preventing fraud and corruption. This policy, along with others such as the Codes of Conduct for both Officers and Members, is designed to prevent fraud and corruption. However, if fraud or corruption is discovered, the Council will deal swiftly with the perpetrators in accordance with this policy.
- 2.3 The Council is committed to an effective anti-fraud and corruption strategy, which is designed to:
 - Encourage prevention
 - Promote detection
 - Identify a clear approach for investigation

3.0 CULTURE

- 3.1 MDDC has a responsibility for the proper administration of public funds and must maintain a culture which does not tolerate fraud and corruption in any form, and which is based on openness, fairness, trust and value.
- 3.2 All managers within the Council have a responsibility to manage the risk of fraud and corruption. However, every Member and officer of the Council

Anti-Fraud & Corruption Policy 2020



must be aware of the risk of fraud, and has a duty to report any reasonable suspicions.

- 3.3 The Council will deal firmly with those who seek to defraud the authority, or who are found to be corrupt, in accordance with this policy and operates a zero tolerance approach.
- 3.4 We believe the best defence against fraud and corruption is to create a strong anti-fraud culture within the organisation. The Council has adopted the seven Nolan principles of public life governing conduct.
- 3.5 We expect all our officers and members to follow these principles and all legal rules, procedures and practices, and to protect our legitimate interests at all times. Any member or officer, and any person or organisation who falls short of these standards can be sure that we will take all necessary action to deal with the matter.
- 3.6 We also expect that individuals and organisations with which MDDC comes into contact, and particularly those to which it provides finance, act towards the Council at all times with integrity and without fraudulent or corrupt intent.

4.0 RESPONSIBILITIES

- 4.1 The Council's chief officers – Chief Executive, Leadership Team and Service Managers – are responsible for establishing sound systems of internal control in all of their service's operations. 'Internal control' means the systems of control designed to ensure the Council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources. Such systems must safeguard the authority's assets and interests from fraud.
- 4.2 Section 151 of the 1972 Local Government Act requires that every local authority shall make arrangements for the proper administration of its financial affairs. This includes maintaining strong financial management underpinned by effective financial controls and an adequate and effective system of internal audit. The Section 151 Officer also has to produce Financial Regulations for adoption by the Council. The adequacy and appropriateness of the Council's financial and other systems is independently monitored by both Internal and External audit.
- 4.3 Arrangements are in place, and will continue to be developed, which encourage the secure exchange of information/data between the Council and other Government agencies on national and local fraud and corruption activity. All such arrangements will adhere to Data Protection legislation.
- 4.4 The Council's chief officers are responsible for ensuring that all staff are aware of the existence and content of the Financial and Contract Procedure Rules and other regulatory documents.

Anti-Fraud & Corruption Policy 2020



- 4.5 MDDC must ensure that staff are properly trained to discharge the responsibilities allocated. Once training has been provided, performance must be managed and use of proper practices enforced.
- 4.6 Employees are required to report to their line manager, supervisor or other responsible senior officer any illegality, impropriety, breach of procedure or serious deficiency. This could include concerns that suppliers may be committing actions which could lead to tax evasion offences. The Council has a Whistle-blowing Policy to give confidence to anyone who wishes to raise concerns about behaviour and practice.

5.0 PREVENTION

- 5.1 Internal Audit independently monitors the existence, appropriateness and effectiveness of internal controls to provide assurance to the Council.
- 5.2 Where fraud or corruption has occurred because of a breakdown in the authority's systems or procedures, service managers will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.
- 5.3 The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps during the recruitment process to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The Council's recruitment policy should be adhered to during this process, employment references sought and pre-employment checks performed.
- 5.4 Members are required to adhere to the Members' Code of Conduct, in the Constitution, which has been formally adopted by MDDC. As part of the compliance with this code, Members are required to declare to the Council's Monitoring Officer when elected, and update when circumstances dictate, relevant interests. These are recorded in the register maintained for this purpose by the Monitoring Officer. These are subject to independent review by Internal Audit on a regular basis.
- 5.5 Similarly, all employees are bound by the requirements of the Officers' Code of Conduct. Employees are required to declare non-financial interests that they consider could bring about conflict with the authority's interests. MDDC employees are also expected to follow any code related to their professional role and qualifications.
- 5.6 Certain services are required to make annual declarations where their work might put them in a position where a conflict of interest could occur for example Revenues and Benefits.

Anti-Fraud & Corruption Policy 2020



- 5.7 The Council acknowledges its responsibility to identify and assess the fraud and corruption risks it faces and manage them effectively across all parts of the organisation.

6.0 DETECTION AND INVESTIGATION

- 6.1 The Council undertakes specific tests or initiatives to detect fraud, such as the data matching as part of the National Fraud Initiative (NFI) which is mandatory for district councils.
- 6.2 Employees are required to report matters of genuine concern to their managers or supervisors. The Council's Whistleblowing Policy provides a framework for reporting, investigating and following up such concerns.
- 6.3 Where it appears that a potential fraud or financial impropriety has occurred this must be reported to Internal Audit, the Section 151 Officer and where an employee is involved the Group HR Manager or where a councillor is involved the Monitoring Officer. An investigation will then commence.
- 6.4 Internal Audit is responsible for the initial receipt and investigation of any allegations of fraud or corruption received. Internal Audit will ensure that potential fraud or irregularity is responded to promptly and discreetly;
- All evidence is recorded;
 - Evidence is sound and adequately reported;
 - All evidence is held securely;
 - The Council's insurance section is notified where appropriate;
 - Findings are reported promptly to HR or the S151 Officer; and
 - Further action is taken, where appropriate
- 6.5 The Council does not have its own trained counter fraud investigators but the Council's internal audit service is provided by Devon Audit Partnership which has a dedicated Counter Fraud Team. There is some provision in the Annual Internal Audit Plan for specific counter fraud work but additional referrals can be made to the service at any time:

Counter Fraud Team Manager at Devon Audit Partnership

By telephone – 01752 304450 or 01752 306710

By email ken.johnson@devon.gov.uk

Applicable fees would need to be agreed with the Counter Fraud Team Manager on a case by case basis.

- 6.6 The Council's Disciplinary Procedures are used where any investigation indicates improper conduct on the part of staff. Disciplinary action may be

Anti-Fraud & Corruption Policy 2020



taken in addition to, or instead of, criminal proceedings, subject to the advice of the Human Resources Section.

- 6.7 The Council will make all efforts to recover lost assets or money from fraudsters.
- 6.8 The Council's Communications Team will liaise with the press to publicise any anti-fraud and corruption initiatives undertaken by the Council which will help act as a deterrent to others.

7.0 POLICIES

- 6.1 The Whistleblowing and Anti-Money Laundering Policies and Tax Strategy are on the Governance pages of SharePoint. See also the Financial Regulations, section 18 in particular, on the Finance pages of SharePoint and the website.
- 6.2 When a new member of staff commences employment with the Council they will receive induction training and be made aware that these policies are available.

Anti-Fraud and Corruption Strategy 2020

Measures we have in place			
Culture	Prevention	Detection	Investigation
Officers' Code of Conduct	Recruitment & Selection Policy	Whistleblowing Policy	Disciplinary Policy
Code of Conduct for Councillors and Co-opted Members	Disclosure and Barring Service (DBS) Policy	Complaints and Feedback Policy	Monitoring Officer Protocol and Functions
Guidance for Members on Hospitality and Gifts	Register of Members' Interests	Annual participation in National Fraud Initiative	Devon Audit Partnership
Ethics in a Nutshell	Employee Notice of Personal Interests Form	National Anti-Fraud Network Alerts	
	Employee Gifts and Hospitality Form		
	Scheme of Delegation		
	Financial Regulations		
	Anti-Money Laundering Policy		
	Independence Declarations		
	Tax Strategy		

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Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud



With support from:



This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

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Foreword

— Richard Watts



Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not

taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as “a coalition of the willing”. It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

Cllr Richard Watts
Chair Resources Board, Local
Government Association
Leader Islington Council

Foreword

— Mike Haley



As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

Mike Haley

Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

Executive Summary

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

By using this strategy local authorities will:

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

Review of 2016 Fighting Fraud and Corruption Locally Strategy

The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.

These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

The second new area that has appeared during the research recognises the increased risks to victims and the local community:

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



 **PROTECTING ITSELF AND ITS RESIDENTS**
*Recognising the harm that fraud can cause in the community.
 Protecting itself and its' residents from fraud.*

This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*

Case Study

Birmingham City Council: Acknowledge Using data to tackle fraud

In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

“Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work.”

Trevor Scott, Chief Executive Wealden District Council

Introduction

This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.

As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.

We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.

The research for this strategy was carried out by local practitioners and board members.

The research was commissioned by the board and was coordinated by the secretariat.

The research consisted of:



The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

This document is divided into four sections:

Section 1

The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

Section 2

The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

Section 3

Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

Section 4

The Local Response – Appendices

Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

Section 1: The Context

a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

“We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow.”

Economic Crime Plan 2019

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

Estimated Local Government Fraud Loss 2013	
Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

The Government's Economic Crime Plan 2019

What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality

- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.

Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by

Case Study

An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.

He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.

new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

Recommendation: A working group on powers should be formed.

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

Recommendation: A working group on incentives should be formed.

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

“Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime”.

*Clive Palfreyman, Executive Director Finance & Resources
London Borough of Hounslow*

d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.

Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

Organising ourselves – a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.

Further recommendations are detailed in the Delivery Plan Annex.

Case Study

The first social care fraud prosecuted by Veritau and City of York Council

Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

e) Fraud risk areas

The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:

Fraud risks raised in the research

<i>Social care fraud: personal budgets and direct payments</i>	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
<i>Schools</i>	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
<i>Right to buy</i>	fraudulent applications under the right to buy/acquire
<i>Money laundering</i>	exposure to suspect transactions
<i>Commissioning of services</i>	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
<i>Tenancy</i>	fraudulent applications for housing or successions of tenancy, and subletting of the property
<i>Procurement</i>	tendering issues, split contracts, double invoicing
<i>Payroll</i>	false employees, overtime claims, expenses
<i>Identity fraud</i>	false identity/fictitious persons applying for services/payments
<i>Council tax</i>	discounts and exemptions, council tax support
<i>Blue Badge</i>	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
<i>Grants</i>	work not carried out, funds diverted, ineligibility not declared
<i>Business rates</i>	fraudulent applications for exemptions and reliefs, unlisted properties
<i>Insurance fraud</i>	false claims including slips and trips
<i>Disabled facility grants</i>	fraudulent applications for adaptations to homes aimed at the disabled

“Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity.”

David Hill, Chief Executive South West Audit Partnership

Concessionary travel schemes – use of concession by ineligible person, including freedom passes

No recourse to public funds – fraudulent claims of eligibility

New responsibilities – areas that have transferred to local authority responsibility

Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants

Immigration – including sham marriages. False entitlement to services and payments

Cyber-dependent crime and cyber-enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

Economic Crime Plan 2019

Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.

f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and

good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

Adult care services successful prosecution and repayment in full of fraud loss

The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.

The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.

The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.

The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.

On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.

The loss including interest was calculated to be £89,141, which he has paid in full.

Case Study

Collaboration on Protect and Pursue

A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector, lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

Recommendations:

The external auditor should highlight FFCL and its appendices to the audit committee in the annual report

The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.

Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to

the live FFCL documents.

“Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care.”

Max Thomas, Managing Director Veritau

Case Study

Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:

Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: “It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded.”

Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local

government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:



PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.

Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

Case Study

Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

Results so far have been extremely positive for Hertfordshire with over...

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

Case Study Pursue

Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator

had already retrieved and saved copies. The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

Fighting Fraud and Corruption Locally – embedding the pillars

Durham County Council's counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.

DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.

Norwich City Council adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.

A more detailed explanation of these is in the Annexes.

The Themes – Six Cs

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.

Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.

The themes are:

Culture – creating a culture where fraud and corruption are unacceptable and that is measurable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Making the business case:

Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.

Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

The moral case – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling

more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

The fraud was discovered via a whistleblowing referral to audit services

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

Section 3: Turning Strategy into Action

The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

Section 4: The Local Response

Appendix 1

What should senior stakeholders do?

The chief executive

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

The section 151 officer

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

The monitoring officer

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

The audit committee

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The portfolio lead

Receives a regular report that includes information, progress and barriers on:

- The assessment against the FFCL checklist
Fraud risk assessment and horizon scanning.

Appendix 2

FFCL Checklist

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

- in FFCL 2020 to prevent potentially dishonest employees from being appointed.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
 - prevention
 - detection
 - investigation
 - sanctions
 - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery are considered in all cases.
- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Section 4

The Fighting fraud and Corruption Locally board would like to thank

The Fighting Fraud and Corruption Locally board is:

Charlie Adan – Chief Executive and SOLACE
 Bevis Ingram – LGA
 Andrew Hyatt – Royal Borough of Kensington and Chelsea
 Mike Haley – Cifas and Joint Fraud Taskforce
 Rachael Tiffen – Cifas and secretariat
 Suki Binjal - Lawyers in Local Government
 Colin Sharpe – Leicester City Council
 Clive Palfreyman – LB Hounslow
 Trevor Scott – Wealden District Council
 Alison Morris – MHCLG
 Mark Astley – NAFN
 Paula Clowes – Essex County Council
 Simon Bleckly – Warrington Council
 Karen Murray – Mazars
 Paul Dossett – Grant Thornton
 Marc McAuley – Cipfa

The Board would like to thank Cifas for managing this process, for the delivery of the research and the drafting of this document.

Regional Workshops

Around 260 councils attended workshops organised in the following areas:

East Anglia
SouthWest, Devon, Plymouth, Cornwall and Devon
Kent
London and the South East
Essex
Hertfordshire and Home Counties
Midlands Fraud Group and Chief Internal Auditors and County Networks
North West Fraud Groups
Yorkshire Groups
North East and North Regional Fraud Group

The Fighting Fraud and Corruption Locally board wishes to thank:

Andrea Hobbs
Colin Sharpe
Debbie Dansey
Helen Peters
James Flannery
Jamie Ayling
Jacqui Gooding
David Hill
Max Thomas
Jonathan Dodswell
Hannah Lindup
Shelley Etherton
Gary Taylor
Nick Jennings
Ken Johnson
Mark O'Halloran
Paul Bicknell
Lauren Ashdown
Steven Graham
Matt Drury
Gillian Martin
Sara Essex
Sally Anne Pearcey
Paula Hornsby
Rachel Worsley
Nikki Soave
Francesca Doman
Andrew Reeve
Jason Pengilly
Paul Bradley
Professor Alan Doig
Sean Turley
Neil Masters
Dan Matthews
Scott Reeve
Corinne Gladstone
Louise Baxter
Keith Rosser
Ben Russell
Philip Juhasz
Paddy O'Keefe
Mark Wilkes

Andrew Taylor
Neil Farquharson
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Andy Hyatt – Royal Borough of Kensington and Chelsea

**

And all those who attended the workshops, provided feedback, responded to surveys and who took up the actions after the workshops.

Section 5

Glossary and documents

NAFN – National Anti-Fraud Network
CIPFA – Chartered Institute of Public Finance and Accountancy
Cifas – UK's fraud prevention service
NECC – National Economic Crime Centre
NCA – National Crime Agency
MHCLG – Ministry of Housing, Communities and Local Government

ONS: www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud
www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
National Fraud Authority, Annual Fraud Indicator, March 2013
National Fraud Authority - Good practice publication: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/
Economic Crime Plan 2019: www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
Eliminating Public Sector Fraud: www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf
Smarter Government: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report
Local Government Association Counter Fraud Hub: www.local.gov.uk/counter-fraud-hub
Veritau: veritau.co.uk/aboutus
SWAP Internal Audit Services: www.swapaudit.co.uk
Devon Audit Partnership: www.devonaudit.gov.uk

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Internal Audit

Audit Progress Report 2020-21

Mid Devon District Council
Audit Committee

Pages 131
January 2021

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 carry out an annual review of the effectiveness of their internal audit system and incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion for use by the organisation to inform its governance statement. This report provides our proposed opinion for 2020-21 based on work undertaken to date in the Opinion Statement.

The Internal Audit plan for 2020-21 was presented and approved by the Audit Committee in June 2020. This report includes a revised audit plan to ensure an assurance opinion can be provided during the C-19 emergency with reduced available resources. The following report and appendices set out the background to audit service provision; summaries of audit work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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;
- approve the amendments to the audit plan.

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 "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. 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 specific follow-ups.

Directors and Senior Management are 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

We have completed six of the ten core audits planned for this year to draft or final report stage. We provided Reasonable Assurance for each of these audits. These have found that the control framework remains generally sound. This supports our view that core systems have not significantly changed in year, so the assurance level should not be significantly adversely affected by current working arrangements. That said we have concerns relating to staff resourcing in some areas such as HR which are exacerbated due to work at home requirements.

Covid-19 Grants

Significant government grants have been paid out through local authorities. We undertook work on the following:

- The Income Compensation Scheme, Claim 2. We reviewed the second tranche of claims and confirmed that figures prepared appear to be a true and fair reflection of those within the financial systems, and lost income claimed could reasonably fall within the eligibility criteria as outlined in the MHCLG guidance document.
- Covid-19 Small Business Grants, and Retail, Hospitality and Leisure Grants. We consider the system for processing grant applications was generally effective and made recommendations to improve future grant making.

Risk Based Audits

During the period we completed five audits to draft or final report stage. We provide a Limited Opinion for two of these:

- Commercial Rents. We identify a need for management review of the practice of holding over legal licences for industrial units and shops rather than renewing them.
- Digitalisation. We identify opportunity for the Council to maximise the benefits and ensure controls in this high-risk area are effective through a Social Media Strategy and greater central oversight.

We have also undertaken a report on Safe Covid-19 Operations for council staff which we will discuss during the Audit Committee. We have not identified any significant areas of concern.

Value Added

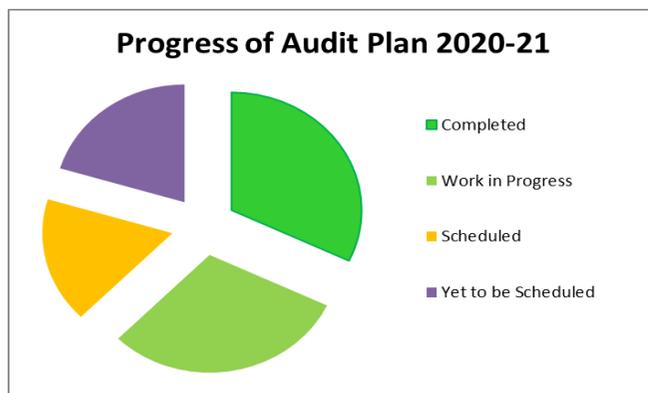
We know that it is important that the internal audit service seeks to "add value" whenever it can. We believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance;
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Undertaking audits across organisational boundaries such as the recent audit on Building Control for North Devon and Mid Devon.

Audit Coverage and Performance Against Plan

Appendix 1 to this report provides a summary of the audits undertaken since our last progress report in November 2020, along with our assurance opinion. Where we provide a "Substantial assurance" or "Reasonable assurance" of audit opinion we can confirm that, overall, sound controls exist to mitigate exposure to risks identified. Where we have provided a "Limited assurance" opinion then issues were identified during the audit process that required attention. We are broadly content that management are appropriately addressing these issues albeit recent audits have identified instances where recommendations are yet to be fully completed.

We are broadly on track to deliver our revised audit plan as shown in the diagram below.



Revisions to the audit plan

We have recently reviewed the audit plan to adjust it to what we are able to deliver with available resources in-year. The revised plan agreed with management is at **Appendix 3**. At this point we expect to deliver approximately 75% of the plan for this year, including all but one of the Core audits, and the significant Risk Based Audits. While we have deferred some audits, we will include review of significant recommendations from these areas to ensure that have been effectively implemented. We submit the plan for Audit Committee approval.

Key performance indicators on progress against audit recommendations reveals that the Council continues to make progress although there are two High Recommendations that are currently overdue from prior year audits (See **Appendix 2**).

Fraud Prevention and Detection

Management have referred to us a case of misuse of an e-procurement card for review. We understand that the card use has been stopped pending investigation. We are making initial exploratory inquiries.

We continue to liaise with the Group Manager Risk and Performance on future direction of Counter Fraud strategy work which has yet to be commissioned.

Assurance Mapping

We have continued to refine our assurance map based on our work undertaken this year. We will share this with the next audit committee.

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					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low		Direction of Travel Assurance	
CORE – KEY FINANCIAL SYSTEMS						
Creditors System Risk / ANA: ANA –Medium Spar 4x2=8 Low Page 135	Reasonable Assurance Status: Final Report	There are effective controls to ensure correct and timely payment to suppliers within payment terms. This includes good controls for the BACs payment process with automation and levels of authorization and monitoring and separation of duties to reduce the risk of fraud. Payments are made in a timely manner. This is reflected in the key performance indicator where the percentage of invoices paid on time is 99.19% against a target of 95%. We identified residual risk in areas previously reported related to: <ul style="list-style-type: none"> Review of the Creditors Masterfile in accordance with GDPR compliance and to prevent incorrect payment of a supplier. Reduction in non-order purchasing and improvement in good receipting processes. Updating authorisation signatory listings. 	0	4	3	
ICT Core Risk / ANA: ANA – High Risk Spar (Cyber Security) 5 x 4 = High	Reasonable Assurance Status: Final Report	Compliance and organizational controls were generally sound related to policies, inventories, and compliance with Public Services Network (PSN) requirements. There is scope to update policies and ways of working to reflect innovations in technology, and advice from the UK National Cyber Security Centre. Physical and environmental controls are working well with complete and up to date network documentation and appropriate environmental controls in the data center. Operational availability of material systems is sufficiently protected by the resilience built into the Council's computing infrastructure. Lack of redundancy (lack of backup resource) on the main network link has been identified as an issue by the Office 365 work and presents risks to the operation of	0	5	5	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low		Direction of Travel Assurance	
		<p>material systems too. While backup arrangements are suitable, more frequent testing of backups is desirable.</p> <p>Network security controls are well implemented, while proactive monitoring controls are in place. These are not comprehensive and may need to evolve to accommodate planned changes such as an increased reliance on Internet based services, and an increased threat from malicious activity. This could be further strengthened with password policies to reduce the risk of a successful attack.</p>				
Main Accounting System Page 136	Reasonable Assurance Status: Final Report	<p>The MAS functionality provided by e-Financials provides a good foundation of system controls to support the accounting process requirements of the Council. We found good controls supporting budget management and compliance with procedures.</p> <p>In relation to the specific risk of undetected fraud and error we identify some areas where second line checks were not being undertaken, or were not being done on a timely basis, such as the completion and sign-off of bank reconciliations as required by council regulations, and senior management authorisation of journals over £25k. We consider these control weaknesses were a short-term impact following introduction of the Covid-19 arrangements and confirm that management has brought in an additional finance officer to bring all reconciliations up to date. We also recommended creation of a basic finance manual to support greater resilience and compliance with policies and procedures. Finally, management has decided to accept any risk relating to the practice of raising and posting the same journal, which they consider to be low.</p>	3	2		
Payroll Spar (Payroll) Risk 1 x 1 = Low	Proposed Reasonable Assurance Status: Draft Report	<p>We are discussing this draft report with management.</p> <p>Findings will be reported in due course.</p>	1	7	1	
Car Parking Spar Parking Income) Risk 3 x 2 = Medium	Proposed Reasonable Assurance	<p>We are discussing this draft report with management.</p> <p>Findings will be reported in due course.</p>	1	4	0	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
	Status: Draft Report					
COVID-19 GRANT REVIEWS						
The Income Compensation Scheme Tranche 2	Status: Completed	<p>We reviewed the second tranche of claims for the ICS Claim 2 and report that figures prepared appear to be a true and fair reflection of those within the financial systems, and lost income within the claim could reasonably fall within the eligibility criteria as outlined in the MHCLG guidance document.</p> <p>We made some minor observations related to some of the calculations. We also identified that for some cost centers, the cumulative variance was lower at the end of P8 than it was at P4, meaning that the Council has currently been overpaid. This may change for the final claim. We understand that any overpayments will be identified as part of the final reconciliation process after Claim 3 has been submitted, or as part of the Claim 3 submission.</p>	n/a	n/a	n/a	
COVID-19 Small Business Grants, and Retail, Hospitality and Leisure Grants	Proposed Reasonable Assurance Status: Draft Report	<p>We are discussing this draft report with management.</p> <p>Findings will be reported in due course.</p>	0	3	0	
RISK BASED REVIEWS						
Building Control	Reasonable Assurance Status: Final Report	<p>The NMD Building Control Partnership continues to develop and operate effectively. The Quality Management System framework appears to be working well, is supported by documentary evidence and has been certified by an independent UKAS accredited body. Local accreditation by an external assessment is expected soon. NMD Building Control have a good awareness of the Hackitt Inquiry and the proposed changes likely to affect them. Being a member of the LABC and the certification in the ISO9001 enables NMD Building Control to keep up to date with legislation, impending changes and the impact of these on their service. NMD Building Control has obtained qualifications outlined by the LABC to demonstrate their competency which is believed to be part of the proposal of the Hackitt review.</p>	3	2	1	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
		Residual risk relates to: <ul style="list-style-type: none"> • Holding quarterly partnership meetings between NMD Building Control, North Devon and Mid Devon to review delivery and performance (now happening); • Ensuring that appropriate NMD Building Control risks are escalated to Mid Devon (and North Devon) Council risk registers; • Considering risk related to the impending changes to the Building Safety Bill. 				
Commercial Rents Page 138	Limited Assurance Status: Final Report	<p>There are sound governance arrangements with involvement of senior officers and members of the Council who sit on the Capital Asset Management Group, with the overall monitoring of the asset management initiative the responsibility of Cabinet. Regarding the Asset Management Plan, controls operate effectively to ensure that asset management is managed and monitored effectively in line with the strategy.</p> <p>We identify operational concerns around expiry of leases, rent reviews and agency property management. We understand the sensitivities on decisions around their management. We have highlighted areas where there is opportunity to reconsider the impacts of this and change the approach taken to ensure that all risks, not just financial are covered. Included in the short-term objectives of the annual plan is 'to review all legal licences and leases to ensure that the Council are meeting their client duties and maximise income and use professional valuations as a base line only for any land sale'. This objective remains to be completed.</p> <p>Our management actions, and overall Limited Assurance relate mainly to the following:</p> <ul style="list-style-type: none"> • The view based on professional advisors (MIRCS) is that rental values are very much static so that there is little scope to engage in rental valuations resulting in new leases on different rental terms. Prevailing market conditions has thus necessitated a pragmatic approach to rent reviews even if the date for review has passed. However, most of the Industrial units and most shops have a mix of current and expired leases. The expired leases are not being renewed but are in a "holding over" basis continuing by agreement (4 months-notice either party) of terms and conditions in force. However, there is a risk to third party risk, income certainty and budget setting if this situation is not addressed and regularised. • The Agency Agreement (2015) with the property administrator who manage the Market Walk properties portfolio requires review so that it contains clearer lines of communication documented in the event of possible unrecoverable or 	0	6	1	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
		overdue rental income and agreed processes for actions to be taken in such situations. Consideration should be given to the setting of clear indicators to measure the agent's performance. There is currently a risk of loss of rental income and longer void periods.				
Licensing Control	Substantial Assurance Status: Final Report	Overall, we consider there is a good process to manage Licensing Hearings. The Licensing Team has a comprehensive process for Hearing meetings and Members are subsequently confident about the format meetings will take and supported by the training they have received. To promote on-going learning for Members, we recommend follow up meetings after each hearing to reflect on the specific hearing and any good practice, and opportunities to improve.	0	1	0	
Digitalisation: Electronic Payments, Online forms and Social Media Risk (Social Media) - SPAR 5x2 = Medium	Limited Assurance Status: Draft Report	We are discussing this draft report with management. Findings will be reported in due course.	1	4		
Safe staff operations during Covid-19		We have reviewed how Mid Devon council has supported its staff during the Covid-19 emergency. This has considered what additional support can be offered to staff, including through consideration of what other councils have done. We have also undertaken a survey of Mid Devon staff to assess their views on how they have been supported. Conclusions and a report will be produced later in January.				

Appendix 2 – Clearance of audit recommendations

Incomplete Audits	Year	Recommendations									Direction of Travel RAG	COMMENTS ON IMPLEMENTATION			
		High			Medium			Low					Totals		
C	N	O	C	N	O	C	N	O	C	N	O				
Insurance	2017	1			3				1	4	0	1	↗	Insurance checks for external contractors. 75% contracts are souced through Framework agreements or SLoAC; compliance insurance is monitored through these agreements. Managers have received training in 2018/19 on monitoring of contracts. The Procurement Manager is about to roll out refresher training, due to complete end June 2020.	
Job Evaluation	2019				2	1	2	3		5	1	2	↗	Work to implement these are in hand and are expected to complete in January 2021.	
Development Management S106	2017			2		1	2			0	1	4	↗	Community Infrastructure levy: at the meeting of Council on 6 January 21 it was decided not to progress CIL. The Exacom system is surplus to requirement and will not be renewed The Infrastructure Funding Statement for 19/20 including S106 records for that year was prepared and published to meet the 31 Dec 20 deadline. Information has also been published and shared with parishes on public open space S106 funding. Interim measures are in place for project reporting until the full reporting arrangements under the project management system can be finalised. This has been delayed as a result of issues identified through system testing and ICT staff resource pressures. In the next project phase application and payment records need to be added / updated in the new system.	
Creditors	2018				3		1	2	1	1	5	1	2	↗	On-line pro-forma has not yet gone 'live'. End-user testing complete, ICT now to resource the change need - date extended. Review of masterfile - date has been extended to end February 2021 to fit with workflows.
Housing Health & Safety	2019	1			12	1	2	2		15	1	2	↗	Reducing Medium risk properties to low risk over next 2 years - budget resourced to increase target for 2021/22. Training - delayed due to Covid - dates extended.	
Doctors	2019&20				3		1	4	1	7	1	1	↗	New sales pro-forma has been ceated to be introduced by end of January 2021. Identification of duplicate customers - deadline extened to end of February 2021 to fit with workflows.	
Adaptations	2019	1			4	1	1	2	1	7	1	2	↗	Aids and Adaptations policy has been updated, currently being reviewed Internally. Due to go to Housing PDG later in the year.	
Sickness and Absence	2020			1		1	3	2		2	1	4	↗		
Creditors	2020				1		2	3					↑		
Members Allowances	2020				2			2	2	4	2	0	↑		
Ctax and NNDR and recovery	2018	1			1	2	1	4		6	2	1	↗	Outstanding S106 invoice escalated now to Legal for debt recovery	
Safeguarding	2019	3			3		1			6	0	1	↑	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 - delayed due to Covid.	
Housing Benefits	2019						2			0	0	2	↑		
Asset Management	2019				2			2		2	2	0	↑	Dates extended	
Licensing - Hearings process	2020						1		2	0	3	0	↑		
Building Control	2020			3			2		1	0	6	0	↑		
		10	4	3	39	17	16	24	9	3	69	28	22		

CORE
SYSTEM

C = Completed 58%
N = Not yet due 24%
O = Overdue 18%

Not progressing ↗
 Progressing some overdue ↘
 On Target, report just issued ↑

Appendix 3 – Revised Audit Plan

The Blue highlight indicates an amendment

Audit Area	Year Last Audited	Days 2020/21	Revised Days	Comments
Council Tax and NNDR	2019/20	15	15	FIELDWORK
Income and Cash Collection (inc Debtors)	2019/20	10	10	FINAL REPORT
Debt Recovery	2019/20	10	10	FIELDWORK
Main Accounting System	2019/20	10	10	DRAFT REPORT
Housing Benefits	2019/20	10	10	FIELDWORK
Creditors	2019/20	10	10	FINAL REPORT
Housing Rents (including rent arrears)	2019/20	10	10	Compliance Review Progress on systems deployment to Cloud
Treasury and Cashflow Management	2019/20	5	0	DEFER – previous reviews found good level of control.
Payroll	2019/20	10	10	DRAFT REPORT
Car Parking Income} alternate years	2018/19	10	10	DRAFT REPORT
ICT Core Audit	2019/20	5	5	FINAL REPORT
CORE FINANCIAL ASSURANCE AUDITS		105	100	

Sickness and Other Time Off	2019/20	5	0	2019 FINAL REPORT issued, making further audit unnecessary.
Skills and Training		3	0	DEFER -Trusted Advisor support on skills database.
Appraisals and Training	2019/20	7	7	Review how it is working, are they being completed, are people engaging in the new competency process. Evolve Project.
Procurement (2-yearly)	2018/19	10	10	FIELDWORK
Contract Management - Contract Register & Contracts (2-yearly)	2019/20	5	5	Third Party Risk - Full risk-based review (link to Collaborative and Partner Working audit)
Transformation - Benefits Realisation		5	0	Cancel as C-19 emergency has put projects on hold.
Cyber Security (inc Information Security)	2019/20	10	10	
ICT systems (ITIL Methodology)	2019/20	15	15	FOCUS ON CONSULTANCY as suggested to Lisa Lewis as new IT MGR not yet in post and work is needed
Building Control (incl income and all other areas)	2018/19	5	5	FINAL REPORT
Development Control - (incl S106)	2019/20	10	0	We have been asked to defer this to 2021/22 as a report on use of the Community Infrastructure Level is to go to

				management in December, and then Council approval.
- Monitoring of developments		10	0	We have been asked to defer this audit to Q1 of 2021/22, when new officer will be in post and made progress on updating system databases.
Forward Planning	2013/14	10	0	DEFER, as planning proposals being considered by councils.
Licensing Services	2016/17	5	5	FINAL REPORT
Emergency Planning (also Business Continuity Planning) (2yrs)	2015/16	10	10	Lesson learnt from C-19
Gifts & Hospitality/Register of Interests	2016/17	5	0	DEFER
Digitalisation - Social Media	2017/18	10	10	DRAFT REPORT
Stores	2016/17	10	0	DEFER
Health & Safety Management Arrangements incl Estate Inspections (2-yearly)	2018/19	10	10	Property Services
Service Charges		10	0	DEFER
Housing Company (3 Rivers)	2019/20	8	8	Follow-up review focus on business case and performance monitoring reports.
RISK BASED AUDITS TOTAL		163	95	

Governance - inc Ethics and Culture	2018/19	10	0	DEFER - New Mandatory Policy Dec 2019 - embed process
Safeguarding	2019/20	5	0	DEFER - Focus Area – identification and reporting of concerns - Housing Tennant Services & Housing Repairs
Corporate Information Management - Information Assets Data Protection (2-yearly)	2018/19	10	10	Progress of Corporate information Management actions from 2018 Data Protection Act - staff compliance and data sharing agreements
Corporate Plan		10	0	DEFER - Establishment of actions, links to business plans and KPIs
Collaborative / Partnership Working	2019/20	5	5	Underway. Link to Contract Management
Risk Management - Spar/Data Quality	2018/19	5	5	Training GMs - risk description and mitigation recording. Planning Service workshop
Climate Change - Environmental impacts		15	15	Strategic review of governance arrangements, alignment and transition plans
COVID 19 Review on Income Compensation Scheme	NA	0	5	ADDITION to original plan, providing assurance on ICS scheme.
COVID 19 Review of Small Business Grants and Leisure Grants	NA	0	7	DRAFT REPORT - ADDITION to original plan providing assurance on Small Business Grants and Leisure Grants.

Safe staff operations during Covid-19	NA	0	7	ADDITION - providing assurance on how risk to staff has been managed.
Audit Follow-up (key reviews from last year)	2019/20	10	5	Slight reduction in number of days.
CORPORATE ASSURANCE		70	59	

Audit Governance		35	35	
Fraud/Irregularity and prevention		10	10	
Consultancy/Advice/Contingency		15	5	
CORPORATE GOVERNANCE		60	50	

SUMMARY - Original versus revised

Core Systems	105	100
Risk Based Audit	163	95
Corporate Assurance	70	59
Corporate Governance	60	50
TOTAL	398	304

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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 .

The Annual Audit Letter for Mid Devon District Council

Year ended 31 March 2020

7 January 2021

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Agenda Item 14.

Contents



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Appendices

A	Reports issued and fees
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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Mid Devon District Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 11 August 2020..

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality

We determined materiality for the audit of the Council's financial statements to be £967,410, which is 1.8% of the Council's gross cost of services. Group materiality was also set at £967,410. The group and Council's materiality are set at the same value as group expenditure is not significantly higher than the Council's.

Financial Statements opinion

We gave an unqualified opinion on the Council's financial statements (including group accounts) on 26 November 2020.

We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the property investment funds held within the Devon County Pension Fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.

Whole of Government Accounts (WGA)

We completed work on the Council's consolidation return following guidance issued by the NAO.

Use of statutory powers

We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for its arrangements in relation to its commercial activities with 3 Rivers Development Ltd. We therefore qualified our value for money conclusion in our audit report to the Council on 26 November 2020.
Certificate	We certified that we have completed the audit of the financial statements of Mid Devon District Council in accordance with the requirements of the Code of Audit Practice on 26 November 2020.

Working with the Council

It has been a challenging year due to the impact of Covid-19.

Restrictions for non-essential travel has meant both Council and audit staff have had to adapt to ensure we gained sufficient audit evidence for the entries within the financial statements. This has meant a greater reliance on video calling for many aspects of the audit, particularly in terms of the use of sharing of screens to watch transaction listings being run. Where information is normally provided in a spreadsheet format, we have undertaken additional levels of testing to ensure that the information provided hasn't been manipulated prior to being sent to the audit team.

We are pleased to report that this process has worked well with both teams collaborating to identify solutions to hurdles presented by remote working. Our 'Inflo' document sharing system has facilitated this but inevitably the remote working has impacted on delivery with additional resources being necessary to complete the work in accordance with the new extended reporting timetable.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

Grant Thornton UK LLP
January 2021

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council and group financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £967,410, which is 1.8% of the group's gross cost of services. We determined materiality for the audit of the Council's financial statements to be £967,410, which is 1.8% of the Council's gross cost of services. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We set a lower threshold of £48,400, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council and group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose; • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; • evaluated whether sufficient audit evidence could be obtained through remote technology; • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations; and • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment. 	<p>Our audit work did not identify any significant issues in respect of Covid-19 specific risks.</p> <p>This is not to say that there was not an impact. The Council's financial statements highlighted a material uncertainty in relation to land and building valuations.</p> <p>In addition on receipt of the letter of assurance from the Devon County Pension Fund Auditor, an additional material uncertainty was identified in relation to the property investment funds that form part of the Pension Fund Assets and Mid Devon District Council's share of these assets. The draft financial statements were amended to reflect this uncertainty.</p> <p>The financial challenge into the medium term has also increased due to the lost income, additional costs and the uncertainty of future government funding in respect of Covid-19.</p>

Audit of the Financial Statements

Significant Audit Risks (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of internal controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; tested unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness; and evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our work against this risk did not identify any significant issues.</p>
<p>Improper revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we determined at the planning stage that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate revenue recognition opportunities to manipulate revenue recognition are very limited the culture and ethical frameworks of local authorities, including Mid Devon District Council, mean that all forms of fraud are seen as unacceptable <p>We reviewed material revenue transactions as part of our audit and we were satisfied that there had been no changes of circumstance requiring us to alter our proposed strategy with regards to revenue recognition in the latter part of the year.</p> <p>Our audit work did not identify any issues in respect of improper revenue recognition.</p>	

Audit of the Financial Statements

Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Changes to the finance team and the potential impact on capacity to produce the financial statements and the overall impact on the Council's overall control environment</p> <p>There have been a number of changes within the finance team which at present reduces the capacity of the remaining team members. Whilst we are satisfied with the capability of the remaining finance team, there is a risk that this reduced capacity could have an impact on the overall preparation of the draft financial statements and the operation of Council's overall control environment.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> monitored the Council's arrangements to ensure that day to day financial processes are maintained effectively during this period of change. We have also discussed and reviewed changes in roles and responsibilities for the preparation of the accounts as part of our financial statements and VFM work. worked with the finance team to assess those areas of the financial statements more susceptible to misstatement during this transition period and adapt our approach where necessary to reflect this risk. 	<p>We have no issues to report against this risk. The draft financial statements were submitted for audit later than originally planned, however, we were able to work with officers to ensure the audit progressed by working on discrete areas of the financial statements whilst officers finalised these outstanding areas. We commenced the audit on 2nd June 2020 and we received the full draft financial statements on 9th June 2020.</p> <p>The accounts received were of a good standard, as were supporting working papers. Throughout the process officers have responded promptly to queries which enabled the audit to progress smoothly despite the logistical challenges presented by Covid 19.</p>
<p>Valuation of land and buildings (Rolling revaluation)</p> <p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£190 million) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; written to the valuer to confirm the basis on which the valuation was carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; tested revaluations made during the year to see if they had been input correctly into the Council's asset register; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. We note this is completed by the valuer using indices. 	<p>As highlighted previously in this report, we included an emphasis of matter paragraph in the audit opinion to reflect the uncertainty surrounding land and building (and investment property) valuations at the year end. In line with RICS guidance, the valuer employed by the Council included a material uncertainty in their final valuation report. Officers reflected this in note 4 of the financial statements. The emphasis of matter paragraph refers to this disclosure in the accounts and draws attention to it for the readers of the financial statements and reflects the increased uncertainty in global markets created by covid-19.</p> <p>This is in line with other local councils.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of net pension liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£86 million in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; agreed the advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures; and followed up the unadjusted misstatement reported in the 2018/19 Audit Findings Report and have ensured that this has now been adjusted correctly as a past service cost. 	<p>Our work has not identified any issues in respect of valuation of the net liability.</p> <p>As highlighted previously in this report, on receipt of the letter of assurance from the Devon County Pension Fund Auditor, an additional material uncertainty was identified in relation to the property investment funds that form part of the Pension Fund Assets and Mid Devon District Council's share of these assets.</p> <p>The Council amended the draft financial statements to include a material uncertainty in note 4 of the revised financial statements.</p> <p>As highlighted previously in this report, we included an emphasis of matter paragraph in the audit opinion to reflect this uncertainty. The emphasis of matter paragraph refers to this disclosure in the accounts and draws attention to it for the readers of the financial statements and reflects the increased uncertainty in global markets created by Covid-19.</p> <p>This is in line with other local councils.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Council's financial statements (including group accounts) on 26 November 2020.

Preparation of the financial statements

The draft financial statements were provided on 9 June 2020, this was later than originally planned but we were able to work with the finance team to ensure the audit maintained forward momentum. The finance team responded promptly and efficiently to our queries during the course of the audit and worked closely with the Audit Team when finalising queries.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 14 August 2020.

Annual Governance Statement and Narrative Report

We were also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts in line with the national deadline.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We issued an assurance statement which confirmed the Council was below the audit threshold on 26 November 2020.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Mid Devon District Council in accordance with the requirements of the Code of Audit Practice on 26 November 2020.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in August 2020, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that, in all significant respects, except for the matter we identified overleaf, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial sustainability</p> <p>Mid Devon District Council continues to face significant financial challenges over the medium term. The Council is forecasting an overspend of circa £0.243m in 2019/20 and has a funding gap of circa £1.4m through to 2023/24. Through the £1.4m challenge the Council has identified potential schemes totalling £0.490m against this total. The Council currently has a General Fund Reserve of £2.501m, which is above the approved minimum level of £2.100m.</p>	<p>As part of our work we have reviewed the significant assumptions made in the Council's medium term financial plan and progress towards further closing the funding gap.</p>	<p>Prior to the Covid-19 pandemic, the Council faced a significant financial challenge over the medium term. The latest forecasts set out that through to 2023/24 there is a budget gap of £1.4m. During 2019/20, the Council overspent on the provision of services, against a net revenue budget of circa £10m by £0.232m. The Council have provided clear, transparent, timely and accurate budget monitoring information throughout the year to facilitate decision making. We reviewed the assumptions and sensitivity analysis undertaken as part of refreshing the medium term financial plan and have found these to be reasonable, pre pandemic. Covid-19 has increased the financial uncertainty over the medium term, with fees and charges being the biggest impacted area, not withstanding the potential impact on Council Tax and Business Rates base in future years. The Council has been working hard to assess the impact of Covid-19. Current estimates are that the impact on fees and charges during 2020/21 will be in the region of £3.5m. This will have a significant impact on the Council's finances and could increase the budget gap over the medium term to around £5m. To date, the Council has received £0.994m of Central Government Funding in relation to offsetting the impact. At present the most challenging year appears to be 2021/22 where there is a pre Covid-19 budget gap of £1.3m. The Council is due to refresh the medium term financial plan in October 2020 and this will be fully reflective of Covid-19.</p> <p>Based on the work completed we concluded that the Council has adequate arrangements in place to deliver financial sustainability. It is clear that the Council has responded positively to the challenge presented by Covid-19 and are adequately monitoring and assessing the current and future impacts on the Council's finances. The financial year 2021/22 will see perhaps the peak of the challenge. The Council's current MTFP shows a budget gap of £1.3m in setting a balanced budget for 2021/22. This year is also likely to see further impact of the pandemic. It is therefore business critical that officers and members take immediate action to reduce this gap.</p>

Value for Money conclusion

Value for Money Risks (continued)

Risks identified in our audit plan	Findings and conclusions
<p>Group Governance</p> <p>In 2018/19 we raised a number of recommendations in relation to the governance arrangements surrounding 3 Rivers Development Limited. These were: Improve linkages between the Company Business Plan and the Council's Treasury Management Strategy (TMS) and Capital Programme, revisit the business plan to ensure it is accurate and transparent, revisit governance arrangements and to ensure that performance reporting for the company clearly links to the agreed business plan.</p> <p>We have noted through our planning work that the TMS mid year review ties into the capital programme and revised company cashflow forecast and capital programme. The business plan is due to be refreshed in Feb 2020. The next financial performance report is due to cabinet in Feb 2020. The last report was taken to Cabinet in June 2019 (8 months). In order to mitigate the conflicts of interest the Council have put in place an officer programme board. This is also to challenge business plans and to flag any potential issues to cabinet. We have confirmed that these meetings are occurring, however we do note that the Deputy Section 151 officer who is integral to this process is leaving the Council. In addition another key officer who monitors the loans to the company has also left the Council, although replaced.</p> <p>This presents a further challenge to the Council in relation to capacity. This area remains a significant risk. We have also noted that Internal Audit are completing follow up work around governance and controls and that an external review of the company has been commissioned.</p>	<p>It is clear that some progress has been made on arrangements. Key areas of improvement have been:</p> <ul style="list-style-type: none"> • Increased transparency of the business plan, although this remains to be approved in 2019/20; • Improved consistency between the company's Business Plan and the Council' Treasury Management Strategy and Capital Programme; • The introduction of an Officer Programme Board to minimise the impact of conflicts of interest, and the • Commissioning of external advice regarding the overall viability of the Company and the Governance arrangements. <p>As part of our follow up work we noted the following areas where action has not been taken against the recommendations we raised in 2018/19:</p> <ul style="list-style-type: none"> • Approval of the revised Business Plan (although as set out above this has been updated); • Improvements in the clarity of performance reporting. The last report that went to Cabinet was June 2019. The report due in early 2020 was not presented and we have therefore not be able to assess completion of this recommendation. <p>The Council commissioned external reports during 2019/20. The aim of these was to assess the financial viability of the company and the governance arrangements in place. We have reviewed the findings of these reports as well as the follow up work completed by Internal Audit and it is clear that there remains a significant amount of work to be completed in order to address the concerns over governance arrangements. In total, there were 17 recommendations raised by these external reports and approved by Cabinet. Arguably the most critical of these is:</p> <p>'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'. 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.</p> <p>(continued)</p>

Value for Money conclusion

Value for Money Risks (continued)

Risks identified in our audit plan	Findings and conclusions
<p data-bbox="64 411 430 435">Group Governance (continued)</p> <p data-bbox="99 586 136 768" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 158</p>	<p data-bbox="934 411 1997 489">On this basis we concluded that despite some improvements in responding to previous audit recommendations, there remain weaknesses in the arrangements for the year ended 31 March 2020 for:</p> <ul data-bbox="934 518 1949 729" style="list-style-type: none"> <li data-bbox="934 518 1929 601">• understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions; <li data-bbox="934 625 1949 679">• Acting in the public interest, through demonstrating and applying the principles and values of sound governance; and <li data-bbox="934 704 1790 729">• Managing risks effectively and maintaining a sound system of internal control. <p data-bbox="934 753 1690 778">We therefore propose to issue an qualified 'except for' VFM conclusion.</p>

A. Reports issued and fees – Mid Devon District Council

Audit fees 2019/20	Proposed fee
Council scale fee	36,729
Additional proposed audit fee at planning stage	7,500
Total proposed audit fees (excluding VAT) at planning	£44,229
Further additional fees proposed at completion	6,634
Total proposed audit fees (excluding VAT) on completion	£50,863

Reports issued

Report	Dated issued
Audit Plan	28 January 2020
Audit Findings Report	11 August 2020
Annual Audit Letter	7 January 2021

The Mid Devon District Council Audit Plan date 28 January 2020 included £7,500 of proposed addition fees to the scale fee to take account of the additional scepticism required on the audit and the raising of the bar by our regulator. This is reflected in the total proposed audit fees at planning above of £44,229.

Since the presentation of the audit plan and subsequent letter, we have added a significant risk to the audit following the impact of Covid-19. We have now reflected on the time taken to discharge our responsibilities this year and are proposing a further increase in fees of £6,634 in addition to those proposed at the planning stage of the audit. This brings the total proposed audit fee up to £50,863. Further details on the breakdown is provided on the next page.

This further charge has not been entered into lightly but reflects only a proportion of the significant additional work we have had to undertake this year to discharge our responsibilities.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with commercial audit deadlines being extended by 4 months and NHS deadline by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/covid-19-guidance-and-advice> (see guidance for auditors) sets out the expectations of the FRC.

Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

Appendix A – Mid Devon District Council Audit fee variations – Further analysis

Final proposed audit fees

The table below shows the proposed variations to the original scale fee for 2019/20 subject to PSAA approval

Audit area	£	Rationale for fee variation
Scale fee	36,729	
Raising the bar	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This required additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – (IAS) 19	1,750	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	1,750	We have increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.
New Accounting Standards	1,500	Note that PSAA's original scale fee for this contract was set in March 2018, so any new developments since that time need to be priced in. You are required to respond effectively to new accounting standards and we must ensure our audit work in these new areas is robust.
Revised planning fee	44,229	
Covid-19	6,634	Over the past six months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted. This includes: <ul style="list-style-type: none"> Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties. Management's assumptions and estimates - there is increased uncertainty over many estimates including pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. Our experience to date indicates that Covid-19 has impacted on the financial resilience of all local government bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260. Remote working – the most significant impact in terms of delivery is the move to remote working. We, as other auditors, have experienced delays and inefficiencies as a result of remote working, including managing around agreed dates for receiving the accounts in light of knock on implications of other sector audits, and delays in responses during audit fieldwork. These are understandable and arise from the availability of the relevant information and/or the availability of key staff (due to shielding or other additional Covid-19 related demands). In many instances the delays are caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone is more time-consuming.
Total proposed audit fees on completion	50,863	

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Audit related services	
- Housing Benefits	£12,666
- Pooling of Housing Capital receipts	£5,000
Non-Audit related services	
None	Nil

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Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.



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