

Audit Committee

Tuesday, 20 August 2024 at 5.00 pm
Phoenix Chambers, Phoenix House, Tiverton

Next meeting
Tuesday, 22 October 2024 at 5.00 pm

Please Note: This meeting will take place at Phoenix House and members of the public and press are able to attend via Teams. If you are intending to attend in person please contact the committee clerk in advance, in order that numbers of people can be appropriately managed in physical meeting rooms.

The meeting will be hybrid and an audio recording made and published on the website after the meeting.

[To join the meeting online, click here.](#)

Meeting ID: 319 731 758 014
Passcode: csXNds

Membership

D Broom
E Buczkowski
G Czapiewski
J M Downes
A Cuddy
B Fish
L Knight (Chair)
R Roberts

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. **Public Question Time**
To receive any questions from members of the public and replies thereto.
3. **Declaration of Interests under the Code of Conduct**
To record any interests on agenda matters.
4. **Minutes of the previous meeting** (*Pages 7 - 28*)
To consider whether to approve the minutes as a correct record of the meeting held on 25th June 2024.
5. **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
6. **Corporate Risk Report** (*Pages 29 - 50*)
To receive a report from the Corporate Performance and Improvement Manager and the Corporate Manager for People, Performance & Waste providing Members with a quarterly update on the Corporate Risk Register.
7. **Appointment of Co-Opted Independent Member** (*Pages 51 - 54*)
To receive a report from the Deputy Chief Executive (S151) providing some context around the Independent Members for Audit Committee and a proposition through Devon Assurance Partnership, who provide Internal Audit for a number of Councils in Devon, to recruit and provide suitable qualified Independent Members for a number of Devon Authorities.
8. **Appointment of Committee representatives to Devon Assurance Partnership**
To formally appoint two Members from the Audit Committee to the Devon Assurance Partnership Committee.

NB: It is usual practice to appoint the Chair and Vice Chair of each Audit Committee to the DAP Committee, however, other Committee Members can be considered.
9. **Internal Audit Progress Update Report** (*Pages 55 - 68*)
To receive a report from the Devon Assurance Partnership providing an update on the Internal Audits that have taken place since the last meeting.

10. **Cyber Security & Information Governance** (Pages 69 - 74)
To receive a report from the Head of Digital Transformation & Customer Engagement providing a high-level update on Cyber Security and Information Management activities and risk mitigation over the past few months.

Please note: During discussion of this item, it **may** be necessary to Exclude the Press & Public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972 as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

11. **External Audit Progress Report**
To receive a verbal update from Bishop Fleming on progress so far with the external audit.

12. **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:

- Statement of Accounts (final) for 2023/2024
- Annual Governance Statement (final) for 2023/2024
- Internal Audit Progress Report
- Bishop Fleming Audit Findings Report (to be confirmed)
- Bishop Fleming External Audit Progress Report

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

Stephen Walford
Chief Executive
Friday 9 August 2024

Guidance notes for meetings of Mid Devon District Council

From 7 May 2021, the law requires all councils to hold formal meetings in person. The Council will enable all people to continue to participate in meetings via Teams.

If the Council experience technology difficulties at a committee meeting the Chairman may make the decision to continue the meeting 'in-person' only to conclude the business on the agenda.

1. Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at Committee@middevon.gov.uk

They can also be accessed via the council's website [Click Here](#)

Printed agendas can also be viewed in reception at the Council offices at Phoenix House, Phoenix Lane, Tiverton, EX16 6PP.

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership.

The Code of Conduct can be [viewed here](#):

3. Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting. Minutes of meetings are not verbatim.

4. Public Question Time

Residents, electors or business rate payers of the District wishing to raise a question and/or statement under public question time are asked to provide their written questions to the Democratic Services team by 5pm three clear working days before the meeting to ensure that a response can be provided at the meeting. You will be invited to ask your question and or statement at the meeting and will receive the answer prior to, or as part of, the debate on that item. Alternatively, if you are content to receive an answer after the item has been debated, you can register to speak by emailing your full name to Committee@middevon.gov.uk by no later than 4pm on the day before the meeting. You will be invited to speak at the meeting and will receive a written response within 10 clear working days following the meeting. Notification in this way will ensure the meeting runs as smoothly as possible

5. Meeting Etiquette for participants

- Only speak when invited to do so by the Chair.
- If you're referring to a specific page, mention the page number.

For those joining the meeting virtually:

- Mute your microphone when you are not talking.
- Switch off your camera if you are not speaking.
- Speak clearly (if you are not using camera then please state your name)
- Switch off your camera and microphone after you have spoken.
- There is a facility in Microsoft Teams under the ellipsis button called “turn on live captions” which provides subtitles on the screen.

6. Exclusion of Press & Public

When considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act. If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask participants to leave the meeting when any exempt or confidential information is about to be discussed. They will be invited to return as soon as the meeting returns to open session.

7. Recording of meetings

All media, including radio and TV journalists, and members of the public may attend Council, Cabinet, PDG and Committee meetings (apart from items Media and Social Media Policy - 2023 page 22 where the public is excluded) you can view our Media and Social Media Policy [here](#). They may record, film or use social media before, during or after the meeting, so long as this does not distract from or interfere unduly with the smooth running of the meeting. Anyone proposing to film during the meeting is requested to make this known to the Chairman in advance. The Council also makes audio recordings of meetings which are published on our website [Browse Meetings, 2024 - MIDDEVON.GOV.UK](#).

8. Fire Drill Procedure

If you hear the fire alarm you should leave the building by the marked fire exits, follow the direction signs and assemble at the master point outside the entrance. Do not use the lifts or the main staircase. You must wait there until directed otherwise by a senior officer. If anybody present is likely to need assistance in exiting the building in the event of an emergency, please ensure you have let a member of Democratic Services know before the meeting begins and arrangements will be made should an emergency occur.

9. WIFI

An open, publicly available Wi-Fi network is normally available for meetings held in the Phoenix Chambers at Phoenix House.

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MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 25 June 2024 at 5.00 pm

Present

Councillors

L Knight (Chairman)
D Broom, E Buczkowski, G Czapiewski
(Vice-Chair), B Holdman, R Roberts,
Paul Deal (Spare1) and Matthew Page
(Spare1)

Apologies

Councillors

A Cuddy and B Fish

Also Present

Councillors

J Buczkowski and L Taylor

Also Present

Officers

Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal
(Head of Finance, Property and Climate Resilience),
Matthew Page (Head of People, Governance and Waste)
and Sarah Lees (Democratic Services Officer)

Councillors

Online

S Robinson and D Wulff

Officers Online

S Carr, D Emery and L Woon

Also in

Attendance

Tony Rose (Devon Assurance Partnership)

1. **ELECTION OF CHAIRMAN**

RESOLVED that Cllr L Knight be elected Chair of the Audit Committee for the municipal year 2024/2025.

2. **ELECTION OF VICE CHAIRMAN**

RESOLVED that Cllr G Czapiewski be elected Vice Chair of the Audit Committee for the municipal year 2024/2025.

3. START TIME OF MEETINGS

It was **AGREED** to continue to commence Audit Committee meetings at 5.00pm on Tuesday evenings for the remainder of the municipal year 2024/2025.

4. APOLOGIES

Apologies were received from Cllr A Cuddy and B Fish who was substituted by Cllr B Holdman.

5. PUBLIC QUESTION TIME

The following questions were received from members of the public:

Mr Nick Quinn

Addressing the Draft Statement of Accounts and the 3 Rivers closure:

Q1. On page 79 of the accounts, there is a list of the assets bought from 3 Rivers and the amounts paid for each - but the Halberton Car Parking spaces and the Architectural drawings for the failed Park Nursery development, both bought from 3 Rivers, are not on the list. Why are these purchases and amounts not listed?

Q2. How much was paid for the Park Nursery Architectural drawings? and on what date?

Q3. The Council paid £3.66M for the Knowle Lane land, which was valued at only £1.66M. It was already known that this land was not worth £3.66M - so this purchase breached the Council's Financial Regulations on the Acquisition of Assets, which state that: "*All purchases or leasing of land and buildings shall be on the best financial terms that can be obtained for the Council*". Will Audit Committee please look into this breach?

Q4. On page 62 of the accounts, it says that the loss on 3 Rivers loans was £6.8M but also "*the revaluation of assets purchased... resulted in a 'notional' loss of £2M*". **This is not a 'notional' loss – it is real.** This Council overpayment for assets, allowed 3 Rivers to repay loans which it would not otherwise have been able to do. Will Audit Committee agree that if this £2M overpayment had not been made, the total loss of loans to 3 Rivers would have been £8.8M?

Q5. A Revenue and Capital Outturn report went to Cabinet on 4 June 2024. In that report, the loan loss figure, shown as £6.8M, was 'reduced' to 'only' £3.384M by subtracting all the Interest and Recharge payments ever received from 3 Rivers during the whole of the previous six years. I understand that this declared income was spent in each of those years, therefore it cannot be 'resurrected and reused' to discount a very real monetary loss in this year. Will Audit Committee confirm that this attempt to 'reduce' these real losses in this year, is not acceptable?

Barry Warren

My observations and questions are stimulated by Item 10 on your agenda – in particular the Annual Governance Statement and the principles listed in paragraph 1.5 [pages 209/210] covering Codes of Practice and Ethical Aims.

At the Annual General Meeting of the Council on the 22nd May 2024 the Leader gave a report, which is minuted, and the relevant point stated: *“The 2024/25 budget was set without any use of reserves, was fully balanced and was unanimously supported across the political spectrum.”*

In a report to Cabinet on 6th February 2024 headed **2024/25 Budget** at paragraph 4.2. the Cabinet Member for Finance states: *“Appendix 1 (p39) shows in detail which amounts are being contributed to, or drawn down from, various earmarked reserves in 2024/25. This totals a net reduction in Earmarked Reserves of £840k.”*

Paragraphs 4.3 and 4.4 describe in detail how this net reduction in Earmarked reserves of £840k is arrived at.

Paragraph 4.7 states *“No draw on General Reserves is required to support the 2024/25 Budget”*.

Having previously been accused by the Leader of using “reserves” to balance the budget, I felt that the I should question his unqualified statement to the Council AGM.

At the Cabinet meeting on 4th June 2024 I asked public questions regarding the use of reserves. The answer I received differentiated between “Reserves” and “Earmarked Reserves” and was further complicated by referring to their use being dependent on specific one-off situations or on-going expenditure nature, etc.

Question 1.

In the interests of openness and honesty; will the Audit Committee please look into the preparation of the 2024/25 budget and make a statement on whether ‘Reserves’, of any description, have been used in setting it?

Question 2.

In the interests of openness and honesty; if the Audit Committee find that ‘Reserves’, of any type, have been used in the setting of the 2024/25 budget, will they ask the Leader to make a public correction to his statement to the Council AGM on the 22nd May 2024?

Paul Elstone

**My questions relate to Agenda Item 9 Corporate Risk
Specifically CR 7 Financial Sustainability and CR 12.5 and 12.6 Housing Crisis**

QUESTION 1

Industry Data published in April 2024 reveals that the relative mid-range building cost for the South West of England is £1,860 per square metre.

Also data available that shows the additional cost increment for Nett Zero builds is only around 4 percent and for the Passivhaus between 6 and 8 percent. A standard that ZED PODS modules do not meet.

Yet the total building cost for the ZED PODS modular homes for St Andrew Cullompton was £4,778 per square metre or put another way it cost £155,000 per bedroom. This for a simple to develop brownfield site with little ground works.

For Shapland Place the cost was a massive £170,000 per bedroom

For the avoidance of doubt the current per bedroom selling price of Commercial new builds are:

Persimmon, in Cullompton, is £95,000

Bellway, in Willand, is £103,000

David Wilson – upmarket- Homes in Tiverton are £110,000

Unlike the ZED PODS developments, these are Greenfield developments where the developer needs to purchase the land and build the infrastructure plus pay very substantial S106 and affordable home costs.

The cost of each bedroom at St Andrews, Cullompton is £60,000 more than a Persimmon bedroom.

Under no circumstances can the modular home developments being built for this Council be called “Best Value”. In fact this Council could have nearly two (2) houses for every one (1) they are currently getting and to the same or higher energy and sustainable standards.

Will this Audit Committee urgently investigate the full circumstances involving the grossly excessive expenditure on modular homes - before this Council commits to further purchases?

QUESTION 2

Evidence available reveals the following potential modular build risk.

1. It is widely reported that there is a suppressed UK Government Report which has identified potential fire and structural integrity risk with modular homes.
2. The UK National Fire Chiefs Council have raised fire risk concerns, referencing that they consider the current Building Regulations are not tight enough including a lack of modular home fire testing.

This should be of particular concern with modular homes built over car parking - like Shapland Place.

3. The life of modular homes estimated at 60 years, to 100 years maximum, against over 150 years for conventional builds. Impacting on insurance.
4. Wind loading and snow loading risks have caused modular builds in Cornwall to be shut down.
5. Overheating risk and with internal temperatures in excess of 36 Degrees C being reached in the ZED POD'S modules in Bristol.
6. Mould risk.

Given these modular home risks, coupled with excessively high expenditure, Is this not a case of Double Jeopardy for this Council. Will this committee call for an expert and fully independent investigation?

Hannah Kearns (questions received in advance)

Question 1

In the Draft Accounts, on page 147, is an Earnings table. I am interested in the figures for the Managing Director of 3 Rivers for 2023/24.

Note 7 to that table says the Managing Director was made redundant on 31 March 2024 and received the redundancy package commensurate with the length of service. Given it is known that the Managing Director was only directly employed by 3 Rivers from 1st April 2021, that is only three years service with the Company before he resigned.

The Compensation and Pension Contribution figures seem excessive for someone with only three years of service and at £143,264

Was three years the length of service used in the calculation of the redundancy package?

Response from the Cabinet Member for Governance, Finance & Risk:

No

Question 2

If not, what was the length of service used?

Response from the Cabinet Member for Governance, Finance & Risk:

The applicable length of service included the previous service at Mid Devon District Council in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Question 3

Was some other 'special arrangement' made to arrive at these figures?

Response from the Cabinet Member for Governance, Finance & Risk:

No – This was the contractually due settlement and confirmed by external legal advice.

Question 4

What was the total cost of the 2023/24 Salaries, Compensation and Pension Contributions for all the 3 Rivers Directors put together?

Response from the Cabinet Member for Governance, Finance & Risk:

From the company's draft accounts, the Directors' remuneration for the year was £347k.

Question 5

Where any redundancy payments made to the employees of 3 Rivers?

Response from the Cabinet Member for Governance, Finance & Risk:

Yes, three further employees were also made redundant in line with their contractual entitlement.

Question 6

If so what was the total amount?

Response from the Cabinet Member for Governance, Finance & Risk:

The total cost was less than £10k.

The Chairman stated that those questions which had not been received in advance would be responded to in writing within 10 days and attached to the minutes.

6. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

7. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 26 March 2024 were confirmed as a true and accurate record and **SIGNED** by the Chair.

8. **CHAIRMAN'S ANNOUNCEMENTS**

The Chair thanked Paul Middlemass (Devon Assurance Partnership) for his service to the Audit Committee over recent years and wished him a long and happy retirement.

He also thanked the Committee for electing him.

9. CORPORATE RISK Q4 (00:20:00)

The Committee had before it, and **NOTED**, a report * from the Corporate Performance and Improvement Manager and the Head of People, Performance and Waste providing Members with a quarterly update on the Corporate Risk Register.

The contents of the report were outlined with particular reference to the following:

- This was the usual quarterly report presented to the Committee and now included target risk ratings for all Corporate Risks.
- Any significant changes which had been made to the corporate risks since the last meeting were listed in section 2.3 of the report.

Discussion took place regarding:

- The risk ratings relating to the delivery of the closedown of 3Rivers. This had reduced from 8 to 3. However, it was felt that the reputational risk in relation to 3Rivers was still quite significant. It was explained that all the timelines in the closedown plan had been met and the Council would be applying to Companies House in the next three weeks for 3Rivers to be struck off. Whilst there would still be some reputational risk, all the management actions that could have been taken had been delivered. The Committee requested that this continue to be monitored.
- A view was expressed that the risk ratings in relation to the Culm Garden Village and the Cullompton Relief Road needed to be the same as they were interdependent. The officer stated that he would refer these comments back to the Director of Place & Economy.
- It was confirmed that in the initial stages risks were assessed by the risk owners and then assessed by the Corporate Management team.
- Concern continued to be expressed around Cyber Security and it was requested that this particular issue receive a specific agenda item at the next meeting so that the Committee could be reassured all that could be done to mitigate risk was being done or was planned to be done. This was **AGREED**.

Note: * Report previously circulated.

10. DRAFT STATEMENT OF ACCOUNTS FOR 2023/2024 (00:30:00)

The Committee had before it, and **NOTED** a report * from the Deputy Chief Executive (S151) presenting the draft version of the annual Statement of Accounts and Annual Governance Statement to Members published on the website and presented for external audit.

The Committee was informed that it was not expected to approve the Statement of Accounts this evening, it would be asked to do this after they had been audited, finalised and brought before it at the October Committee meeting. As a helpful aid in trying to understand what the role of the Committee was in the process a presentation was delivered that provided the following summary information:

- The role of the Audit Committee in relation to the Annual Accounts and the Annual Governance Statement.
- Things the Committee needed to consider, for example, previous assurance reports from internal and external audit.
- Financial performance.
- Was the Council a 'Going concern'?
- How well did the accounts 'tell the story'?
- What were the 'Financial Statements'?
- Timeframes.
- Regulations.
- Accounting policies.
- Main aspects of the Accounts.
- Main Financial Statements.
- Key issues being:
 - The soft closure of 3 Rivers Development Ltd.
 - District Council election.
 - Cost of Living Crisis.
 - Patronage levels.
 - Bin-It 123 performance.
- Audit Annual Report and the Audit Opinion.
- The Annual Governance Statement.
- External Audit outputs.

It was hoped that when the Accounts came back to the Committee in October Members would have a better understanding of their role in approving them. Members were asked to contact officers if there was anything they needed clarification on. No question was a stupid question.

Discussion took place regarding:

- The Accounts made no mention of the upcoming General Election and this was because they represented a true and fair reflection of the Council's finances as at 31 March 2024. There was no way of knowing what a new Government would do with regards to local authority funding in the future.
- Several auditing firms were mentioned in the Accounts, for example, Grant Thornton, Bishop Fleming and KPMG. The role of each was explained.
- A Committee member had recently attended a DAP event and informed the Committee that DAP now stood for 'Devon Assurance Partnership'.

Note: * Report previously circulated.

11. **DAP INTERNAL AUDIT ANNUAL REPORT FOR 2023/24 (01:05:00)**

The Committee had before it, and **NOTED**, a report * from the Devon Assurance Partnership (DAP) presenting their annual Outturn report for 2024/2025.

The following was highlighted within the report:

- This was the end of year summary report and reflected back on all of the work that had taken place set against their Internal Audit Plan for 2023/2024.
- The different types of assurance opinion were explained.
- The Committees attention was drawn to the management actions listed under each summary report.
- The Assurance Map was referred to.
- The internal framework for auditors had been revised.
- There was a 96% satisfaction rate for the audits undertaken by DAP.

Discussion took place with regard to:

- The fact that no evidence of fraud had been detected in relation to 3Rivers, therefore it was now hoped those allegations would cease.
- A Phoenix House fire drill had been undertaken in the previous month, therefore the report needed updating.

Note: * Report previously circulated.

12. **DAP MANAGEMENT ACTIONS UPDATE REPORT (01:14:00)**

The Committee had before it, and **NOTED**, a report * from the Devon Assurance Partnership (DAP) presenting the actions needing to be addressed by Management.

The contents of the report were outlined with particular reference to the following:

- Any high risk areas had an agreed timeframe for action to resolve identified issues of concern.
- On the face of it, one high level risk in relation to Cyber Security was seen as very good when compared to other local authorities.

Discussion took place with regard to:

- It was explained that there were 3 levels of risk identified in each audit, high, medium and low. The process needed to be very robust and whilst there was an element of subjectivity there was a framework underpinning all decisions.
- It was confirmed that the Leadership Team looked at the Audit Recommendations on a regular basis making sure that 'check' and 'challenge' was cascaded down to the managers. Given resource levels within the Council the high risk recommendation were given priority. It was further confirmed that if the Committee were concerned about a particular service area it could call the manager to a meeting of the Committee to question them on their audit and service area.

Note: * Report previously circulated.

13. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:22:00)**

The Committee had before it, and **NOTED**, the items identified in the work programme for the next meeting. The following was also requested to be on the agenda:

- Appointment of an Independent Person to the Audit Committee

- Appointment of representatives to the Devon Assurance Partnership (DAP) Committee
- An update on the Cyber Security arrangements

(The meeting ended at 18:25pm)

CHAIRMAN

Audit Committee Public Questions and Answers (25th June 2024)

Name of person submitting	Questions
<p>Paul Elstone</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 17</p>	<p>QUESTION 1</p> <p>Industry Data published in April 2024 reveals that the relative mid-range building cost for the South West of England is £1,860 per square metre.</p> <p>Also data available that shows the additional cost increment for Nett Zero builds is only around 4 percent and for the Passivhaus between 6 and 8 percent. A standard that ZED PODS modules do not meet.</p> <p>Yet the total building cost for the ZED PODS modular homes for St Andrew Cullompton was £4,778 per square metre or put another way it cost £155,000 per bedroom. This for a simple to develop brownfield site with little ground works.</p> <p>For Shapland Place the cost was a massive £170,000 per bedroom</p> <p>For the avoidance of doubt the current per bedroom selling price of Commercial new builds are:</p> <p>Persimmon, in Cullompton, is £95,000</p> <p>Bellway, in Willand, is £103,000</p> <p>David Wilson – upmarket- Homes in Tiverton are £110,000</p> <p>Unlike the ZED PODS developments, these are Greenfield developments where the developer needs to purchase the land and build the infrastructure plus pay very substantial S106 and affordable home costs.</p> <p>The cost of each bedroom at St Andrews, Cullompton is £60,000 more than a Persimmon bedroom.</p>

Under no circumstances can the modular home developments being built for this Council be called “Best Value”. In fact this Council could have nearly two (2) houses for every one (1) they are currently getting and to the same or higher energy and sustainable standards.

Will this Audit Committee urgently investigate the full circumstances involving the grossly excessive expenditure on modular homes - before this Council commits to further purchases ?

Cabinet Member for Housing, Assets and Property:

Please refer to the full response provided to your Question 1 at the Cabinet meeting of 4 June 2024 as published at (Public Pack)Written Answers to Public Questions on the 4th June 2024 Agenda Supplement for Cabinet, 04/06/2024 17:15 (middevon.gov.uk)

QUESTION 2

Evidence available reveals the following potential modular build risk.

1. It is widely reported that there is a suppressed UK Government Report which has identified potential fire and structural integrity risk with modular homes.

Cabinet Member for Housing, Assets and Property:

Thank you for highlighting the article published by Inside Housing in September 2023 which references possible government commissioned research report dating back to 2022 but does not provided any further supporting information. In particular, the article does not set out any context with regard the scope or content of the research with only generalised reference to volumetric MMC construction which covers many different forms of construction and specification. Given report is not published, we are not in position to speculate further as to the alleged risks highlighted or with regard to any relevance to the specification of modular homes the Council has commissioned which are not mentioned in the article.

2. The UK National Fire Chiefs Council have raised fire risk concerns, referencing that they consider the current Building Regulations are not tight enough including a lack of modular home fire testing. This should be of particular concern with modular homes built over car parking - like Shapland Place

Cabinet Member for Housing, Assets and Property:

Fire safety is of critical importance to us. The UK NFCC is the national fire service professional body that lobbies for improved fire safety. As such, it understandably advocates for zero fire deaths and to deliver continued improvement in fire safety for our communities. We welcome this mission and recognise that the NFCC publishes many position statements and guidance documents across the breadth of the construction industry, including those outlining potential new or improved standards across both the traditional and modular build sectors. Following further work and research, some of this work may influence future building regulation standards or other legislation which all relevant construction bodies and organisations must comply with.

Nonetheless, whilst the circular of November 2022 referred to makes general mention of MMC construction as a whole, it does not highlight the different design and specification approaches employed across this broad sector. Furthermore, to our knowledge, the circular does not specifically relate to any concerns regarding homes built over car parking, which are of course common in both traditional build and modular development schemes. Where a level of detail is provided, there is an emphasis within the circular with regard to potential risks arising from timber framed and high-rise MMC building, neither of which are applicable to the steel frame, low-rise units commissioned in Mid Devon. There are additional key enhancements to the Zed Pods build system from a fire safety perspective set out below which provide further assurance regarding our commitment to fire safety.

The Zed Pods modular buildings and construction processes are best placed to excel under the 2022 Building Safety Act. Under the Zed Pods build system all materials used are A-rated for fire and have full fire stopping logs in compliance with the “golden thread”, enhanced by investment in digital technology and record keeping. This reflects an overall enhanced quality management approach and material choices. All materials carry performance declarations and/or BBA (British Board of Agreement) certificates.

Zed Pods have a rigorous and robust system of supervision and inspection, detailed photo-logs during construction and ISO 9001 approved inspection regimes. This covers the installation of fire safety measures, training of installers and defines clear design responsibilities. As ISO accreditation, it provides independent and transparent assurance with regard to the high levels of training and competency standards employed throughout with full control being in place over design, manufacture, installation and build. This ensures best practice in volumetric build is entrenched, for example, covering cavity fire stopping and ensuring consistent installation in accordance with the system’s fire resistance requirements. These homes only use materials and products that are tested for fire stopping and properly installed, and that installation during stacking and connecting the modules is in accordance with the installation manual and verified.

All the housing modules use Stone wool insulation (again A-rated) and no combustible insulation materials or cladding are ever used. The module party walls are fire resistant up to 60 minutes on both sides of the wall, effectively giving the modules 120 minutes before a fire in one module would break through to the next. This is well above the requirements under current building regulations. Also, none of the modules use shared structures so are structurally independent. The same is also the case for the floors. Furthermore, the units do not have any unfilled cavities for fire to spread and do not use OSB sheathing board (engineered wood) but instead use A-rated cement board.

A large Zed Pod scheme built over the carpark in London was reviewed by the London Fire Service and was completed post-Grenfell so underwent high levels of scrutiny and passed in full. The scheme has been occupied since practical completion in December 2022. In addition, the homes in Mid Devon also include remote monitored sensors for smoke heat and moisture detectors to provide an extra layer of monitored fire safety, which is again above current building regulation requirements for fire safety.

Since these questions were presented at Audit committee, we note that you have provided further information on request including reference to Caledonia modular projects and past media reports referencing fires at ‘Fair isle bird observatory’ or ‘Moorfield Hotel in Brea’. Zed Pods have no connection to these schemes or the contractors involved with the homes being provided in Mid Devon being completed to a significantly different design specification and build. In particular, we are aware potential issues at these schemes relate to OSB sheathing and a lack of fire cavity barriers which are not applicable to the Zed Pods design and installation as set out above. The only thing these schemes have in common with the Zed Pod homes is they are modular, off-site build not traditional on-site.

3. The life of modular homes estimated at 60 years, to 100 years maximum, against over 150 years for conventional builds. Impacting on insurance.

Cabinet Member for Housing, Assets and Property:

Most traditional or conventional build schemes have core components of their build that should achieve a minimum overall 60-year design life for the property, nonetheless with many items requiring renewal or replacement sooner, for example roofs, windows/doors with issues often arising within traditional block and brick construction due to poor masonry standards and on-site quality control. Nonetheless, built well, adequately maintained and renewed as required then these properties will last longer

If properly maintained Zed Pod buildings will last in excess of 120-years and are designed so from conception. Traditional finishes need maintaining to preserve the life of standard buildings, for example traditional tiled roofs need maintaining to ensure longevity so building maintenance and this is not specific to MMC building only. In addition, by means of example, the buildings supplied to Mid Devon and other customers are steel framed, the windows are solid timber then aluminium clad and have an 80+ year design life. This is well in excess of the traditional UPVC double glazed unit that have a below 20-year lifetime. Building materials that can degrade are minimised, for example stone wool products will not decay since they are inorganic, so they will retain their properties assuming no physical damage occurs. Service cavity and finishing design protects the insulation from physical damage where more traditional build schemes can be vulnerable. Internally, another example of enhanced durability is our kitchen carcasses which are thicker to give a longer usable lifetime.

Overall, the buildings have been reviewed by ICW warranty providers who provide Zed Pods building warranties under standard terms and the independent BOPAS accreditation ensures the buildings are also approved for mortgages.

ICW are one the most respected building warranty providers nationally and are one of only a few UK warranty providers to have had their systems and procedures fully certified by the Chartered Trading Standards Institute. 97% of mortgage lenders, based on volume, are served by ICW.

Quality is an essential consideration here and another way in which Zed Pods positively differentiate from the much of the volume traditional build sector being compared to. The company holds full ISO 9001/14001/45001/19650 accreditations. These buildings have an in-depth and independently verified structurally engineered approach. Zed Pods engineers use CENG, MISTRUCTE, MICE, AAPS accredited personnel. They are also Approved Certifiers of Design (Building Structures) and cover all aspects of the building structure. They further hold SCI membership, NHBC accreditation, TRADA membership and more. Full details and more information on these competencies, accreditations and memberships is available on request.

Zed Pods have built homes in London, Bristol, Devon, Sheffield, Peterborough and more. As such many different local authority building control inspectors have reviewed and approved their designs. This also includes local authority and private sector building control inspectors. Each home also comes with a new home warranty.

MMC construction systems have always been exposed to much greater critical scrutiny than traditional build because it is perceived to be new and therefore represents a perception of risk. However standards within the MMC sector and Zed Pods in particular are far higher as a result of enhanced design, quality control, factory build

and the level of scrutiny that exists in comparison with the traditional build sector where poor quality workmanship and materials can predominate and where through-life costs are much greater.

4. Wind loading and snow loading risks have caused modular builds in Cornwall to be shut down.

Cabinet Member for Housing, Assets and Property:

I understand this is relation to two primary schools in Cornwall that were only part-built by Caledonian Modular when it fell into administration in March 2022. This company and its design and build specification for these schools had no connection with Zed Pods Ltd. Based on report from the Architects Journal, the Architect at the time had concerns that the contractor was not building the homes to the approved design and that the contractor in question was also no longer in business. Zed Pods are designers, manufacturers and builders with full control the build from design, planning, manufacture and onsite construction. This is further overseen by the company ISO 9001/14001/45001/19650 accreditations.

Furthermore, these schemes have no similarities to the Zed Pods residential build system which has an in-depth and independently verified structurally engineered approach. As set out under Point 3 above, Zed Pod engineers use CENG, MISTRUCTE, MICE, AAPS accredited personnel. They are Approved Certifiers of Design (Building Structures) and cover all aspects of the building structure. They hold SCI membership, NHBC accreditation, TRADA members and more.

All Zed Pod modules have been fully engineered for snow and wind loads in multiple exposure locations in the UK and site-specific design and engineering takes these factors into account. This is independently validated and reviewed by building control, insurance backed warranty providers, BOPAS etc. where the company exceeds minimum standards and achieve best practice in design, energy performance, operation and maintenance.

5. Overheating risk and with internal temperatures in excess of 36 Degrees C being reached in the ZED POD'S modules in Bristol.

Cabinet Member for Housing, Assets and Property:

all Zed Pod buildings exceed Building Regulation Part O requirements. This includes the St Andrews scheme within Mid Devon designed just before Part O formally came into force in 2022 as well as all schemes either recently completed or in pipeline.

The homes include both passive and active cooling technologies where required. A combination of user misunderstanding and an extreme short-term heatwave lead to the instance of over-heating at one property in Bristol as the tenant thought that they could not open the windows which was addressed through post occupancy aftercare service and monitoring. The Zed Pods monitored data platform has led to awards and accolades in addressing both winter heating demand and summer overheating. It is also worthwhile highlighting the high levels of user satisfaction achieved in Bristol over several years post-completion and the repeat work Zed Pods have with that and other Councils.

In a separate follow-up communication on this point, I am aware you have asked whether Zed Pods have undertaken full Dynamic Thermal Modelling for the modular developments provided to MDDC and if so, have a copy been made available to MDDC? You go on to highlight that Dynamic Thermal Modelling is mentioned in Section 2 of Building Regulation 'O' and with particular reference to residential buildings with very high levels of insulation and air tightness. We can confirm that whilst such modelling was not a direct requirement for the purposes of Part O compliance, nonetheless, a full modelling assessment has been carried out for Shapland Place using the approved TM59:2017 Design Methodology for the assessment of overheating risk in homes. This was carried out by an independent, accredited specialist consultancy and the report has been provided to the Council. The building fully passed the required assessment.

6. Mould risk.

Cabinet Member for Housing, Assets and Property:

As recent high-profile cases have tragically highlighted, mould and damp risks can be prevalent across many different types of housing including older and modern traditional build properties. The Council have been at the forefront of assessment mould and damp its own stock and recent won an award for its approach Council recognised for its damp & mould response (middevon.gov.uk).

The Government have recently introduced Awaab's law which places new responsibilities on us as a social housing landlord to ensure the well-being of our tenants. As such the Council places particular importance on this issue and seeks to design out or minimise risks in its new build properties as well take proactive steps with its existing stock. It is important to note the effective design is only one consideration in damp and mould situations where occupation and property use are also factors alongside property maintenance, testing, education and guidance.

Mould risk has been consequently been carefully considered in all recent schemes the Council has completed, whether traditional or modular build. With respect to the Zed Pods properties, they have breathable wall build that

prevents moisture build-up without compromising airtightness or thermal performance. This means moisture cannot accumulate in the wall build-up which protects the existing structure from deterioration. The building sandwich the membranes between sheathing boards so that membranes are both bonded and mechanically fixed to prevent delamination and ensure performance in the long term. This is an enhancement that not all modular design or other types of construction have. Furthermore, the MVHR linked heating and ventilation systems in the Zed Pod units prevents the mechanical ventilation being wholly switched off so the building is continually ventilated in a controlled manner.

We understand that Zed Pods have had similar or same design specification buildings in constant occupation since 2020 without any damp or mould issues being reported.

Question 3:

Given these modular home risks, coupled with excessively high expenditure, is this not a case of Double Jeopardy for this Council. Will this committee call for an expert and fully independent investigation?

Cabinet Member for Housing, Assets and Property:

We are satisfied that Zed Pods strive for best practice, not minimum standards which is not always the case in the construction industry. All our commissioned modular buildings have been inspected by experienced building control inspectors, warranty providers, and independent experts such as BOPAS and others as set out in detail above. We have taken all reasonably practical measures to ensure fire safety and best practice in fire safety alongside enhanced overheating protection and damp and mould control being in place. Overall, we are providing durable, sustainable, high specification homes to a net-zero carbon standard with wider regeneration benefits to our communities through the schemes we are bringing forward.

Nick Quinn

Q1. On page 79 of the accounts, there is a list of the assets bought from 3 Rivers and the amounts paid for each - but the Halberton Car Parking spaces and the Architectural drawings for the failed Park Nursery development, both bought from 3 Rivers, are not on the list. Why are these purchases and amounts not listed?

Response from the Cabinet Member for Governance, Finance & Risk:

Both the Halberton Car Parking spaces and Park Nursery were not part of the close down of the company. They were actioned earlier in the financial year as part of ongoing business following decisions by Cabinet – in the Case of Halberton to purchase the spaces, and in respect of Park Nursery following the decision to cease all new development work.

Q2. How much was paid for the Park Nursery Architectural drawings? and on what date?

Response from the Cabinet Member for Governance, Finance & Risk:

Please refer to Appendix 4 supporting the 2023/24 Outturn report presented to Cabinet on 4 June 2024.

Q3. The Council paid £3.66M for the Knowle Lane land, which was valued at only £1.66M. It was already known that this land was not worth £3.66M - so this purchase breached the Council's Financial Regulations on the Acquisition of Assets, which state that: "*All purchases or leasing of land and buildings shall be on the best financial terms that can be obtained for the Council*". Will Audit Committee please look into this breach?

Response from the Cabinet Member for Governance, Finance & Risk:

Please refer to the response previously given by the Cabinet Member for Governance, Finance & Risk to the question on this topic at the Cabinet meeting of the 4 June 2024.

Q4. On page 62 of the accounts, it says that the loss on 3 Rivers loans was £6.8M but also "*the revaluation of assets purchased... resulted in a 'notional' loss of £2M*". **This is not a 'notional' loss – it is real.** This Council overpayment for assets, allowed 3 Rivers to repay loans which it would not otherwise have been able to do. Will Audit Committee agree that if this £2M overpayment had not been made, the total loss of loans to 3 Rivers would have been £8.8M?

Response from the Cabinet Member for Governance, Finance & Risk:

Please refer to the response previously given by the Cabinet Member for Governance, Finance & Risk to the question on this topic at the Cabinet meeting of the 4 June 2024.

Q5. A Revenue and Capital Outturn report went to Cabinet on 4 June 2024. In that report, the loan loss figure, shown as £6.8M, was 'reduced' to 'only' £3.384M by subtracting all the Interest and Recharge payments ever received from 3 Rivers during the whole of the previous six years. I understand that this declared income was spent in each of those years, therefore it cannot be 'resurrected and reused' to discount a very real monetary loss in this year. Will Audit Committee confirm that this attempt to 'reduce' these real losses in this year, is not acceptable?

Response from the Cabinet Member for Governance, Finance & Risk:

The Outturn reported the full position over the lifetime of the company, broken down by year. Overall, the loans written off summed to £6.8m however £5.317m of this had been actioned in prior years. In 2023/24 the final

	<p>impairment required was £1.483m as reported. The interest received supported the council throughout the lifetime of the company.</p>
<p>Barry Warren</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 26</p>	<p>My observations and questions are stimulated by Item 10 on your agenda – in particular the Annual Governance Statement and the principles listed in paragraph 1.5 [pages 209/210] covering Codes of Practice and Ethical Aims.</p> <p>At the Annual General Meeting of the Council on the 22nd May 2024 the Leader gave a report, which is minuted, and the relevant point stated: <i>“The 2024/25 budget was set <u>without any use of reserves</u>, was fully balanced and was unanimously supported across the political spectrum.”</i></p> <p>In a report to Cabinet on 6th February 2024 headed 2024/25 Budget at paragraph 4.2. the Cabinet Member for Finance states: <i>“Appendix 1 (p39) shows in detail which amounts are being contributed to, or drawn down from, various earmarked reserves in 2024/25. This totals a net reduction in Earmarked Reserves of £840k.”</i></p> <p>Paragraphs 4.3 and 4.4 describe in detail how this net reduction in Earmarked reserves of £840k is arrived at.</p> <p>Paragraph 4.7 states <i>“No draw on General Reserves is required to support the 2024/25 Budget”</i>.</p> <p>Having previously been accused by the Leader of using “reserves” to balance the budget, I felt that I should question his unqualified statement to the Council AGM.</p> <p>At the Cabinet meeting on 4th June 2024 I asked public questions regarding the use of reserves. The answer I received differentiated between “Reserves” and “Earmarked Reserves” and was further complicated by referring to their use being dependent on specific one-off situations or on-going expenditure nature, etc.</p> <p>Question 1. In the interests of openness and honesty; will the Audit Committee please look into the preparation of the 2024/25 budget and make a statement on whether ‘Reserves’, of any description, have been used in setting it?</p> <p>Response from the Chair of the Audit Committee: A net £841k of Earmarked Reserves were used in the 2024/25 to support planned expenditure, such as maintenance of our assets, previously agreed contributions to S106 legal commitments and a range of sinking</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 22</p>	<p>funds for essential asset maintenance/repairs. This is normal practice and has been an integral part of our budget planning for many years.</p> <p>This is significantly lower than the £1,725m required in 2023/24. However, no use of General Reserves was included within the 2024/25 budget, whereas within the 2023/24 budget £625k was included for unplanned, or ongoing expenditure, which was the point being made by the Leader.</p> <p>Question 2. In the interests of openness and honesty; if the Audit Committee find that 'Reserves', of <u>any</u> type, have been used in the setting of the 2024/25 budget, will they ask the Leader to make a public correction to his statement to the Council AGM on the 22nd May 2024?</p> <p>Response from the Chair of the Audit Committee: Based on my answer to Question 1, I am content with the budget overview provided by the Leader and therefore feel there is no need for any correction to be made.</p>
<p>Hannah Kearns</p>	<p>Question 1</p> <p>In the Draft Accounts, on page 147, is an Earnings table. I am interested in the figures for the Managing Director of 3 Rivers for 2023/24. Note 7 to that table says the Managing Director was made redundant on 31 March 2024 and received the redundancy package commensurate with the length of service. Given it is known that the Managing Director was only directly employed by 3 Rivers from 1st April 2021 that is only three years' service with the Company before he resigned.</p> <p>The Compensation and Pension Contribution figures seem excessive for someone with only three years of service and at £143,264</p> <p>Was three years the length of service used in the calculation of the redundancy package?</p> <p>Cabinet Member for Governance, Finance and Risk - No</p> <p>Question 2</p>

If not, what was the length of service used?

Cabinet Member for Governance, Finance and Risk -The applicable length of service included the previous service at Mid Devon District Council in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Question 3

Was some other 'special arrangement' made to arrive at these figures?

Cabinet Member for Governance, Finance and Risk -No – This was the contractually due settlement and confirmed by external legal advice.

Question 4

What was the total cost of the 2023/24 Salaries, Compensation and Pension Contributions for all the 3 Rivers Directors put together?

Cabinet Member for Governance, Finance and Risk - From the company's draft accounts, the Directors' remuneration for the year was £347k.

Question 5

Where any redundancy payments made to the employees of 3 Rivers?

Cabinet Member for Governance, Finance and Risk - Yes, three further employees were also made redundant in line with their contractual entitlement.

Question 6

If so what was the total amount?

Cabinet Member for Governance, Finance and Risk - The total cost was less than £10k.

Report for:	Audit Committee
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Date of Meeting:	20 August 2024
Subject:	Corporate Risk Report
Cabinet Member:	Cllr Luke Taylor, Council Leader
Responsible Officer:	Steve Carr, Corporate Performance and Improvement Manager. Matthew Page, Corporate Manager for People, Performance & Waste.
Exempt:	N/A
Wards Affected:	All
Enclosures:	Appendix 1: Corporate Risk Matrix Appendix 2: Corporate Risk Register

Section 1 – Summary and Recommendation(s)

To provide Members with a quarterly update on the Corporate Risk Register.

Recommendation(s):

That Members review the Corporate Risk Register and feedback any areas of concern.

Section 2 – Report

1.0 Introduction

- 1.1 The Corporate Risk Register (CRR) contains the strategic risks which are most likely to impact the corporate priorities of Mid Devon District Council. It is reviewed at least quarterly by Corporate Managers and the Leadership Team and updated as required. It is then presented to the Audit committee and to Cabinet. Risks are managed on the Council's corporate performance and risk management system, SPAR.
- 1.2 The corporate risks are presented on a risk matrix (heat map), Appendix 1. Information on each risk is presented in a standard template, Appendix 2.

These risks have been determined by the Council's Leadership Team in consultation with Corporate Managers and other council officers.

2.0 Summary of Corporate Risk

2.1 There are currently 18 risks on the CRR. Risks are presented with both their current and target risk ratings. Also included is a trend symbol indicating whether the risk rating has increased, decreased or stayed the same since the previous review.

Risk Name		Risk Owner	Risk Rating		
			Current	Trend	Target
CR1a	Culm Garden Village – Loss of capacity funding	Adrian Welsh	25	↔	9
CR1b	Culm Garden Village – Delay/ impact to project arising from infrastructure delays	Adrian Welsh	20	↔	15
CR2	Cyber Security	Brian Trebilcock	20	↔	15
CR3	Failure to meet Climate Change Commitments by 2030	Paul Deal	15	↔	9
CR4	Homes for Ukraine Scheme	Simon Newcombe	4	↓	9
CR5	Information Security	Lisa Lewis	12	↔	8
CR7	Financial Sustainability	Paul Deal	16	↔	12
CR8	Quality of Planning Committee Decisions	Angharad Williams	9	↔	3
CR9	3 Rivers – Delivery of closedown plan	Paul Deal	3	↔	2
CR9a	Reputational Impact of 3 Rivers	Stephen Walford	3	↔	2
CR10	Cullompton Town Centre Relief Road	Adrian Welsh	25	↔	15
CR11	Cost of Living Crisis	Dean Emery	16	↔	16
CR12	Housing Crisis	Simon Newcombe	12	↔	9
CR13	Operation of a Waste Management Service	Matthew Page	8	↔	8
CR14	Workforce Shortage	Matthew Page	9	↑	4
CR15	Corporate Property Fire Safety	Stephen Walford	9	↔	6
CR16	Building Control Service viability	Andrew Howard	9	↔	2
CR17	Severe Weather Emergency Recovery	Simon Newcombe	8	↓	9

Risk rating change since previous update:

↑ Increased

↔ No change

↓ Decreased

2.2 For each risk the following information is given in Appendix 2:

- Risk name
- Risk description
- Current risk severity and likelihood
- Current risk rating
- Risk Owner
- Risk Type
- Mitigating actions (including name, description, responsible officer, current effectiveness and when it was reviewed)
- Notes.

2.3 Since this report was last presented to committee in June 2024, the following significant changes have been made to the corporate risks being managed:

- CR1a has not had a formal risk review. The Council are awaiting an announcement regarding funding.
- CR4 Homes for Ukraine Scheme: Risk rating decreased from 9 to 4.
- The risk rating of CR14 Workforce Shortage has increased from 6 to 9. This reflects an increase in risk likelihood (2 to 3) relating to unions announcing the results of staff ballots on the pay award offer.
- The risk rating of CR17 Severe Weather Emergency Recovery has decreased from 12 to 8. This relates primarily to the intrinsic likelihood of the risk during the summer being lower.

Financial Implications

There are no direct financial implications arising from this report. However, risks which are not mitigated may have financial implications for the council. Equally, the treatment of risk may require resources to be (re)allocated. Having a robust approach to risk management will continue to help the council minimise future financial risks and implications. A number of the corporate risks being managed contain financial risk, such as CR7 Financial Sustainability.

Legal Implications

Risk management is an integral part of the Council's Corporate Governance arrangements and there is a statutory responsibility under the Account and Audit Regulations (2015) to put in place risk management arrangements.

Risk Assessment

Failure to take advantage of opportunities and mitigate risks could impact on the Council's ability to deliver its strategic objectives. Assessment of the effectiveness of the framework for identifying and managing risks and for demonstrating clear accountability is a key element of the Council's governance arrangements.

Impact on Climate Change

Corporate Risk 3 relates directly to the council meeting its climate change targets.

Equalities Impact Assessment

Having a council which is resilient to risk means that it is better positioned to support its communities. A number of corporate risks which relate to equalities are detailed on the Corporate Risk Register. This includes CR4 Homes for Ukraine; CR11 Cost of Living Crisis; and CR12 Housing Crisis. Actions to mitigate these risks will support the council meet its equality duties.

Relationship to Corporate Plan

Effective risk management is crucial to enable the council to mitigate risks to achieving Corporate Plan priorities.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett
Agreed by or on behalf of the Section 151
Date: 8.8.24

Statutory Officer: Maria De Leburne
Agreed on behalf of the Monitoring Officer
Date: 8.8.24

Chief Officer: Andrew Jarrett
Agreed by or on behalf of the Chief Executive/Corporate Director
Date: 8.8.24

Performance and risk: Steve Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 30/07/2024


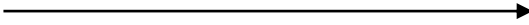
Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Steve Carr, Corporate Performance and Improvement Manager
Email: scarr@middevon.gov.uk
Telephone: 3CX: 4217

Background papers:

Appendix 1: Corporate Risk Matrix

 Risk Severity	5	5	10	15	20	25
	4	4	8 CR13; CR17	12 CR5; CR12;	16 CR7; CR11	20
	3	3 CR9	6	9 CR8; CR14; CR15; CR16	12	15 CR3
	2	2	4 CR4	6	8	10
	1	1	2	3 CR9a	4	5
		1	2	3	4	5
		Risk Likelihood 				

Appendix 2: Corporate Risk Register

CR1a	Culm Garden Village – Loss of capacity funding	Current Severity: 5	Current Likelihood: 5	Current Risk Rating: 25
Risk Description: Possible discontinuance of Government funding support for Culm Garden Village activities, thereby affecting Mid Devon District Council Culm Garden Village team capacity and leadership function, resulting in project/programme slippage.				
Risk Owner: Adrian Welsh		Risk Type: Economic/ Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR1a.1	Funding opportunities: Lobby for further rounds of Homes England garden communities capacity funding	Adrian Welsh	Action Required	July 2024
CR1a.2	Identify alternative opportunities to secure funding to support the project – including from landowners/ developers involved in the Culm Garden Village project.	Adrian Welsh	Satisfactory	July 2024
Notes: This risk relates to the funding sources in place for the Culm Garden Village, rather than the overall delivery of the Culm Garden Village project. Discussions with Homes England are ongoing regarding future rounds of capacity funding – a decision on ongoing funding is pending. A formal risk review will be conducted following this decision.				
CR1b	Culm Garden Village – Delay/ impact to project arising from infrastructure delays	Current Severity: 5	Current Likelihood: 4	Current Risk Rating: 20
Risk Description: Lack of Government funding for enabling infrastructure – Cullompton Town Centre Relief Road/ Junction 28/ Cullompton station re-opening – resulting in delays to scheme progression and housing delivery.				
Risk Owner: Adrian Welsh		Risk Type: Economic/ Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR1b.1	Cullompton Town Centre Relief Road: Funding opportunities - Continue to work with Homes England and others to seek opportunities for funding. See mitigating actions in CR10.	Adrian Welsh	Satisfactory	19/07/2024
CR1b.2	Junction 28, M5: Continue to work closely with Devon County Council on Strategic Outline Business Case with the aim of securing funding to upgrade Junction 28 – Devon County Council	Adrian Welsh	Satisfactory	19/07/2024

	to submit bid to Government in March/ April 2024 following Devon County Council Cabinet approval.			
CR 1b.3	Cullompton station re-opening: Continue to work closely with Network Rail to ensure the timely submission of the Final Business Case to Government.	Adrian Welsh	Satisfactory	19/07/2024
Notes: Report on these schemes considered by Cabinet at the June 2024 meeting. J28 Strategic Outline Business Case Approved by Devon County Council Cabinet (March 2024), submission to Government in May 2024. Discussions with Homes England continue regarding potential funding opportunities for the Cullompton Town Centre Relief Road. Final Business Case submitted to Government in April 2024 for the Railway Station.				

CR2	Cyber Security	Current Severity: 5	Current Likelihood: 4	Current Risk Rating:20
Risk Description: 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.				
Risk Owner: Brian Trebilcock		Risk Type: Data Protection/Information Security		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR2.5	Regular Vulnerability scans on network devices: ICT use 'Nessus' vulnerability scanner to access and detect vulnerabilities on all network devices. Mitigation is then completed to remove or reduce the risk due to the vulnerability. Although this has only been added now as an action, it has been running for a number of years.	Brian Trebilcock	Satisfactory	29/07/2024
CR2.6	Active Directory review: The current Active Directory (AD) (the address book for all users in MDDC to use computers) has been around for over 20 years. it has been managed, updated by ICT Staff and has a lot of clutter. A project is underway to review the configuration of AD to simplify the hierarchy and review the policies applied to the users, PCs and server on the MDDC Network. It will also provide a mean to fully incorporate the Microsoft and NCSC security baselines, to ensure full compliance and improve security.	Brian Trebilcock	Satisfactory	29/07/2024

Notes:

Currently there is a risk that the service will not be able to maintain improvement activity due to limited resources in the service and reduction in overall staff. Business case bid for extra resources being prepared.

CR3	Failure to meet Climate Change Commitments by 2030	Current Severity: 3	Current Likelihood: 5	Current Risk Rating: 15
Risk Description: Due to a variety of factors, there is a risk that the Council will not meet its goal of becoming carbon neutral by 2030. There is also a risk that the Council will not achieve district-wide progress to meet obligations under the Climate Act 2008 for climate adaptation (resilience) and mitigation (emission reductions).				
Risk Owner: Paul Deal		Risk Type: Environmental		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR3.1	Policy and Strategy: Policy and strategy relevant to the climate emergency includes: <ul style="list-style-type: none"> • Corporate Plan 2020-2024 sets a number of relevant aims; • Climate Strategy and Handbook 2020-2024; • Housing Strategy 2021-2025; • Procurement Strategy (March 2023); • Cabinet adopted a new Climate Emergency planning policy statement (March 2023); • Local Plan 2013-2033 review; Plan Mid Devon sets the Climate Emergency as the top overarching priority for the next Local Plan. 	Jason Ball	Satisfactory	29/07/2024
CR3.2	Oversight and decision-making: To embed a consistent approach to committee reports, project reports and decision-making, considering the potential climate impacts and opportunities and adaptation needs linked to the climate crisis.	Jason Ball	Action Required	29/07/2024
Notes:				
Corporate: Overall the Council's carbon footprint has decreased since 2018/ 2019. Targets set through the Corporate Plan.				
Progress made with key elements of the operational carbon footprint (delivery of services). Capital investment has decarbonised the Crediton and Tiverton leisure centres and has improved energy efficiency at Council facilities. A small proportion of vans have now been replaced by EV (Electric Vehicles). The Council now has guidance on climate and sustainability statements (for projects and committee reports) to cultivate consistent, meaningful assessments of impacts and related actions to address them (CR3.2).				

Community: Relevant Council activities in partnership with and in support of communities include engagement projects, efforts to boost green transport (active travel and EV), planning policies and Local Plan review (climate change being the overarching priority), development masterplanning, taxi licensing policy to encourage cleaner vehicles, public health initiatives (e.g. private sector housing) and emergency/resilience planning.

CR4	Homes for Ukraine Scheme	Current Severity: 2	Current Likelihood: 2	Current Risk Rating: 4
Risk Description: There is a risk of the 'Homes for Ukraine scheme' failing should the host relationship breakdown and re-matching is not an option. Where refugees cannot afford to pay for private accommodation the Council has a Homelessness Duty.				
Risk Owner: Simon Newcombe		Risk Type: Social		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR4.1	Collaboration: Continue to engage with DLUHC, LGA and DCN on scheme roll out, pressures and risks/updated national guidance etc. Reviewing a Devon-wide exit strategy around pending housing/accommodation pressures once hostings end – joint solutions (work in progress).	Simon Newcombe	Fully Effective	29/07/2024
CR4.3	Re-matching demand: Re-matching demand is relatively low (host/guest arrangements ending early) and single figures but starting to see increase due to rurality of some hosts and requirement to be closer to employment, services and schools.	Simon Newcombe	Fully Effective	29/07/2024
CR4.7	Finance update: Revised payment for new guests are £5k per person and Government have changed monthly payments for long-term hosts to £500 per month. Scheme extended to March 2025. Review of monthly payments completed across mandated and discretionary elements completed. Some enhancement will continue for existing hosts then revert to £500 max under Government funding. All revisions costed as deliverable per new Q2 and Q3 returns for 2023/24 and revised scheme/payments per head going forward into 2024/25.	Simon Newcombe	Fully Effective	29/07/2024

CR4.8	Voluntary, Community and Social Enterprise contract support: Ongoing review of potential provision from April 2024 under more limited funds available from reduced per person funding from Government (see CR4.7). Some CHAT provision looks possible to support application of continued grants to support transition of existing guests into private rental sector accommodation/ Temporary Accommodation or homelessness avoidance. Citizens' Advice Bureau contract ended as pipeline of new hosts very limited and Universal Credit/ benefits support no longer required at scale.	Simon Newcombe	Completed	29/07/2024
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Notes:

Risk rating reduced from 9 to 4 in July 2024.

CR4.8 marked as complete in July 2024.

The original risk associated with this scheme has reduced as the number of new guests has slowed considerably. The existing hosting arrangements are stable and the availability of properties through Local Authority Housing Fund means there is no need to use hotels. Grants to allow access to the private rented sector have been very successful.

CR5	Information Security	Current Severity: 4	Current Likelihood: 3	Current Risk Rating: 12
Risk Description: Inadequate data protection could lead to breaches of confidential information and ultimately enforcement action by the ICO.				
Risk Owner: Lisa Lewis		Risk Type: Data Protection/Information Security		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR5.2	Compliance Tools: Improvement of monitoring activity and implementation of tools assessing near misses or user education opportunities. May include better alerts on data sharing within/without MS tenant, information tagging.	Lisa Lewis	Satisfactory	29/07/2024
Notes:				
Recruitment complete and staffing should be back to normal in August 2024. Review of activities to commence when fully staffed. Information Asset Register work and 'Cyber Assessment Framework ready' project will improve Information Management oversight over coming months.				

CR7	Financial Sustainability	Current Severity: 4	Current Likelihood: 4	Current Risk Rating: 16
Risk Description: The council faces a range of financial challenges. We are subject to ongoing budget reductions whilst the cost of providing services continues to increase due to a range of inflationary pressures. We are also subject to single year budget settlements which impacts on the ability for medium term financial planning. We need to be able to plan and meet these challenges so that we can continue to deliver effective services and achieve the priorities we wish to.				
Risk Owner: Paul Deal		Risk Type: Economic/Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR7.2	Identify Efficiencies: Taking proactive steps to increase income and reduce expenditure through efficiencies, vacancies that arise and delivering services in a different way.	Paul Deal	Satisfactory	29/07/2024
CR7.5	Medium term planning: Work to close the budget gap is on-going. A range of options are being considered but Covid, business rates and uncertainty over fair funding review make the situation extremely challenging. To close the budget gap and maintain services: We continue to work with managers to reduce costs and explore new income streams.	Paul Deal	Satisfactory	29/07/2024
Notes: Medium Term Financial Plan discussions are in progress with a strategy being developed that will mitigate longer term shortfalls. Initial options planned to be taken to cabinet and Policy Development Groups by October 2024.				

CR8	Quality of Planning Committee Decisions	Current Severity: 3	Current Likelihood: 3	Current Risk Rating: 9
Risk Description: Planning decisions are monitored at Government level nationally – the risk is to stay significantly below 10%. Over 10% could put a Local Planning Authority into special measures. Links to Performance Indicator measures 11a, 11b, 12a and 12b.				
Risk Owner: Angharad Williams		Risk Type: Reputation		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR8.3	Regular informal planning committee meetings: Keeping planning committee informed of all appeals and upcoming planning policy, and any actions the Council is making.	Angharad Williams	Satisfactory	29/07/2024
Notes:				

Appropriate training being given to Members to assist with decision making as well as informal discussions to assist members where required on upcoming legislation and planning changes.

CR9	SPV – 3 Rivers – Delivery of Closedown Plan	Current Severity: 3	Current Likelihood: 1	Current Risk Rating: 3
Risk Description: Ability to deliver the close down plan to timetable/ budget and generate the estimated sales receipts. Finishing the Haddon Heights development per budget. Generating the estimated sales at the remaining development - set against a challenging housing market.				
Risk Owner: Paul Deal		Risk Type: Economic/Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR9.3	Weekly meetings: Meetings are now held each week between the Shareholder Representative, the Corporate Manager for Finance, and the company to track progress against the closedown plan. An update on all material transactions will be provided to Cabinet at regular intervals.	Andrew Jarrett	Satisfactory	30/07/2024
Notes: Review undertaken by Leadership Team. The risk will remain on the Corporate Risk Register until the company has officially closed.				

CR9a	Risk Name: Reputational Impact of 3 Rivers	Current Severity: 1	Current Likelihood: 3	Current Risk Rating: 3
Risk Description: A decision has now been made to soft close the company, so the remaining reputational risks are that public debate in future inadvertently damages the value of assets by hindering the remaining sales. Public debate has, at times, included unhelpful and inaccurate statements about the company and the consequential impact on the council, with these inaccurate statements being repeated in wider circles. This risk is likely to continue until such time as all remaining assets are sold and company activity is wound down. This risk is expressed as damage to the company (and hence the council as shareholder).				
Risk Owner: Stephen Walford		Risk Type: Reputational		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR9a.1	Committee and council chairs feeling empowered to appropriately challenge poor behaviour during public meetings.	Stephen Walford and Maria De Leiburne	Satisfactory	30/07/2024

CR9a.2	Elected members being comfortable with steps being taken and managing debate amongst themselves in a respectful way.	Andrew Jarrett and Maria De Leburne	Satisfactory	30/07/2024
Notes: Review undertaken by Leadership Team. The risk will remain on the Corporate Risk Register until the company has officially closed.				

CR10	Cullompton Town Centre Relief Road	Current Severity: 5	Current Likelihood: 5	Current Risk Rating: 25
Risk Description: Inability to deliver the Cullompton Town Centre Relief Road				
Risk Owner: Adrian Welsh		Risk Type: Economic/Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR10.1	Alternative Funding: Alternative funding opportunities continually being explored.	Adrian Welsh	Satisfactory	29/07/2024
CR10.2	Ongoing Homes England Discussions: Officers discussing ongoing Housing Infrastructure Fund support	Adrian Welsh	Satisfactory	29/07/2024
CR10.3	Ongoing discussions with land promoters: Ongoing discussions to maximise private funding potential.	Adrian Welsh	Satisfactory	29/07/2024
CR10.4	Land Assembly: Continue land assembly discussions so as to de-risk the project, assist in unlocking scheme delivery and increase the likelihood of securing funding.	Adrian Welsh	Satisfactory	29/07/2024
CR10.5	Complementary projects: Continue to develop and deliver complementary projects such as the Railway Station and the Heritage Action Zone public realm scheme. This will support the case for investment in the town and demonstrate the capacity to deliver.	Adrian Welsh	Fully Effective	29/07/2024
CR10.6	Government Lobbying: Working with local MPs, Devon County Council and senior Members to lobby for investment.	Adrian Welsh	Satisfactory	29/07/2024
Notes: Work continues with Devon County Council and Homes England to explore options to further de-risk the project including implementation of Cricket square at Horn Road (30 July 2024 Cabinet). Awaiting outcome of funding approaches to Government for construction of the Relief Road.				

CR11	Cost of Living Crisis	Current Severity: 4	Current Likelihood: 4	Current Risk Rating: 16
Risk Description: The high rates of inflation experienced in 2022 and 2023 have the potential to impact on council employees, residents, communities and businesses in Mid Devon. In turn this may affect the council in terms of increased costs, reduced council income, and put additional pressure on council services.				
Risk Owner: Dean Emery		Risk Type: Financial, Social		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR11.1	Benefit administration: The council delivers a range of benefits which support the financial position of our residents. This includes the Housing Support Fund, Discretionary Housing Fund, and the Exceptional Hardship Fund.	Fiona Keyes	Fully Effective	11/07/2024
CR11.2	Council Tax Reduction Scheme: The council has introduced a new scheme (from 1 April 2023) which provides a more generous level of support.	Fiona Keyes	Fully Effective	11/07/2024
CR11.3	Shared Prosperity Fund (SPF): The SPF and Rural England Prosperity Fund Investment Plans have a number of projects designed to support businesses and community organisations over Jan 2023 – March 2025. This includes grant schemes to support innovation and decarbonisation projects including those that reduce energy costs and increase productivity.	Zoë Lentell	Fully Effective	11/07/2024
Notes: Household Support Fund 5 (HSF5) funding being used at pace, there might be HSF6 from September 2024 (to be confirmed), if not then funding stops unless Devon County Council can cover the financial help. Collection rates down against target in Q1.				

CR12	Housing Crisis	Current Severity: 4	Current Likelihood: 3	Current Risk Rating: 12
Risk Description: Failure to supply sufficient housing to meet Mid Devon's needs leading to increased homelessness and increased temporary accommodation (TA). There may be insufficient TA to meet demand and financial pressure is placed on the Council through increasing volume of and dispersed provision of TA. Co-linked failure to prevent homelessness occurring through increasing demand on resources, poor existing housing and failure to meet prevention duty/deliver mitigating actions including support to vulnerable residents.				

It is a statutory duty on the Council to prevent and provide relief/assistance to people threatened with or actually presenting as homeless. There is a local, regional and national shortage of affordable housing including social housing at the most affordable social rent level with a significant, growing waiting list of those registered on Devon Home Choice. Together with the current, ongoing cost of living crisis and other pressures this is leading to a growing housing crisis.				
Risk Owner: Simon Newcombe		Risk Type: Financial, Social		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR12.1	MDDC Housing Strategy 2021-2025: Coherent, corporate approach to providing affordable homes and maintaining housing quality	Simon Newcombe	Satisfactory	29/07/2024
CR12.2	MDDC Homeless Prevention & Rough Sleeping Strategy 2020-2025: Focus on rough sleeping, prevention, accommodation options and client support	Simon Newcombe	Satisfactory	29/07/2024
CR12.3	Strategic lobbying on social housing funding, flexibilities and homelessness pressures: Continued membership of DLUHC LA Strategic Housing Advisory Group	Simon Newcombe	Fully Effective	29/07/2024
CR12.4	Devon Housing Forum: Regional engagement and collaboration on affordable housing delivery and supported housing – continued engagement	Simon Newcombe	Satisfactory	29/07/2024
CR12.5	Local Plan housing delivery: Market provision of affordable homes	Tristan Peat	Satisfactory	29/07/2024
CR12.6	Mid Devon HRA Development Programme: 500 new homes 2022/23 – 2026/27	Simon Newcombe	Satisfactory	29/07/2024
CR12.7	Temporary Accommodation: Opportunities to purchase HMO or similar shared market accommodation to meet TA needs/successful business cases made into capital programme. Two HMOs recently purchased, available 2023/24	Simon Newcombe	Fully Effective	29/07/2024
CR12.8	Empty Homes: Bringing empty homes back in to use/local leasing scheme for TA (link to CR12.7) or to alleviate wider	Simon Newcombe	Action Required	29/07/2024
CR12.9	Long-term development voids: Effective use of long-term development voids in Mid Devon Housing stock as TA where safe	Simon Newcombe	Satisfactory	29/07/2024
CR12.10	Ivor Macey House: Ongoing provision of Ivor Macey House supported TA accommodation (MDH HRA lease to G/F)	Simon Newcombe	Satisfactory	29/07/2024

CR12.11	Housing Options team staff case load resourcing: Rolling review and successful vacancy approvals	Simon Newcombe	Completed	29/07/2024
CR12.12	Homelessness Prevention Grant: Full utilisation of Homelessness Prevention Grant	Simon Newcombe	Satisfactory	29/07/2024
CR12.13	Funding applications: Successful bids into DLUHC Rough Sleeper Initiative (RSI). £300k+ RSI secured over 3-year programme from 2022/23	Simon Newcombe	Satisfactory	29/07/2024
CR12.15	Private Sector Homes for Ukraine: Team Devon Homes for Ukraine scheme Private Sector Housing transition support	Simon Newcombe	Satisfactory	29/07/2024
CR12.16	Residents Financial Support: Cost of living pressure, grants and signposted support, help with/access to benefits (https://www.middevon.gov.uk/residents/residents-financial-support/)	Dean Emery	Satisfactory	29/07/2024
CR12.17	Housing Assistance Policy (Better Care Funding): living well at home/homeless prevention and Home Start grants/loans	Simon Newcombe	Satisfactory	29/07/2024
<p>Notes: CR12.11 Marked as complete in July 2024.</p> <p>Circa 60 new Mid Devon Housing (MDH) homes by 31 March 2024 - including St Georges Court (SGC) and first dedicated Care Leaver accommodation identified at Shapland Place. However ongoing issues to resolve at SGC until properties can be let to first MDH over 55 tenants - project first occupation now post-August 2024 earliest.</p> <p>Devolution capital bid submitted to support up to four dedicated care leaver units by end 2024/25 (decision on hold due to Government change) and additional planning permission secured since February 2024 for six schemes in wider Housing Revenue Account development programme with Crofts Sandford underway next followed by Eastlands Hemyock. Review of Housing Strategy to commence autumn 2024 following Corporate Plan update and new headline housing objectives. Additional refugee scheme Temporary Accommodation 10 properties confirmed as purchased under Local Authority Housing Fund 1 (LAHF1) funding by 31 March - will alleviate Homes for Ukraine and Afghan scheme housing pressures and be long-term temporary accommodation (TA) for Council General Fund requirements. Additional 2 former Houses of Multiple Occupation purchases acquired and Belmont Rd now fully refurbished and occupied, St Pauls refurb commenced.</p> <p>Ministry of Housing, Communities and Local Government (MHCLG)/ Local Government Association National Strategic Advisory Group meeting August 2024 with Right To Buy reforms and wider sector changes on agenda but awaiting new Government updates - work stream for 2024/25. A proposed visit by MHCLG to MDH in summer 2024 to review our development work and discuss rural housing delivery pressures now postponed due to Government change.</p>				

Restructure of Housing Options team completed in July 2024. Wider review of recommendations in Devon Housing Commission report underway July 2024.

CR13	Operation of a Waste Management Service	Current Severity: 4	Current Likelihood: 2	Current Risk Rating: 8
Risk Description: Operating and maintaining a continuous waste management service across Mid Devon within budget faces a range of risks. These include staff recruitment and retention, workforce sickness and the maintenance and operation of fleet vehicles.				
Risk Owner: Matthew Page		Risk Type: Financial, Technical, Reputational		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR13.1	Workforce management: Regularly reviewing (Morning Managers' catch-up calls, monthly budget monitoring and quarterly performance reviews) the state of the workforce and how it is performing in terms of vacancies, recruitment, sickness and the impact it is having on collections and rounds. This also includes reviewing our Business Continuity Plan and whether we need to widen the flexible provision of the workforce.	Darren Beer	Satisfactory	22/072024
CR13.2	Employment Trends: Review trends in the wider employment market regarding key workers including HGV drivers and what the Council needs to do to ensure we are industry competitive regarding recruitment.	Darren Beer	Satisfactory	22/072024
CR13.3	Fleet Vehicles: Vehicle provision including maintenance and operation is reviewed on a daily basis by the Fleet Manager. Two weekly meetings are set up with SFS (maintenance and lease provider) backed up by quarterly meetings with MDDC and SFS management. Regular meetings are set up with other MDDC services that use the fleet to ensure current contractual guidelines and compliance are adhered to.	Darren Beer	Satisfactory	22/072024
Notes: Long term sickness very low. Short term closely monitored. One new recycling vehicle now on fleet, awaiting others: 1 sweeper (October), 3 x split body RCV (expected imminently). There are 5 staff with agency that are being observed with the view to be recruited.				

CR14	Workforce Shortage	Current Severity: 3	Current Likelihood: 3	Current Risk Rating: 9
Risk Description: If the Council fails to manage sickness absence, recruit and/or retain sufficient suitable staff it may not be able to maintain essential and/or statutory services.				
Risk Owner: Matthew Page		Risk Type: Legal, Financial, Reputational		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR14.1	Sickness Absence: Review and monitor sickness absence data to identify trends and patterns behind sickness absence	James Hamblin	Satisfactory	12/07/2024
CR14.2	Monitor and Manage Staff Turnover: Review data from the exit interview process to identify trends and patterns behind why staff leave.	James Hamblin	Satisfactory	12/07/2024
CR14.3	Retention: Consideration of employee benefits at the Council.	James Hamblin	Satisfactory	12/07/2024
<p>Notes: Risk Likelihood has been increased from 2 to 3. Overall risk rating has increased from 6 to 9. Unite, Unison (rejected) and GMB (accepted) recently balloted members on the pay award offer. Unite members have also indicated support for industrial action. Whilst GMB accepted, 2 of the 3 need to agree including Unison (i.e. Unison and Unite, or Unison and GMB)</p> <p>Sickness absence so far in the new financial year has reduced. Exit interview data is shared at corporate performance, with turnover in June 2024 increasing. Further benefits such as mental health champions and health “check ins” have been completed recently.</p>				

CR15	Corporate Property Fire Safety	Current Severity: 3	Current Likelihood: 3	Current Risk Rating: 9
Risk Description:				
<p>Upcoming changes in legislation will place more stringent demands on the council in terms of fire safety across its corporate property estate. Failure to meet these standards could lead to penalties being imposed by the Fire Service including fines, which would be an additional cost to any investment required to complete repairs.</p> <p>The corporate property estate requires investment to ensure that significant fire safety risks, identified through external fire safety health checks, are mitigated. Budget is in place for 2023/24 but this process will take some time to complete. There are a number of sites which require fire safety checks. It is likely that these will identify fire safety risks that will require remediation. These will be addressed on a priority basis. As with any risk associated with fire, there is a potential for damage or loss to property and/or life.</p>				

Risk Owner: Stephen Walford		Risk Type: Physical, Reputational, Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR15.1	Fire Safety Investment (2023/24): Funding has been allocated to implemented fire safety improvements.	Keith Ashton	Satisfactory	20/07/2024
CR15.2	Investment Programme (2024/25): Funding has been allocated to implement fire safety improvements at the same level as for 2023/24.	Keith Ashton	Satisfactory	20/07/2024
Notes: Fire safety projects continue, with Exe Valley works is nearing completion. The work at Culm Valley is due to begin in July, and upon completion the project moves to Lords Meadow.				

CR16	Building Control Service viability	Current Severity: 3	Current Likelihood: 3	Current Risk Rating: 9
Risk Description: The NMD Building Control Partnership has been struggling with maintaining staffing levels for the past two years owing to a national shortage of skilled Building Control officers and skilled support staff. The service has continued to meet obligations by utilising agency staff. But changes presented through the Building Safety Act 2023 and the creation of the Building Safety Regulator are likely to result in further pressures in terms of attracting and retaining skilled permanent staff and in terms of service viability owing to additional duties placed upon the service in an increasingly challenging economic climate.				
Risk Owner: Andrew Howard, Building Control Manager		Risk Type: Reputational		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR16.2	Recruitment and retention: Address staffing and skills shortage and reliance on agency surveyors by continuing to seek to recruit new staff to the service, building on recent successes.	Andrew Howard	Satisfactory	30/07/2024
CR16.4	Prepare for new reporting obligations: Continue to preparation for the introduction of the new reporting obligations for the BSR, due to commence in April 2024 – including ensuring appropriate systems are in place.	Andrew Howard	Satisfactory	30/07/2024
Notes: New recruits now registered with Building Safety Regulator (BSF) as Class one Inspectors but will not be fully operational without significant supervision for some time (12-36 months). Supervision is resource heavy and will lead to challenges around performance. One vacant post remains and service functioning with reduced capacity. Introduction of one of the Class one Inspectors (one of our new recruits) working under				

supervision has allowed us to remove agency provision from 01 August 2024. This is a positive step but the transition phase between now and when the new recruits are fully operational without supervision is a critical one and there will be significant pressure on the team.

CR17	Severe Weather Emergency Recovery	Current Severity: 4	Current Likelihood: 2	Current Risk Rating: 8
Risk Description: When there is an event/incident which has potential to harm people or property a multi-agency response may be required in the form of declaring an “Emergency” through the Local Resilience Forum (LRF). This process is split into two phases; 1: The Response which is chaired predominantly by the police and is often heavily focused on the blue light services during/immediately following the event/incident. 2: Recovery which is chaired by the Local Authorities and is more focused on Local Councils working with communities to achieve a state of new normality. Because of this, MDDC has a large role to play within the Recovery Phase as a Category 1 responder of which there are many risk to the organisation from Financial, Reputational and Legal. This risk assessment is specifically looking at our most common event that escalates to an emergency which is Severe Weather including extremes in heat/cold, floods and wind etc.				
Risk Owner: Simon Newcombe		Risk Type: Economic/Financial/Capacity/Reputation		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR17.1	CMT Capacity: There is a member of CMT on rota. This role covers incident manager (response) or can be specifically assigned to the recovery phase including chairing/ co-chairing the LRF recovery group. This will be in addition to their regular responsibilities. Due to this, the Resilience Officer or another Corporate Manager can be brought in to assist with the multi-agency duties as required. With CMT now being five people, there is increased pressure and meeting this mitigation will be dependent on the CMT having no vacancies and being available during the recovery phase of an incident. This action will be kept under review.	Simon Newcombe	Satisfactory	19/07/2024
CR17.2	Adequate Continuity Planning: Each service area needs up to date Business Continuity Plans to effectively retain critical services during and after an emergency. Training will be provided and plans reviewed by the Resilience Officer.	Lewis Dyson	Action Required	19/07/2024
CR17.3	Overall Staff Capacity: Each business area will understand their critical functions and ensure they are functioning during recovery. Above this each service area will manage their own capacity to	Lewis Dyson	Action Required	19/07/2024

	deal with recovery plus their business as usual through agency, overtime and mutual aid as detailed within their Business Continuity Plan.			
CR17.4	Out of Hours Capacity: Only CMT, Housing and Waste have Out of Hours within their contracts and so other services would need to rely on goodwill/ civic duty to cover any out of hours work during response and recovery. Paper detailing current out of hours gaps to be produced alongside a clear outline of which critical roles need some level of out of hours cover.	Lewis Dyson	Action Required	19/07/2024
CR17.6	Waste Collection Backlog: Due to the nature of the incident it is likely that there will be additional waste collection requirements in terms of debris, missed collections due to Health and Safety considerations, and additional waste from properties damaged by the weather (i.e. flooded properties). Additional agency staff/ overtime may be required alongside additional routes to meet the backlog and keep up with increased demand.	Matthew Page	Fully Effective	19/07/2024
CR17.7	Increased Public Health demand: Public Health may be required to support in additional assessments during recovery. They will be warned of potential increase in demand prior/ during recovery to ensure cover.	Simon Newcombe	Completed	19/07/2024
CR17.9	Reputational damage: During the recovery phase of an emergency there will be a lot of differing priorities and expectations from our communities. This can lead to potential conflicts, disputes and confusion. The Communications Team will work to give clear messaging which is in line with the multi-agency communications plan. Sufficient media training will be given to the Leadership Team and key members of the Council to ensure the correct information is being released to the media and communities.	Lisa Lewis	Action Required	19/07/2024
<p>Notes: CR17.7: Marked as complete in July 2024. Due to the time of year the likelihood has dropped. However the severity remains the same as, although rarer, abnormal weather patterns can occur and in some cases can have worse effects during the summer months due to the more sudden nature of the events.</p>				

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Report for: Audit Committee

Date of Meeting:	20 August 2024
Subject:	Appointment of Co-Opted Independent Member
Cabinet Member:	Cllr James Buczkowski - Finance
Responsible Officer:	Andrew Jarrett – Deputy Chief Exec (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	Nil

Section 1 – Summary and Recommendation(s)

This report provides some context around Independent Members for Audit Committee and a proposition through the Devon Audit Partnership, who provide Internal Audit for a number of Councils in Devon, to recruit and provide suitable qualified Independent Members for a number of Devon authorities.

Recommendation(s):

That Audit Committee agree:

- 1. To recommend to Full Council the appointment of a Co-Opted Independent Member to sit on Audit Committee (through Devon Audit Partnership) until April 2027;**
- 2. To Recommend to Full Council to delegate to the Director of Legal, HR & Governance (Monitoring Officer) to make the necessary amendments to the constitution, including the amendment to the scheme of Members Allowances to include a special responsibility allowance for this position.**

Section 2 – Report

1.0 Introduction

1.1 Audit Committees are a key component of an authority's governance framework, and they strive to support good governance and strong public financial management. They provide independent assurance on the adequacy

of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both Internal and External Audit the Committee makes an important contribution to ensuring that effective assurance arrangements are in place.

- 1.2 An independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities was published in September 2020. The full report can be found at: [Redmond Review.pdf \(publishing.service.gov.uk\)](#).
- 1.3 One of the recommendations from the report was consideration to be given to the appointment of at least one Independent Member, suitably qualified, to the Audit Committee. A co-opted Independent Member is a Committee member who is not an elected representative but brings an informed and independent perspective.
- 1.4 The Council's ability to co-opt members onto a committee derives from the Local Government Act 1972, as amended. Section 13(1) of the 1989 Act says that a co-opted member of a committee established under Section 102 of the Local Government Act 1972 (i.e. a committee discharging the functions of the Council) must be a non-voting member. It is for the Council to decide on the term of office of any such co-opted member.
- 1.5 A particular challenge for local authorities is attracting independent members with the relevant technical experience. This challenge can sometimes be greater depending on an authority's geographical location and there was still not an abundance of suitable applicants for vacant positions. Therefore Devon Audit Partnership is working with a number of Devon Councils to recruit new Independent Committee Members.
- 1.6 The Constitution outlines the composition of the Audit Committee together with the requirements and quorum of membership. If an additional Co-opted Independent Member is approved then the Constitution will be required to be amended accordingly i.e. number of members 'plus one Independent Member' and the Quorum for Audit is 'not inclusive of the Independent Member'. Also adding in that 'the Independent Member (who shall not be a Member of the Council) is appointed to provide experience and expertise in audit, accountancy, finance and risk management to advise the Committee in these areas and shall have no voting rights'. Similarly, the scheme of Members Allowances will be required to be updated to include reference to a special responsibility allowance for the Co-opted Independent Member of the Audit Committee.

2.0 Independent Member

2.1 The role for Independent Members has been advertised by Devon Audit Partnership during November and December 2023 and has been seeking candidates that should:

- Have a professional audit/accountancy/finance/business management background
- Be able to interpret and analyse numerical data with a view to asking probing questions to reach rational conclusions
- Be a critical thinker and seek to uphold accountability
- Be confident in fully and proactively participating in the consideration of matters before the Committee at its public meetings
- Be a good listener, fair, unbiased and objective in their approach.

2.2 In order to be eligible to apply for the position, applicants must not:

- be a Councillor or Officer of any of the Councils or have been so in the preceding 12 months prior to appointment
- be related to, or a close friend of, a Councillor or Senior Officer of the Local Authority
- have been convicted of any offence
- be an undischarged bankrupt
- have significant business /contractual dealings with the Council/s
- have a proven history of vexatious and/or frivolous complaints at any of the Councils
- be in arrears with Council Tax, Business Rates or have other outstanding debts owing to the Councils.

2.3 Devon Audit Partnership have advertised the posts and have set out that a proportion of the members annual allowance or fixed annual fee (dependant on the Council) will be paid to the successful post holders. It is proposed that a regular person from those recruited by Devon Audit Partnership will attend Mid Devon District Council's audit committee, but should they be unavailable for any particular meeting, Devon Audit Partnership will provide a substitute.

2.4 If Members are minded to approve the appointment of an independent member to Mid Devon District Council, it is recommended that the allowance be set at £500 per annum, which follows guidance sought from the Independent Remuneration Panel.

Financial Implications

There will be a small financial impact through the need to remunerate an Independent Member for their time carrying out the role for Governance Committee and it is recommended that the level of remuneration be set at £500 per annum following

advice from the Independent Remuneration Panel. This cost will be met from within the existing revenue budget framework.

Legal Implications

The legal implications are contained within the report detail.

Risk Assessment

The proposed post should help the council recognise and address risk.

Impact on Climate Change

There are no Climate Change implications anticipated as a result of this report.

Equalities Impact Assessment

There are no equalities implications anticipated as a result of this report.

Relationship to Corporate Plan

The proposed post should help the council deliver the corporate plan.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151

Date: 11/06/2024

Statutory Officer: Maria De Leburne

Agreed on behalf of the Monitoring Officer

Date: 06/06/2024

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 11/06/2024

Performance and risk: Dr Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 11/06/2024

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

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Background papers: N/a

Internal Audit Progress Report 2024-25

Mid Devon District Council Audit Committee

Page 55
August 2024

Tony Rose
Head of Devon Assurance Partnership

Ken Johnson
Senior Assurance Manager

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 2024-25 based on work undertaken to date in the Opinion Statement.

The Internal Audit plan for 2024-25 was presented and approved by the Audit Committee in March 2024. 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 operate effectively.

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Opinion Statement

Based on work performed during 2024-25 to date and our experience from the previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement supports 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 within the audit report.

All 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 and may be reviewed during subsequent audits or specific follow-ups.

Directors and Senior Management are given details of Internal Audit's opinion to assist them with compilation of their year-end Annual Governance assurance statements.

Summary of Audit Results

In this report, we provide a Substantial Assurance Opinion for insurance where there is a good control framework. We also provide Reasonable Assurance opinion for Housing Health and Safety Management Arrangements. Our Void (Business Property) audit included review of property management and opportunity to improve how the Council reviews and manages their stock to become more pro-active, we provide a Limited Assurance Opinion for this.

Summaries of reports are contained in **Appendix 1**.

Fraud Prevention and Detection

We continue to work with council officers on measures to identify and prevent fraud. Recent work in the Council Tax area is to be commended. Further initiatives are being considered and recommendations will follow later this year in an attempt to increase collectible revenue and prevent fraud and error.

Audit Coverage and Performance Against Plan

Our work on the audit plan has started and we are ramping up our work to ensure it is delivered. We do not currently anticipate any problem in substantially delivering this year's plan, to inform our Annual Assurance Opinion.

The Committee will know the Internal Audit Plan is intended to cover the period April 2024 to March 25. We know from experience that our work does not start on the 1 April or finish on the 31 March. Delivery of our work plans leans towards commencing in April with the bulk of the work delivered within each financial year, concluding with our reports being finalised up to and including the following April and May. This timeframe ensures the Annual Head of Internal Audit Assurance Opinion is based on the fullest possible breadth of work in line with each Internal Audit Plan.

Substantial Assurance	A sound system of governance, risk management and control exist 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.

Audit Recommendations

Appendix 3 - There are currently 1 High and 20 Medium management actions overdue (See **Appendix 3**). This compares to the 1 High and 20 Medium recommendations reported at the last Audit Committee.

Although the figures are the same, there has been movement in the areas where there are outstanding recommendations.

The agreed policy is that only High priority recommendations require Audit Committee agreement to extend target dates, and that management can decide to extend Medium and Low recommendation target dates. We provide appropriate challenge if we have any concerns that the weakness has not been addressed.

Customer Satisfaction – We ask for feedback on every audit. We are currently reviewing these and will report fully at the next Audit Committee.

Value Added

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 similar audits across different councils to identify and share good practice.
- Confirming that core controls continue to be effective despite changing work conditions and current pressure of work.

Appendix 1 – Summary of audit reports and findings

Audit and Assurance Opinion	Summary, Risk Exposure and Management Actions
<p>Housing Health and Safety Management Arrangements</p> <p>Reasonable Assurance</p>	<p>We provide a reasonable assurance for this area as there is a good control framework to manage housing health and safety risks. Mid Devon Housing (MDH) are aware of their responsibilities and the governing legislation. New legislation has been embraced and MDH show commitment to comply with the changes. Monthly performance meetings are held for services across MDH to discuss performance, compliance and areas of concern. A service risk register has been set up which holds risks pertaining to the service. This will link in with the monthly performance discussions. There have been some performance concerns related to the gas safety contractor which are being effectively managed. There are also some properties which haven't had an asbestos survey; instead, they have applied an old process of 'cloning' surveys i.e. one house in a row has an asbestos survey; instead of surveying each property the assessment is applied to all other houses in the row. Inspections should then be carried out every 5 years on each house.</p> <p>MDH are working towards making sure that the Housing stock has up to date electrical safety checks in place. This is in anticipation that the proposed measure for 'electrical safety checks' is implemented in the future. MDH appear to be pro-active in addressing legislative requirements and are forward thinking in where they can make improvements for tenants and future compliance.</p> <p>We agreed three Medium, one Low Priority and one Opportunity management actions.</p>
<p>Voids (Business Property)</p> <p>Limited Assurance</p>	<p>There has only been one void property during 2023/24 which is an indication that the properties are consistently occupied and providing income. This is a very low void rate, and we consider that tenants are happy with the provision that the Council provides in order to maintain the high occupancy levels. We therefore changed the scope to look at other areas of the service.</p> <p>The Council has owned some of the properties for a long time with varying reasons for purchase, including economic development, local economy stability or to support longer term projects. An assessment of the costs, benefits and risk of holding these properties has not been undertaken recently or provided to members for their comment and agreement. Condition surveys and/or inspection of properties have not been consistently carried out with the risk that they are not maintained to a good standard or will result in higher long term maintenance costs.</p>

We understand that there are various types of leases for the rented properties. This creates disparity between leases and additional complexity in monitoring and managing the leases. There has been reduced support provided from Legal as they have not had an internal property solicitor for a year albeit they have provided the support of a trainee legal executive, with the use of external legal advice. The Council now has an internal property Solicitor and trainee legal executive who have been working through a priority list agreed with Property Services.

The service provides a re-active approach to repairs, rather than a proactive one. Whilst this approach addresses any urgent repairs, a planned maintenance programme would enable the service to reduce the number of repairs required. We understand that property services have been trying to recruit a surveyor to facilitate this work. However, recruitment has been unsuccessful. The service is now considering going out to tender for a contractor to cover this work. As a longer-term approach, regular inspections i.e. three or five yearly would help ensure that lessors are maintaining properties and reducing the risk that properties are handed back to the council in a poor state of disrepair, providing the council with costly repairs to bring the property to standard. There does not appear to be a detailed maintenance programme.

Property Services do not have a designated management system. Several spreadsheets are used to monitor properties/lessors. It is understood that the service has procured a management system and is in the process of populating it ahead of bringing it into use.

We agreed one High, three Medium and one Low priority management actions.

The High priority management action related to producing a planned maintenance programme for business properties to replace the current re-active responsive repairs.

Insurance

The Council obtains appropriate insurance in respect of its operations. The types of insurance cover obtained by MDDC are comparable with those taken out by other local authorities, with the Council obtaining professional advice through use of an insurance broker. The insurance cover is obtained through a competitive procurement exercise. The insurance cover held is changed as required to reflect changes to council assets and operations. Most of the insurance claims paid relate to motor vehicles, which was also found to be the case at a different Devon district council where an insurance review has recently taken place.

Substantial Assurance

Where a MDDC employee is found to be at fault for a motor incident their manager is now required to complete a supervisor's report form detailing any training needs or actions required to be undertaken to try and reduce the occurrence of such an incident happening again. Both the Street Scene Fleet Manager and Operational Manager have access to the Motor Claims Log and can review any claim held therein along with incident summaries.

In year changes to policies and premiums paid occur mainly in the areas of property and motor vehicles. Buildings are subject to revaluation and an Excel spreadsheet held showing all properties and additions / removals made throughout the year. Replacement of fleet vehicles as and when required highlight instances where operational managers must

promptly notify and advise the Accountant / Insurance Officer of possible new risks, changes required to policies and any other alterations which may affect the policies held; the insurer has constant access to the motor insurance database.

There were no recommendations for this audit.

Appendix 2 – Clearance of audit recommendations

The table below shows all recommendations by audit subject. There is 1 High, 20 Medium and 9 Low recommendations that are overdue.

Audit references	High Not Due	High Overdue	Medium Not Due	Medium Overdue	Low Not Due	Low Overdue	Total (Due and Overdue)
Building Control	0	0	0	1	0	0	1
Capital Asset Management	0	0	1	0	2	1	4
Care Services	0	0	1	0	0	0	1
Cemeteries and Bereavement Services	0	0	1	0	0	0	1
Contact Management	0	0	6	0	0	0	6
Corporate Health and Safety	0	0	0	1	0	0	1
Corporate Repairs and Maintenance	0	0	2	0	1	0	3
Culm Valley Leisure	0	0	2	3	0	0	5
Cyber Security	0	1	4	0	3	1	9
Equality and Diversity	0	0	1	1	0	0	2
Homelessness - Housing Options	0	0	0	1	0	0	1
Housing Benefit	0	0	0	0	0	1	1
Housing Health & Safety	0	0	1	0	0	0	1
Housing rents	0	0	0	1	0	0	1
Income Management	0	0	1	0	0	0	1
Information Governance	0	0	0	7	0	0	7
Leisure Centre	0	0	0	2	0	1	3

Main Accounting System	0	0	1	0	0	1	2
Performance Management	0	0	3	0	0	1	4
Procurement	0	0	0	2	1	1	4
Recruitment, Selection & Succession Planning	0	0	0	1	0	0	1
Risk Management	0	0	1	0	0	0	1
Service charges	0	0	0	0	1	0	1
Street Cleaning	0	0	0	0	0	1	1
Travel and Subsistence	0	0	0	0	0	1	1
Total	0	1	25	20	8	9	63

The table below provides more detail on the overdue High and Medium Recommendations.

Audit references	Priority	Title	Objective	Target Date	Arising - managers comment
Culm Valley Leisure	M	Emergency plan review frequency	An annual review of the Plan should be considered.	31/07/2024	The prev Ops Manager has left MDDC this work will be picked up by the business managers and the new Ops Manager when in post. Deadline extended to July 2024
Leisure Centre	M	mission statement	A mission statement should be implemented at its next opportunity to enhance the development of the Centre to maximise income and reduce costs, whilst continuing to provide a broad-based leisure programme of activities	31/07/2024	The Leisure service is currently under review branded as a 'reset' this will see many things change in the coming months. This type of statement can be worked on as part of the 'reset' the new Operations Manager will own this. Deadline extended to July 2024
Building Control	M	Additional resource to 'recover' service standards	Additional resources should be engaged to 'recover' service standards.	30/06/2024	

Homelessness - Housing Options	M	Service Level Agreement (SLA) or contractual document should be in place with Mid Devon Housing	<p>This recommendation appears straight-forward but does not necessarily reflect the complexity of the situation. The current absence of a structured SLA is largely due to the competing demands and flexibility required to balance temporary accommodation requirements with an under-pressure choice-based letting system where there is an ever-escalating need for secure, move-on general needs (and other) social-rent accommodation that the Housing Revenue Account (HRA) provides. Alongside this are fast-moving case issues for vulnerable or priority persons (across general homelessness presentations and HRA tenants/Devon Home Choice (DHC) applicants) and housing stock management considerations including stock modernisation /decarbonisation, voids, compliance with wider adopted HRA policies and housing management performance targets. Added to this decision matrix is an ambitious HRA housing development programme and specific demands including short-term decants of existing tenants and direct lettings. As such, an SLA will need careful drafting with adequate flexibility embedded to meet these sometimes competing or parallel demands. There are further issues for consideration around the move to secure allocation of HRA properties for general fund use as TA; compliance with Regulator of Social Housing (RSH) requirements and housing legislation as an registered provider and costs arising from void periods including general fund liability for council tax and utility costs that will require consideration (for costs see 4.) Current flexibilities and informal approaches have consistently secured a</p>	30/06/2024	
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			<p>significant use of HRA stock as TA as the Opinion Statement notes. Nonetheless, a draft SLA or agreement will be put together to ensure that there is adequate clarity and reassurance for both sides on the use of housing stock as TA for wider member consideration and adoption via Homes PDG and Cabinet/Council. As an SLA approach underpinned by policy considerations that impact on the use of HRA stock, there will need to be a consultation with Mid Devon Housing tenants as par</p>		
Information Governance	M	Information formats/tags such as information classification	<p>GW – in Information asset register (IAR) work. GW has provided classification training to two departments and Councillors. Assessment as to whether this can be made compulsory training in progress. In Tune is used and being developed to auto tag as and when tags have been defined. Further work on policies required. Some Cyber Audit aspects that will cover this side of things.</p>	31/05/2024	Insufficient resource in ICT to progress.
Information Governance	M	Periodic service-by-service review framework	<p>Would need to put in place a procedure to ensure data evaluation mechanism. GW – retention schedule. Planning to roll out in conjunction with new CRM (Customer Relationship Management system). Cleanse all data as it comes into the CRM. All data into new CRM will have been reviewed and cleansed. Need policy going forward to ensure data remains clean, accurate, complete etc. Data quality – issues linked to systems and/or processes. Quality reviews in place – GW noticed drop off in minor data breaches. GW – intending to run yearly audits across MDDC. GW going to DISP – to liaise with Torbay Council's Data</p>	31/05/2024	Need to review in line with IAR work and annualised (or on change basis) programme of review will be implemented.

			Protection Officer (DPO) to discuss IG 1/4ly reviews.		
Information Governance	M	Programme for delivery of goals for the complex systems and risks	Staff now in place and taking this forward. Now have a programme. Had a review of Key Performance Indicators (KPI's) – established high targets that are achievable.	31/05/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.
Information Governance	M	Quality Assurance process	Linked to 1.9 and 1.7 as above – Managers now engaging proactively with IG and reviewing processes for passing and sharing data. Which is producing fewer data breaches. Data quality reviews being done with services as processes are reviewed. Long term data quality activities in conjunction with CRM project.	31/05/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.
Information Governance	M	Usefulness and usability of key business systems	This will be identified within the Records of Processing Activity (ROPA)/RACI (Responsible, Accountable, Consult, Inform matrix) work as well as ongoing review past target date below via CRM Service and reporting reviews and liaison with Corporate Performance Officer.	31/05/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.
Culm Valley Leisure	M	Business plan	The observations should be considered, and suitable additions/amendments made to future Plans as necessary. Awareness of the Plan amongst staff should be improved.	30/04/2024	The Leisure service needs a revised business plan this is on the high-level work tracker the Head of Service and Operations manager will be moving this forward as soon as time allows.
Corporate Health and Safety	M	Monitoring of induction forms	New induction process to be rolled out. Induction form to request the line manager contacts HR Business Partner should specific aspects require a review.	31/03/2024	Induction process reviewed by the Impact Group. Work taking place with the Communications Team to update documents before this is rolled out. It will be noted that any concerns from the Induction need to be raised with the People Services team

Cyber Security	H	National Cyber Security Centre (NCSC) guidance and liaise	Will review NCSC guidance and liaise with Devon County and internal procurement to define best practice.	31/03/2024	
Information Governance	M	Overarching communications plan	Still intending that the RACI model will address this	31/03/2024	Will need to be reviewed now due to resignation.
Housing rents	M	Reconciliations between Orchard and eFinancials	Reconciliations, ideally, should be signed off within 1 month of the preparation of that reconciliation. However, other demands, such as budget setting and closedown put pressure on the internal deadlines being met. As always, the aim will be to sign all reconciliations off as soon as practicable.	31/03/2024	
Leisure Centre	M	Asset Register	An asset register should be implemented to provide the service area with full knowledge on assets in place.	29/03/2024	Reviewed and in place after the current project (decarbonisation). These projects will result in a number of assets being changed within the building. Register will be provided during May/June 2023. This will also form part of the Property condition survey review.
Culm Valley Leisure	M	Fire safety requirements	The Leisure Service should ensure that fire safety requirements within the Centre are fully addressed, and all outstanding documentation brought up to date.	29/03/2024	The centre is building their documentation, and a new fire alarm system has been installed at the centre in September 2023.
Information Governance	M	Information management strategy	Definition to be agreed via IT/IG board moving forward and work also being done in conjunction with ROPA/RACI.	31/01/2024	
Procurement	M	Procurement Action Plan	Support from the DCC team should be sought (assuming required) as a discreet piece of work in creating the procurement action plan.	31/12/2023	Once the new regulations are brought in (moving away from the EU regulations following Brexit), the Strategy may need to be updated. This will then flow down to an action plan to deliver the strategy.
Recruitment, Selection & Succession Planning	M	Recruitment training	Managers should receive some support / training / refresher on recruitment interviewing.	31/12/2023	New training drafted and shared with the People Services department for review. Training to roll out in October 2024. This will be in house training

Equality and Diversity	M	Workforce planning	Obtain further information about the composition of the internal council workforce and compare it to the local population to inform workforce planning.	31/10/2023	Tech in place and working. Time set aside in early August to design EDI background before communication to all staff.
Procurement	M	Contract detail within the contracts register	Ensure that the links to detail of the contract register are operational at the earliest opportunity.	31/07/2023	Work is continuing within Procurement and Digital Services on preparing the new contracts register for rollout. Testing identified some minor issues which have recently been resolved, with the contracts register now expected to go live in the next few weeks.



Report for: Audit Committee

Date of Meeting: 20 August 2024

Subject: **Cyber Security & Information Governance
Update**

Cabinet Member: Cllr David Wulff, Cabinet Member for Quality of
Living, Equalities and Public Health

Responsible Officer: Lisa Lewis, Head of Digital Transformation &
Customer Engagement

Exempt: N/A

Wards Affected: N/A

Enclosures: None

Section 1 – Summary and Recommendation(s)

The following report provides a high-level update on Cyber Security and Information Management activities and risk mitigation over the past few months. It also includes updates on activity and challenges around meeting the high-level audit recommendations as detailed in the Cyber Security and ICT Core Audit 2022 – 23 and the Information Governance Audit 2022 – 23.

Recommendation(s):

- 1. Recommendation – That the committee note the report.**

- 2. Recommendation – That the committee authorise an extension of time as detailed below on Cyber Security and ICT Core Audit 2022- 23, item 8.1.**

Section 2 – Report

- 1.1 At the Audit Committee of 25th June 2024 Devon Audit Partnership (DAP) provided an internal audit annual report 2023/2024. The report provided an update on ICT and Information Management (IM) activities around audit recommendations. The report showed that Cyber Security activity had improved and achieved a status of ‘reasonable assurance,’ whilst IM had remained at ‘limited assurance’ and had an increased risk rating of 12.
- 1.2 The following provides an update on each area and includes a summary of mitigating actions, continuing risk, and challenges around remediation of risk and actions outstanding to comply with audit recommendations.

2.0 Audit Recommendations update - Cyber

- 2.1 Out of the original 35 management actions, 19 have been completed, 13 being in progress and 3 not yet started. Completed actions include, but are not limited to:
 - An IT and Information Governance Board (ITIGB) has been established (alongside appropriate supporting documentation). Cllr David Wulff sits on this board as part of his portfolio.
 - A high-level change process document has been created for standard and security system changes.
 - An Information Security (cyber / Data Protection) questionnaire is completed as part of the procurement process to gain assurance that a supplier meets the required minimum standards of the Council.
 - The completion of cyber training is now averaging between 89-91% over the last two quarters, the variance is in part due to recent increased staff turnover.
- 2.2 There remains one High outstanding recommendation which ICT have been unable to remediate due to higher priority security work and capacity within the team. The team were reduced by 1.5 FTE within the last twelve months which has impacted our ability to continue improvements. Audit recommendation 8.1 relates to supply chain management and active monitoring or risk impact assessment against software/service suppliers for our main systems/functions. This is a significant administrative burden to complete.
- 2.3 Focus has been on what we can control and high priority activities. To continue work on audit recommendation 8.1, and further work included below, ICT will be seeking some temporary additional resource to provide some capacity within the team. This is to be partially offset by an Ear Marked Reserve (EMR), and it is the intention to utilise the IM team to help with the

administrative burden whilst risk assessments on returns will be completed by the ICT Operations Manager. We are also reliant on suppliers responding promptly and anticipate a significant amount of 'chasing' for the information.

It is therefore requested, as per Recommendation 2 above, that the Audit committee authorise an extension of the deadline for this piece of work to March 2025.

- 2.4 ICT achieved Public Sector Network (PSN) compliance in June 2024.
- 2.5 Cyber Assessment Framework (CAF) – The Council has, alongside other councils, opted to participate in a Local Digital 'Get CAF Ready' project. This was initiated by what was the Department of Levelling Up, Housing & Communities (DLUHC) and is now the Ministry of Housing, Communities & Local Government (MHCLG). The project provides guidance and tools for assessing, documenting, and planning around Cyber governance and response. It follows best practice as set out by the National Centre for Cyber Security (NCSC). Successful completion of this project could result in a small grant which could be used to offset the cost of the additional resources alluded to above.
- 2.6 As part of their annual ICT audit work, DAP have agreed to provide project assurance of the 'Get CAF Ready' project so that resources can be aligned and reduce duplication of effort for all services concerned.
- 2.7 It is worth noting that the new Government, as part of the recent King's Speech intend to bring forward a Cyber Security & Resilience Bill. It is too early to know what this will mean for Local Government and cyber security provisions, but progress of this Bill will be monitored by ICT and the ITIG board.

3.0 Information Management

- 3.1 The last internal audit report placed Information Management at 'limited assurance.' Due to the transactional workload of administering Freedom of Information (FOI) and Data Subject Access Requests (DSAR) the team has not been able to make adequate progress on many of the audit recommendations.
- 3.2 In March 2024 the Data Protection officer (DPO) resigned and the service has been running at 50% capacity.
- 3.3 Due to the Data Protection and Digital Information Bill that was in progress at the time of the resignation a restructure of the service was initiated. Responsibility for governance and compliance now formally sits with the Head of Digital Transformation & Customer Engagement. A Senior Information Officer replaces the Data Protection Officer (DPO) role. This was recruited to in June 2024 and at the time of this report the Information Management Officer role should have someone in post from 5 August 2024.

- 3.4 Training for the new roles/recruits will commence immediately and a review of all outstanding audit recommendations and compliance activities with a full programme of work should be ready by early Autumn 2024. This will include the work towards remediation of Cyber Audit recommendation 8.1 as above and a project to improve efficiency of the FOI/DSAR administration with a view to freeing up time for the team to focus on governance, compliance and monitoring work moving forward.

Financial Implications - The report does not have any specific financial implications. Future decisions on investment, e.g. Disaster Recovery provision or resourcing will be made via senior leadership or the ITIG Board as operationally appropriate.

Legal Implications - The report does not have any specific legal implications. Appropriate levels of governance around cyber and data security help to mitigate potential liability or legal action from data loss.

Risk Assessment - This report details activities against the current Corporate Cyber Security Risk and addresses currently outstanding High audit recommendations and mitigations required.

Impact on Climate Change - ICT are currently reviewing hardware fleet and software systems with an aim to reduce cost and environmental impact. These will be reported via the Corporate Action Plan updates to Planning, Environment & Sustainability PDG.

Equalities Impact Assessment - This report does not have any impact under Equalities.

Relationship to Corporate Plan - ICT and Information Management underpins all corporate activity. It is therefore essential that our cyber and data security practices and protections are robust to ensure business continuity and the delivery of all services.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett
Agreed by or on behalf of the Section 151
Date: 8.8.24

Statutory Officer: Maria de Leburne
Agreed on behalf of the Monitoring Officer
Date: 8.8.24

Chief Officer: Andrew Jarrett

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 8.8.24

Performance and risk: Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 01 August 2024

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

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Background papers: none

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