

# Public Document Pack

Mid Devon District Council

## Audit Committee

Tuesday, 20 March 2018 at 5.30 pm  
Exe Room, Phoenix House, Tiverton

Next meeting  
Tuesday, 29 May 2018 at 5.30 pm

Those attending are advised that this meeting will be recorded

## Membership

Cllr R Evans (Chairman)  
Cllr Mrs J B Binks  
Cllr Mrs C Collis  
Cllr R M Deed  
Cllr T G Hughes  
Cllr R F Radford  
Cllr L D Taylor

## 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. Declaration of Interests under the Code of Conduct**  
Councillors are reminded of the requirement to declare any interest, including the type of interest, and reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.
- 3. Public Question Time**  
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
- 4. Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.
- 5. Minutes of the previous meeting (Pages 5 - 10)**  
Members to consider whether to approve the minutes as a correct record of the meeting held on 23 January 2018.

6. **Performance and Risk** (*Pages 11 - 42*)  
To receive a report from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local service targets for 2017-18 as well as providing an update on the key business risks.
7. **Risk and Opportunity Management Strategy** (*Pages 43 - 62*)  
To receive a report from the Group Manager for Performance, Governance and Data Security presenting the Committee with the updated Risk & Opportunity Management Strategy for approval.
8. **Progress Update on the Annual Governance Statement Action Plan** (*Pages 63 - 68*)  
To receive a report from the Group Manager for performance, Governance and Data Security providing the Committee with an update on progress made against the Annual Governance Statement 2016/17 Action Plan.
9. **Debt Collection Policy** (*Pages 69 - 100*)  
To receive a report from the Group Manager for Financial Services presenting the Committee with the updated Debt Collection Policy.
10. **Audit Progress Report 2017-18**  
To receive the Audit Progress Report 2017-18 from the Head of the Devon Audit Partnership.  
  
(Report to follow)
11. **Update on outstanding Internal Audit recommendations (AJ)**  
To receive a verbal update from the Director of Finance, Assets and Resources regarding outstanding audit recommendations.
12. **Internal Audit Plan 2018-19** (*Pages 101 - 114*)  
To receive the Internal Audit Plan for 2018-19 from the Head of the Devon Audit Partnership.
13. **Grant Thornton - External Audit Progress Report and Sector Update** (*Pages 115 - 132*)  
To receive a report from Grant Thornton providing a progress update in respect of delivering their responsibilities as the Council's external auditors.
14. **Chairman's Annual Report for 2017/18** (*Pages 133 - 136*)  
To receive the annual report from the Chairman of the Audit Committee for 2017/18.
15. **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:

- Election of Chairman
- Election of Vice Chairman
- Performance and Risk Outturn for 2017/18
- Progress update on the AGS and Action Plan
- Internal Audit Progress Report
- Draft Annual Accounts for 2017/18
- Financial Regulations Review
- External Audit Progress Report & Update
- Start time of meetings

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

**Stephen Walford**  
Chief Executive  
Monday 12<sup>th</sup> March 2018

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Member Services Officer in attendance so that all those present may be made aware that is happening.

Members of the public may also use other forms of social media to report on proceedings at this meeting.

Members of the public are welcome to attend the meeting and listen to discussion. Lift access to the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or if you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on:

Tel: 01884 234310  
E-Mail: [slees@middevon.gov.uk](mailto:slees@middevon.gov.uk)

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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 23 January 2018 at 5.30 pm

**Present  
Councillors**

R Evans (Chairman)  
Mrs J B Binks, Mrs C Collis, R M Deed,  
T G Hughes, R F Radford and L D Taylor

**Also Present  
Officers**

Stephen Walford (Chief Executive), Andrew Jarrett (Director of Finance, Assets & Resources), Catherine Yandle (Group Manager for Performance, Governance and Data Security), David Curnow (Deputy Head of Devon Audit Partnership) and Sarah Lees (Member Services Officer)

**Also in  
Attendance**

Andrew Davies (Grant Thornton)

47. **APOLOGIES**

There were no apologies for absence.

48. **PUBLIC QUESTION TIME**

There were no members of the public present.

49. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 21 November 2017 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

50. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- a) The next meeting of the Devon Audit Partnership (DAP) would be held on 7 March 2018 and this would be the first meeting where Mid Devon District Council would have a vote.
- b) He wished to remind the Committee that as a body it was not political, it was independent and provided assurance to the rest of the Council.

51. **PERFORMANCE AND RISK FOR 2017-18 (00:03:15)**

The Committee had before it, and **NOTED**, a report \* from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local service targets for 2017-18 as well as providing an update on the key business risks.

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

- **The number of working days lost due to sickness** – the Health and Safety Committee had recently reviewed national and local statistics in relation to this issue. There had been concern at their meeting that stress and mental health issues had accounted for 20% of the total days lost and that long term absences accounted for nearly two thirds of absences. The Council had maintained an average of 8 days, per person, per year, over a period of 8 years. The Human Resources professional body (CIPD) cited an average nationally of 2.9% of working time lost, the Council lost an average of 2.6% and was therefore slightly lower meaning that the Council was roughly in line with its peers.
- **The response to FOI requests still being well below target** – it was explained that there had not been a dedicated member of staff covering this area between July and December of last year and that someone was now in post and catching up.
- The Director of Finance, Assets and Resources confirmed that he was confident that the percentage of **Council Tax** collected by the end of the 2017/18 financial year would be 98.12%.
- **Number of Car Park vends** – the question was asked as to whether it would be more advantageous to know the actual amount of income received rather than just vends. It was explained that both sets of information were helpful and it was **AGREED** that both sets of data would be included in the report in the future. The Director of Finance, Assets & Resources was informed that the Multistorey Car Park was still making a charge for debit card payments despite the fact that this had been due to cease the previous weekend. He agreed to look into this as a matter of urgency and report back to the Committee.
- **Number of empty shops**– why was this and had business owners been approached as to their views on why this was? Discussion took place regarding whether this was related to high rents, lack of footfall and within Cullompton particularly unhelpful road infrastructure. The situation did not seem to be improving despite the allocation of some Portas money for town centres. The Chairman **AGREED** that he would raise this as a matter of concern with the Cabinet.
- **The number of empty homes brought back into use**- this was well above target and the Private Sector Housing Team were congratulated for the extensive work they had recently undertaken in this area.

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

## 52. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT AND ACTION PLAN (00:24:50)**

The Committee had before it, and **NOTED**, a report \* from the Group Manager for Performance, Governance and Data Security providing it with an update on progress made against the Annual Governance Statement 2016/17 Action Plan.

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

- With regard to balancing feedback from more active stakeholder groups to ensure inclusivity and the need to have processes in place for dealing with competing demands on the budget from the community it was explained that a

new Communication & Consultation Manager had been appointed to address these and other issues. However, she was very new in post therefore the deadline for addressing these particular issues had been moved from December 2017 to March 2018.

- A lot of work was happening in relation to GDPR.

Discussion took place with regard to ethics awareness in staff induction training and it not specifically being included at the present time although expected behaviours were included. A new training module was being written which would address this issue.

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

#### 53. **FINANCIAL REGULATIONS REVIEW (00:30:37)**

The Director of Finance, Assets & Resources explained that the Regulations were last reviewed 3 years ago and since then only minor tweaks had been needed in relation to such matters as job titles. However, a new Group Manager for Finance would be starting on 1 February 2018 and a review of the Financial Regulations would be a useful learning experience for her. It would also provide an opportunity for a fresh pair of eyes to look at this important document. Following her review, a report with tracked changes, would be brought to the March meeting of the Audit Committee.

#### 54. **INTERNAL AUDIT PROGRESS REPORT (00:32:28)**

The Committee had before it, and **NOTED**, a report \* from the Deputy Head of the Devon Audit Partnership monitoring the progress and performance of Internal Audit.

The following was highlighted within the report:

- The internal control framework could not possibly mitigate risk for everything the Council undertook but it should be able to provide significant assurance that satisfactory arrangements were in place.
- There were some areas of commonality in terms of audit results. For example, reconciliation of control accounts, completeness of processing and accuracy or error had received comment in some areas in the last progress report and were evident again in the recent reports on income, payroll and alarm care. However, no material issues had been identified to date.

Discussion took place with regard to:

- The Electoral Services internal audit which had achieved a 'high standard' assurance opinion. The Committee wished for their thanks and gratitude to be conveyed back to the Electoral Services team.
- The control framework within the Payroll area was working well.
- The Progress Report Appendix 1 was still showing 6 medium outstanding recommendations from 2015, 4 of which were coloured red. The Chairman stated that if these were no longer applicable they should be removed from the list. If they were still applicable they should be resolved as soon as possible. The Director of Finance, Assets & Resources stated that he would bring a full

update on the position regarding outstanding recommendations to the next meeting.

- Issues in relation to Planning Enforcement had been due to staffing issues and the need for a new framework of controls to address previous problems. The Cabinet had also very recently discussed the Local Enforcement Plan which had had an impact. Arrangements to address this were in hand and the Leadership Team would be monitoring the situation.

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

#### 55. **INTERNAL AUDIT CHARTER AND STRATEGY 2018-19 (00:48:50)**

The Committee had before it a report \* from the Devon Audit Partnership presenting the Committee with the Internal Audit Charter and Strategy.

It was explained that one of the requirements of the Public Sector Internal Audit Standards (PSIAS) was that the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

The Charter and Strategy were briefly considered in turn: It was therefore:

- a) **RESOLVED** that the revised Internal Audit Charter be approved.

(Proposed by the Chairman)

- b) **RESOLVED** that the revised Internal Audit Strategy be approved.

(Proposed by the Chairman)

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

#### 56. **GRANT THORNTON- AUDIT PROGRESS REPORT AND SECTOR UPDATE (00:53:06)**

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

It was explained that the final accounts audit was due to begin on 1 June 2018 with findings reported to the Audit Committee at their special meeting in July 2018. This earlier deadline had represented a challenge in some other local authorities but had been achieved by this Council for the previous two years. The Director of Finance, Assets & Resources was confident this earlier deadline could be achieved again given that there had been very few statutory changes and the Finance department would have more staff resource.

Reference was made to the Value for Money assessment, the Housing Benefit Claim (which would be completed by the end of November 2018) and a list of important dates in relation to the overall external audit. The Committee's attention was also drawn to a sector led update providing a summary of emerging national issues and developments to support the Council.



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

**57. GRANT THORNTON - CERTIFICATION WORK (00:58:20)**

The Committee had before it, and **NOTED**, a letter \* from Grant Thornton outlining their certification work for the Council for the year ended 31 March 2017.

A number of issues were referred to which had been identified as a result of the certification work, however, it was explained that almost all local authorities had some issues identified that would be brought to their own committees with responsibility for Governance, therefore this was not unusual.

Reference was made to one case where the software system had not correctly treated a claim and the software company had been unable to provide a fix for the issue. The question was asked as to whether the software company would be liable for any additional costs in relation to this. The Director of Finance, Assets & Resources stated that if this were to be the case he would certainly take this up with them.

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

**58. GRANT THORNTON - EXTERNAL AUDIT PLAN (01:02:40)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing it with an overview of the planned scope and timing of the statutory audit of the Council.

Significant risks requiring specific audit consideration such as:

- The revenue cycle including fraudulent transactions
- Possible management over-ride of controls
- Valuation of property, plant and equipment
- Valuation of pension fund net liability

The concept of materiality was outlined as was the testing of Financial Resilience in relation to Value for Money risks.

It was confirmed that the planned audit fees would be £47,700 for the financial statements audit and £6,908 for the certification of the housing benefit subsidy.

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

**59. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:13:48)**

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

- Update report on the outstanding Internal Audit recommendations
- A report reviewing the Financial Regulations

(The meeting ended at 6.55 pm)

**CHAIRMAN**

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## AUDIT COMMITTEE 20 MARCH 2018

### PERFORMANCE AND RISK FOR 2017-18

**Cabinet Member** Cllr Clive Eginton  
**Responsible Officer** Director of Corporate Affairs & Business Transformation,  
Jill May

**Reason for Report:** To provide Members with an update on performance against the corporate plan and local service targets for 2017-18 as well as providing an update on the key business risks.

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

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

**Financial Implications:** None identified

**Legal Implications:** None

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

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

#### 1.0 Introduction

- 1.1 Appendices 1-5 provide Members with details of performance against the Corporate Plan and local service targets for the 2017-18 financial year.
- 1.2 When benchmarking information is available it is included.
- 1.3 Appendix 6 shows the higher impact risks from the Corporate Risk Register. This includes Operational and Health & Safety risks where the score meets the criteria for inclusion. See 3.0 below.
- 1.4 Appendix 7 shows the risk matrix for the Council.
- 1.5 All appendices are produced from the Corporate Service Performance And Risk Management system (SPAR).

## 2.0 Performance

### Environment Portfolio - Appendix 1

- 2.1 Regarding the Corporate Plan Aim: **Increase recycling and reduce the amount of waste**: The Council is broadly on track with **Residual household waste per household (measured in Kilograms)** until the end of December at 285kg. We have been above target all year which means less residual waste but we are still a little below target for **% of household waste reused, recycled and composted** at 52.8% against a target of 53%.
- 2.2 Regarding the Corporate Plan Aim: **Reduce our carbon footprint**: The energy switching scheme went live on MDDC's website on 1 December 2017 and referrals are now also being made through the LEAP scheme. The first full quarter numbers will be available at the end of Q4 2017/18
- 2.3 Regarding the Corporate Plan Aim: **Protect the natural environment**: 18 of the 27 recommendations from the Street Cleansing review have now been implemented. All the priority activities for Street Scene for 2017/18 in the Corporate Plan have now been completed except the above.
- 2.4 In addition the draft outturn figures for 2017/18 indicate the Street Scene Service is comfortably on target to reduce the net cost of waste collection per household by 20% compared to 2014/15 by 2019/20 which is a real achievement especially considering residual waste has been reduced by 18% and the recycling rate increased by 5% at the same time.

### Homes Portfolio - Appendix 2

- 2.5 Regarding the Corporate Plan Aim: **Build more council houses**: No new **Council Houses** were completed however work is progressing on Birchen Lane and Palmerston Park, both due for completion in 2018/19.
- 2.6 Regarding the Corporate Plan Aims: **Facilitate the housing growth that Mid Devon needs, including affordable housing; and Planning and enhancing the built environment**: The independent review of the Local Plan Sustainability Appraisal Update 2017 has been completed and the consultants concluded that the work carried out for the proposed modifications to the Plan "was proportionate and appropriate to meet the Strategic Environmental Assessment regulations". This precautionary approach has caused delay to the examination hearings but the work undertaken was justified. It reflected due diligence by the Council in meeting its obligations and this would help the examination process and participants at the forthcoming hearings.

A proposed timetable was set out as follows:

6 week public consultation - February – April 2018

Submission of the suite of documents and consultation responses - April 2018

Officers estimate that examination hearings will take place during summer/autumn 2018 but it is for the Inspectorate to determine when the examination hearings should be reconvened.

- 2.7 **Percentage of Properties with a Valid Gas Safety Certificate (LGSR):** There are currently eight properties where MDDC has been unable to carry out the annual service and issue a Landlord Gas safety Record. Failure to renew the safety record was not due to inaction by the contractor but is centred on tenant issues that have prevented the contractor from delivery of the necessary works.

#### Economy Portfolio - Appendix 3

- 2.8 Regarding the Corporate Plan Aim: **Focus on business retention and growth of existing businesses:** We are now recording **Businesses assisted** which is on target at 195, as at end of December, against an annual target of 250.
- 2.9 Regarding the Corporate Plan Aim: **Improve and regenerate our town centres with the aim of increasing footfall, dwell-time and spend in our town centres:** for **Empty Shops**, counting takes place at the start of the quarter so we now have the final position for 2017/18 compared to 2016/17: 7 more empty shops for Tiverton, 1 more in Crediton and 1 more in Cullompton.
- 2.10 The Tiverton Town Centre Masterplan went to Cabinet on 1 March 2018 prior to stage 1 public consultation. A £1.2M bid was submitted to the Heritage Lottery fund to help restore historic buildings in Cullompton. We will know the outcome in May 2018.
- 2.11 Regarding the Corporate Plan Aim: **Grow the tourism sector:** the Mid Devon Destination Management Plan for Tourism is on the agenda for this meeting.
- 2.12 Mid Devon is quite well placed economically; for example Mid Devon had lower than average income deprivation levels in 2015. The rate of unemployment for 2015/16 was less than half the average for England at 0.8% and for long term unemployment the figure is a quarter of the average. Educationally we do well too with a higher than average number of children attaining 5 or more A\* to C grades at GCSE (including English and Maths) at 62.2%.
- 2.13 For housing, according to the 2011 census, Mid Devon has half the average number of overcrowded houses but over double the number without central heating. Residents are quite healthy and live longer than the English average.

#### Community Portfolio - Appendix 4

- 2.14 An update on this meeting will be provided on the next report.

## Corporate - Appendix 5

- 2.15 **Working days lost due to sickness** is well below target but not higher than the average for English authorities according to LGA.
- 2.16 The **Response to FOI requests** is still well below target. However 87% have been on time in the 2 months since the new Information Management Officer started. The PIs for Customer First are all on or above target.
- 2.17 GDPR project; further updates have been given at team meetings, 2 workshops for privacy notices have been scheduled in March along with 2 for Business Continuity planning.
- 2.18 The **Performance Planning Guarantee determined within 26 weeks** remains slightly below target but the 4 speed and quality measures are all well above the required target.

### **3.0 Risk**

- 3.1 The Corporate risk register is reviewed by Management Team (MT) and updated; risk reports to committees include risks with a total score of 10 or more. (Appendix 6)
- 3.2 Appendix 7 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.

### **4.0 Conclusion and Recommendation**

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

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

**Circulation of the Report:** Management Team and Cabinet Member

**Corporate Plan PI Report Corporate**  
**Monthly report for 2017-2018**  
**Arranged by Aims**  
**Filtered by Aim: Priorities Delivering a Well-Managed Council**  
**For MDDC - Services**

*Key to Performance Status:*

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

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

Page 15

Corporate Plan PI Report Corporate																		
Priorities: Delivering a Well-Managed Council																		
Aims: Put customers first																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>% of complaints resolved w/in timescales (10 days - 12 weeks)</u>	93% (10/12)	92%	90%	100%	96%	88%	91%	92%	93%	94%	95%	93%	92%			92% (10/12)	Lynsey Chilcott	
<u>Number of Complaints</u>	20 (10/12)	21	For information only	13	13	23	15	27	38	19	30	15	19			19 (10/12)	Lynsey Chilcott	
<u>New Performance Planning Guarantee determine within 26 weeks</u>	98% (3/4)	98%	100%	n/a	n/a	99%	n/a	n/a	99%	n/a	n/a	99%	n/a	n/a	n/a	99% (3/4)	Jenny Clifford, Adrian Welsh	
<u>Major applications determined within 13 weeks (over last 2 years)</u>	71% (3/4)	74%	60%	n/a	n/a	83%	n/a	n/a	83%	n/a	n/a	83%	n/a	n/a	n/a	83% (3/4)	Jenny Clifford, Adrian Welsh	
<u>Minor applications determined within 8 weeks (over last 2 years)</u>	75% (3/4)	76%	65%	n/a	n/a	79%	n/a	n/a	79%	n/a	n/a	79%	n/a	n/a	n/a	79% (3/4)	Jenny Clifford, Adrian Welsh	
<u>Major applications overturned</u>	8% (3/4)	9%	10%	n/a	n/a	4%	n/a	n/a	4%	n/a	n/a	4%	n/a	n/a	n/a	4% (3/4)	Jenny Clifford, Adrian	

Printed by: Catherine Yandle

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Corporate Plan PI Report Corporate																		
Priorities: Delivering a Well-Managed Council																		
Aims: Put customers first																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>at appeal (over last 2 years)</u>																	Welsh	
<u>Minor applications overturned at appeal (over last 2 years)</u>	n/a	n/a	10%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a		0% (3/4)	Jenny Clifford, Adrian Welsh	
<u>Response to FOI Requests (within 20 working days)</u>	94% (11/12)	94%	100%	79%	85%	82%	80%	78%	78%	74%	69%	67%	69%	70%		70% (11/12)	Catherine Yandle	(February) 62 replies 7 late (CY)
<u>Working Days Lost Due to Sickness Absence</u>	6.54days (10/12)	7.89days	7.00days	0.61days	1.25days	1.88days	2.54days	3.12days	3.79days	4.66days	5.71days	7.54days	8.44days			8.44days (10/12)	Jane Cottrell	
<u>Return on Commercial Portfolio</u>		8.6%	7.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	Andrew Busby	
<u>% total Council tax collected - monthly</u>	94.05% (10/12)	98.10%	98.50%	11.34%	20.61%	29.74%	38.73%	51.60%	56.69%	66.58%	75.68%	84.68%	93.72%			93.72% (10/12)	John Chumbley, Andrew Jarrett	
<u>% total NDR collected - monthly</u>	92.87% (10/12)	99.18%	99.20%	12.20%	19.88%	33.72%	40.57%	50.41%	57.38%	65.32%	73.47%	81.02%	89.31%			89.31% (10/12)	John Chumbley, Andrew Jarrett	
<u>Number of visitors per month</u>	2,797 (10/12)	2,761	3,000	2,351	2,673	2,784	2,787	2,724	2,703	2,715	2,714	2,610	2,604			2,604 (10/12)	Lynsey Chilcott	
<u>Satisfaction with front-line services</u>	82.46% (10/12)	81.58%	80.00%	0.00%	0.00%	97.59%	97.59%	97.59%	97.14%	97.14%	97.14%	97.14%	97.14%			97.14% (10/12)	Lynsey Chilcott	
<u>Increase Number of Digital payments</u>	60,034 (10/12)	69,567	70,960	6,326	12,698	19,179	25,446	31,703	38,810	48,423	56,854	62,510	68,383			68,383 (10/12)	Lynsey Chilcott	

Page 16



**Corporate Plan PI Report Environment**

Monthly report for 2017-2018  
 Arranged by Aims  
 Filtered by Aim: Priorities Environment  
 For MDDC - Services

Key to Performance Status:

Performance Indicators:

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

**Corporate Plan PI Report Environment**

**Priorities: Environment**

**Aims: Increase recycling and reduce the amount of waste**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Note:
<u>Residual household waste per household (measured in Kilograms)</u>	276.89 (9/12)	374.20	420.00	32.80	63.57	98.56	130.52	166.92	195.29	224.36	255.24	285.00				285.00 (9/12)	Stuart Noyce	(April Janu: Figur suppl by DC one montl behin repor cycle (LD))
<u>% of Household Waste Reused, Recycled and Composted</u>	54.5% (9/12)	53.3%	53.0%	51.3%	52.6%	51.3%	51.8%	52.4%	52.5%	52.6%	52.7%	52.8%				52.8% (9/12)	Stuart Noyce	(Janu Figur for Ja 2018 recyc rate suppl by DC one montl behin repor cycle (LD))
<u>Net annual cost of waste service per household</u>	£58.66	£58.66	£50.35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	£50.24	£50.24	Stuart Noyce	
<u>Number of Households on Chargeable Garden Waste</u>	8,327 (10/12)	8,536	9,000	8,692	8,973	9,107	9,343	9,449	9,537	9,520	9,268	9,286	9,330			9,330 (10/12)	Stuart Noyce	
<u>% of missed collections reported (refuse and organic waste)</u>	0.03% (10/12)	0.04%	0.03%	0.04%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%			0.04% (10/12)	Stuart Noyce	
<u>% of Missed Collections logged (recycling)</u>	0.03% (10/12)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%			0.03% (10/12)	Stuart Noyce	

**Aims: Protect the natural environment**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</u>	8 (10/12)	10		5	9	10	13	16	21	24	31	36	41			41 (10/12)	Vicky Bowden	

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### Corporate Plan PI Report Economy

Monthly report for 2017-2018  
 Arranged by Aims  
 Filtered by Aim: Priorities Economy  
 For MDDC - Services

Key to Performance Status:

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

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

Page 19

#### Corporate Plan PI Report Economy

##### Priorities: Economy

##### Aims: Attract new businesses to the District

##### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Number of business rate accounts</u>	2,906 (10/12)	2,930	Can only increase if there are actual new properties brought into the Valuation List as a result of	2,933	2,936	2,942	2,951	2,951	2,963	2,963	2,987	3,004	3,004			3,004 (10/12)	John Chumbley, Andrew Jarrett	

##### Aims: Focus on business retention and growth of existing businesses

##### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Businesses assisted</u>	n/a	n/a	250	20	38	53	92	112	137	159	195	207	227			227 (10/12)	None	(November) Provisional figures (JB)

##### Aims: Improve and regenerate our town centres

**Corporate Plan PI Report Economy**

**Priorities: Economy**

**Aims: Improve and regenerate our town centres**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<b>Increase in Car Parking Vends</b>	48,951 (10/12)	55,241		48,051	53,937	54,086	54,730	54,417	54,734	53,420	51,810	51,051	48,993			48,993 (10/12)	Andrew Jarrett	
<b>The Number of Empty Shops (TIVERTON)</b>	18 (3/4)	16	18	n/a	n/a	19	n/a	n/a	25	n/a	n/a	23	n/a	n/a		23 (3/4)	Adrian Welsh	(Quarter 3) Vacancies as of 30th October 2017 = 23 representing 9.9% of total units (JB)
<b>The Number of Empty Shops (CREDITON)</b>	8 (3/4)	7	8	n/a	n/a	8	n/a	n/a	8	n/a	n/a	8	n/a	n/a		8 (3/4)	Adrian Welsh	(Quarter 3) As of 30th October 2017 there are 8 vacancies, representing a vacancy rate of 6.8% (JB)
<b>The Number of Empty Shops (CULLOMPTON)</b>	10 (3/4)	8	8	n/a	n/a	11	n/a	n/a	9	n/a	n/a	9	n/a	n/a		9 (3/4)	Adrian Welsh	(Quarter 3) As of the 30th October 2017 there are 9 vacancies, representing a vacancy rate of 10.5% (JB)

Page 20

**Aims: Other**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<b>Funding awarded</b>	£56,842 (3/4)	£61,842		n/a	n/a	£0	n/a	n/a	£25,459	n/a	n/a	£35,899	n/a	n/a		£35,899 (3/4)	Adrian	(Quarter 3) Crediton Town Team

Corporate Plan PI Report Economy																		
Priorities: Economy																		
Aims: Other																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>to support economic projects</u>																	Welsh	were awarded £500 from Esmee Fairbairn Trust Cheriton Fitzpaine Community Shop was awarded £9,940 from the LEADER programme (JB)

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Print Date: 27 February 2018 14:38

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### Corporate Plan PI Report Homes

Monthly report for 2017-2018  
 Arranged by Aims  
 Filtered by Aim: Priorities Homes  
 For MDDC - Services

Key to Performance Status:

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

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

#### Corporate Plan PI Report Homes

#### Priorities: Homes

#### Aims: Build more council houses

Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Build Council Houses</u>	0 (3/4)	0	13	0	0	0	0	0	0	0	0	0	0	0	0	0 (10/12)	Angela Haigh	

#### Aims: Facilitate the housing growth that Mid devon needs, including affordable housing

Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Number of affordable homes delivered (gross)</u>	27 (3/4)	31	80	n/a	n/a	26	n/a	n/a	59	n/a	n/a	72	n/a	n/a		72 (3/4)	Angela Haigh	
<u>Deliver 15 homes per year by bringing Empty Houses into use</u>	21 (10/12)	33	25	7	11	13	23	34	43	54	84	98	111			111 (10/12)	Simon Newcombe	

#### Aims: Other

Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Number of Successful</u>	224 (3/4)	295	No Target - for	n/a	n/a	99	n/a	n/a	159	n/a	n/a	240	n/a	n/a		240 (3/4)	Angela Haigh	

Corporate Plan PI Report Homes																		
Priorities: Homes																		
Aims: Other																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Homelessness Prevention Cases</u>			information only															
<u>% Decent Council Homes</u>	100.00% (10/12)	100.00%	100.0%	99.9%	99.9%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			100.0% (10/12)	Mark Baglow	
<u>% Properties With a Valid Gas Safety Certificate</u>	99.95% (10/12)	99.86%	100.00%	99.95%	99.64%	99.87%	99.82%	99.96%	99.91%	99.82%	99.87%	99.82%	99.64%			99.64% (10/12)	Angela Haigh	
<u>Rent Collected as a Proportion of Rent Owed</u>	100.05% (10/12)	100.18%	100.00%	93.76%	95.18%	96.25%	96.87%	99.14%	98.73%	99.08%	98.85%	99.73%	99.37%			99.37% (10/12)	Angela Haigh	
<u>Current Tenant Arrears as a Proportion of Annual Rent Debit</u>	0.95% (10/12)	0.60%	1.00%	0.93%	1.06%	1.16%	1.30%	1.26%	1.30%	1.17%	1.33%	1.05%	1.28%			1.28% (10/12)	Angela Haigh	
<u>Dwelling rent lost due to voids</u>	0.5% (10/12)	0.5%	no target - for information only	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%			0.5% (10/12)	Angela Haigh	
<u>Average Days to Re-Let Local Authority Housing</u>	16.4days (10/12)	15.7days	16.0days	14.0days	13.9days	14.9days	14.1days	13.8days	14.3days	14.4days	14.0days	13.5days	13.1days			13.1days (10/12)	Angela Haigh	



## Risk Report Appendix 6

Report for 2017-2018

Filtered by Flag: Include: \* CRR 5+ / 15+

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

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

### Risk Report Appendix 6

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

**Effects (Impact/Severity):**

- Increased costs for paying for private accommodation to house homeless
- Increase in number of homeless people in Mid Devon

**Causes (Likelihood):**

- Impact of economic downturn and reduced funding has reduced number of affordable housing units being built
- Under-occupation in existing stock
- Reduction in number of Right to Buys results in less HRA funding available for new builds

**Service: Housing Services**

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Claire Fry**

**Review Note:** There is still a significant deficit between permissions granted and build-out rates

**Risk: Asset Management** • The Council may not be optimising its portfolio of assets

- Assets purchased without prior approval may not be supported by Council policies and systems
- Misuse of assets could have a financial impact to the Council
- Inadequate inventory records could invalidate insurance claims, disrupt the business continuity process and hide instances of theft
- Failure to maintain the Asset Management Strategy could result in an inefficient use of resources

Not making a commercial ROI

**Effects (Impact/Severity):**

- Theft of stocks and stores

**Causes (Likelihood):**

- Mismanagement of stocks and stores

**Service: Property Services**

**Current Status: Medium (12)**

**Current Risk Severity: 3 - Medium**

**Current Risk Likelihood: 4 - High**

**Service Manager: Andrew Busby**

**Review Note:** Capital Asset Management Strategy 2016-2020 on the website

## Risk Report Appendix 6

### **Risk: Car Parks** Car Park Overcrowding

#### Effects (Impact/Severity):

#### Causes (Likelihood):

Service: Leisure Services

**Current Status: Medium  
(12)**

**Current Risk Severity: 4 -  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Darren Beer

#### Review Note:

### **Risk: Carlu Close Depot** Inherent risk at Carlu Close site - highest scoring risk

#### Effects (Impact/Severity):

#### Causes (Likelihood):

Service: Street Scene Services

**Current Status: High  
(15)**

**Current Risk Severity: 5 - Very  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Stuart Noyce

**Review Note:** The risk was reviewed as the result of carbon monoxide levels building up now transfer station work completed. Detailed trials and monitoring plan now in place.

### **Risk: Commercial Land supply** Failure to identify commercial land supply will stunt economic growth

#### Effects (Impact/Severity):

#### Causes (Likelihood):

Service: Planning

**Current Status: High  
(15)**

**Current Risk Severity: 5 - Very  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Jenny Clifford

#### Review Note:

**Risk: Contingency - Business Continuity** The Council fails to have an effective Business Continuity Plan in place that is up-to-date and complements the Emergency Plan, Disaster Recovery Plan and Risk Management Plan leading to service failure and loss in reputation.

**Effects (Impact/Severity):**

- Staff are not enabled or adequately prepared to deal with incidents in the event that senior managers are unavailable
- Poor management of a major incident will affect the Council's reputation
- There is a risk to decision-making processes and maintaining quorate committees in the event of loss of Members.
- Software Failure, leading to potential inability to pay staff, creditors, benefits etc and inability to

## Risk Report Appendix 6

access key data affecting service delivery and customer experience

- Increase in workforce homeworking

**Causes (Likelihood):** • Severe weather including snow, flooding and heatwaves can cause disruption to normal service operation

- Severe space weather can cause disruption to a range of technologies and infrastructure, including communications systems, electronic circuits and power grids. The next period of such solar activity is forecast to occur around May 2013.
- There are predictions of scheduled power cuts from 2015. Failure to plan for this and implement contingency procedures will affect service delivery.
- Fuel strikes
- Industrial action

**Service: Governance**

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Catherine Yandle**

**Review Note:** Use of Business Continuity Template from DEPS launched in December and published on SharePoint for use

**Risk: Council Finances - Banking Arrangements** Problems with banks and online services may affect ability to access funds when we need to send or receive / process payments on a timely basis

**Effects (Impact/Severity):** Unable to promptly pay suppliers or treasury commitments

**Causes (Likelihood):** ICT systems down at Council or Bank so impossible to review cash position or make urgent payments

**Service: Financial Services**

**Current Status: No Data**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 1 - Very Low**

**Service Manager: Andrew Jarrett**

**Review Note:** We use a well established, mainstream bank headquartered in the UK and so it is very unlikely that our banking arrangements will fail for as much as a single day.

**Risk: Council Finances - Investments** Failure to invest in the Council's funds in an efficient and effective manner may cause potential of a loss of monies invested

**Effects (Impact/Severity):** • Could result in cash flow loss of up to £3M

**Causes (Likelihood):** • Future banking collapses

**Service: Financial Services**

**Current Status: No Data**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 1 - Very Low**

**Service Manager: Andrew Jarrett**

**Review Note:**

## Risk Report Appendix 6

**Risk: Council Finances - Treasury Management** Failure to comply with the CIPFA Code of Practice on Treasury Management /local authority accounting would be a breach in statutory duty

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Financial Services

Current Status: No Data	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 1 - Very Low
-------------------------	--------------------------------------	---------------------------------------

Service Manager: Andrew Jarrett

**Review Note:**

**Risk: Dangerous Equipment** Risks associated with using powered equipment and machinery or that which has moving parts eg fans, woodworking machines, abrasive wheels. Also risks with using powered portable tools eg electric drill, off-hand grinders as well as manual tools eg knife, guillotine. There are risks that some equipment may produce electromagnetic interference with pace-makers.

**Effects (Impact/Severity):** High if no PPE worn or risk assessments not followed

**Causes (Likelihood):** medium if procedures followed.

Service: Property Services

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

Service Manager: Andrew Busby

**Review Note:**

**Risk: Decline in National economics** A decline in national economics could result in level of influence by local government being limited and having little or no impact on local economic activity

**Effects (Impact/Severity):** High - Inability to meet Council objectives, customer requirements or financial commitments

**Causes (Likelihood):** High - no control over macro-economics but Council objectives and action plan currently in process to increase local economic activity

Service: Community Development

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

Service Manager: John Bodley-Scott

**Review Note:**

**Risk: Document Retention** If documents fail to be retained for the statutory period then we may face financial penalties

**Effects (Impact/Severity):**

- The Council may be disadvantaged in taking or defending legal action if prime documents are not retained;
- Performance statistics cannot be verified;

## Risk Report Appendix 6

- The external auditor may not be able to verify the Council's final accounts and subsidy may be lost.
- Mismanagement of burial records

**Causes (Likelihood):** • "Data debris" cluttering system and storage space

**Service: Customer First**

**Current Status: No Data**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 1 - Very Low**

**Service Manager: Lynsey Chilcott**

**Review Note:**

**Risk: Economic Development Service** Failure to promote economic activity within the District will suppress the potential for new jobs and increased prosperity for residents

A continuing economic recession could jeopardise our ability to achieve corporate objective of 'A Thriving Economy'

**Effects (Impact/Severity):** - Inability to meet Council objectives

- A lack of inward investment
- Uncertain economic recovery, impact on employment and infrastructure development

**Causes (Likelihood):** - Decline in national macro-economics

**Service: Community Development**

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Adrian Welsh**

**Review Note:** Economic Strategy currently being prepared which will focus the District Council's intervention in a more focused way and will also enable improved monitoring for this risk.

**Risk: Electrical testing** Risk of electrocution or fire in Council Properties

**Effects (Impact/Severity):** Failure to carry out periodic electrical testing could result in the risk of electrocution or fire.

**Causes (Likelihood):**

**Service: Housing – Building Maintenance**

**Current Status: No Data**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 1 - Very Low**

**Service Manager: Mark Baglow**

**Review Note:** Every Council property is tested every 5 years as part of the cyclical testing programme.

**Risk: Evictions** Tenants being evicted could become violent.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service: Housing Services**

## Risk Report Appendix 6

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager: Claire Fry**

**Review Note:** The pre-eviction risk assessment identifies household composition and layout, and any issues such as mental health and drug use relating to the tenant(s) and their families as well as whether or not there are any dogs present at the property.

**Risk: First Aid availability** First Aid availability when maintaining green spaces etc. because of the nature of the work which can be in areas of limited access to emergency services and of a high risk all team members should be Emergency First Aid at Work (EFAW)

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service: Grounds Maintenance**

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager: Joe Scully**

**Review Note:** Staff trained 2 in Office  
Grass cutting all  
Arborist team all

**Risk: Five year housing land Supply** Risk: Housing land supply. Inability to demonstrate the required 5 year housing land supply (+20% ) until Local Plan Review approved

**Effects (Impact/Severity):** Effects (Impact /severity):

- Receipt of speculative housing applications in unplanned locations with less community benefit and less infrastructure / coordination compared with allocated sites.
- Objections
- Pressure on major application appeal performance (Government indicator of quality of decision making). Risk of intervention: loss of fee and less local control over major application decision making.

**Causes (Likelihood):** - Lack of sufficient housing completions, housing market conditions.

**Service: Planning**

**Current Status: High (15)**

**Current Risk Severity: 3 - Medium**

**Current Risk Likelihood: 5 - Very High**

**Service Manager: Jenny Clifford**

**Review Note:** Found to not have sufficient housing supply at appeal. Mitigation principally via new Local Plan once adopted. Close monitoring of applications, decisions and associated appeal performance.

## Risk Report Appendix 6

**Risk: GDPR compliance** That the Council cannot demonstrate that we are prepared for GDPR

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Governance

**Current Status: High  
(15)**

Current Risk Severity: 5 - Very  
High

Current Risk Likelihood: 3 -  
Medium

Service Manager: Catherine Yandle

**Review Note:** The project team meet weekly, progress is steady

**Risk: H&S RA - Recycling Depot Operatives** Risk assessment for role - Highest Risks scored - Vehicle Movements inside Depot/Risk of Fire

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Street Scene Services

**Current Status: Medium  
(10)**

Current Risk Severity: 5 - Very  
High

Current Risk Likelihood: 2 -  
Low

Service Manager: Stuart Noyce

**Review Note:** SSoW/designated walkways/PPE/Reversing Assistants/Equipment servicing. Regular alarm testing and equipment checks/flammable materials outside.

**Risk: H&S RA - Refuse Driver/Loader** Risk Assessment for Role - Highest risk from role RA. - Risk of RTA from severe weather conditions

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Street Scene Services

**Current Status: Medium  
(10)**

Current Risk Severity: 5 - Very  
High

Current Risk Likelihood: 2 -  
Low

Service Manager: Stuart Noyce

**Review Note:** SSoW/Training & Instruction/Mobile phones

**Risk: H&S RA - Street Cleansing Operative** Risk assessment for role - highest risk from role - Risk of accident/injury when working roadside

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Street Scene Services

**Current Status: Medium  
(10)**

Current Risk Severity: 5 - Very  
High

Current Risk Likelihood: 2 -  
Low

Service Manager: Stuart Noyce

## Risk Report Appendix 6

**Review Note:** SSoW/Induction training /PPE - Hi viz conforming to Class 3 requirements/  
No working in peak hours 7am -10am & 4pm - 7pm/Operatives to litter pick facing  
against traffic/Operatives to be certificated on Chapter 8/Operative to remain alert  
to traffic at all times/Warning beacons on vehicle/Warning signage must be used  
in correct locations

**Risk: Hoarding** Some tenants are known hoarders but we have policies in place and we do regular inspections.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Claire Fry

**Review Note:** Staff are trained to respond to such issues and we have a policy setting out our approach to this type of management issue.

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

**Effects (Impact/Severity):** - Dissatisfied customers and increase in complaints.

- This will involve an increase in officer time in dealing with Homelessness prevention and early intervention.

- Possible increase in temporary accommodation usage.

**Causes (Likelihood):** - Social and economic factors like the recession and mortgage repossessions increase the number of homeless.

- Lack of private sector housing.

Service: Housing Services

**Current Status: High (16)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 4 - High**

Service Manager: Claire Fry

**Review Note:** Homelessness strategy to be reviewed early 2018.

**Risk: Impact of Welfare Reform and other emerging National Housing Policy** Changes to benefits available to tenants could impact upon their ability to pay.  
Other initiatives could impact upon our ability to deliver our 30 year Business Plan.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: High (15)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 3 - Medium**



## Risk Report Appendix 6

Service Manager: Claire Fry

**Review Note:**

**Risk: Information Security** Inadequate Information 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 information strategy in place.

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

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: I C T

**Current Status: High  
(20)**

**Current Risk Severity: 5 - Very  
High**

**Current Risk Likelihood: 4 -  
High**

Service Manager: None

**Review Note:** Increased awareness training for all staff and members, Information Security training calendar to ensure all year reminders.  
Trialing systems to send phishing emails to staff as training tool.

**Risk: Legionella** Legionella

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Leisure Services

**Current Status: High  
(15)**

**Current Risk Severity: 5 - Very  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Darren Beer

**Review Note:** Following the adverse sampling for Legionella at LMLC and subsequent review of risk assessment the score has been increased due to a failure in the management processes. Corporate Property are responsible for carrying through the action points raised in the safety review carried out by the Health and Safety Officer

## Risk Report Appendix 6

**Risk: Local Plan** Whether the Inspector will find the Plan unsound

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Planning

**Current Status: Medium**  
(10)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Jenny Clifford

**Review Note:** Steps taken to mitigate risks by commissioning additional work to strengthen evidence base.

**Risk: Lone Working** Risks associated with working alone (eg on site visits, call-outs, evening, weekend and emergency work and working from home).

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Property Services

**Current Status: Medium**  
(12)

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

Service Manager: Andrew Busby

**Review Note:**

**Risk: New Homes** A low housing build rate would equal less affordable housing resulting in a reduction in potential New Homes Bonus

**Effects (Impact/Severity):** - Loss of Affordable Housing Income Section 106

- Failure to meet targets in Development Plan

- Potentially unallocated sites being developed as 5-year housing supply reduces

**Causes (Likelihood):**

Service: Planning

**Current Status: Medium**  
(12)

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

Service Manager: Jenny Clifford

**Review Note:**

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

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Financial Services

**Current Status: High**  
(15)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 3 - Medium**

## Risk Report Appendix 6

**Service Manager:** Andrew Jarrett

**Review Note:** Mitigation – Local and national working groups and advice from experts – liaise with DCLG and then attempt to model/plan.

### **Risk: Plant Room** Plant Room

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service:** Leisure Services

**Current Status: Medium**  
(10)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager:** Darren Beer

**Review Note:** • Only authorized personnel to enter storage areas

- Pool plant operator certification required by operators
- Backwash only when pool not in use
- Planned storage of combustible materials
- Staff carry two way radios.

### **Risk: Pool Inflatable** Pool Activities

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service:** Leisure Services

**Current Status: Medium**  
(10)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager:** Darren Beer

**Review Note:**

### **Risk: Power Take Off (PTO)shaft use** That the PTO shaft is not correctly guarded

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service:** Grounds Maintenance

**Current Status: Medium**  
(10)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager:** Joe Scully

**Review Note:** that includes safe use of PTO's etc. The specifics of PTO are to be clarified with those operatives using the machine.

### **Risk: Premier Inn Construction site** Increased difficulty in management of the car parking facility while the Premier Inn is being built

**Effects (Impact/Severity):**

## Risk Report Appendix 6

### Causes (Likelihood):

Service: Property Services

**Current Status: Medium  
(10)**

**Current Risk Severity: 5 - Very  
High**

**Current Risk Likelihood: 2 -  
Low**

Service Manager: Andrew Busby

**Review Note:** Premier Inn are reviewing plans to secure VfM and will come back to MDDC with a start date asap.

MDDC will update the RA on receipt of the Construction Phase Schedule from Premier Inn.

**Risk: Recycling Income** Reduction in material income levels due to market forces.

### Effects (Impact/Severity):

### Causes (Likelihood):

Service: Street Scene Services

**Current Status: Medium  
(12)**

**Current Risk Severity: 4 -  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Stuart Noyce

**Review Note:** With China banning imports of recycling materials in the New Year this risk is currently at a higher level

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

### Effects (Impact/Severity):

### Causes (Likelihood):

Service: Communications

**Current Status: Medium  
(10)**

**Current Risk Severity: 5 - Very  
High**

**Current Risk Likelihood: 2 -  
Low**

Service Manager: None

**Review Note:**

## Risk Report Appendix 6

**Risk: Reputational re Council Housing Stock** Handling a disaster/mistake properly would prevent any reputation damage.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Claire Fry

**Review Note:**

**Risk: Safeguarding Awareness** Failure to ensure that awareness of safeguarding issues and what to do if one's suspicions are raised are not adequately dissipated throughout the council.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Safeguarding

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Nicola Cuskeran

**Review Note:** Compulsory training for all staff has been re-launched.  
Policy reviewed and updated annually  
Councillor briefing given  
Recent audit

**Risk: School Swimming Sessions** School Swimming Sessions

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Leisure Services

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Darren Beer

**Review Note:**

**Risk: Stress** The physical and mental well-being of Officers could be affected by work environment and pressures caused by work demands and work relationships.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Legal Services

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

## Risk Report Appendix 6

**Service Manager:** Kathryn Tebbey

**Review Note:** The risk is not well-related to Legal Services. The risk for Legal Services is from a constant high workload leading to burnout and stress. Some of this will be alleviated through improved systems, but this may prove insufficient mitigation.

**Risk: Stress** The physical and mental well-being of Officers could be affected by work environment and pressures caused by work demands and work relationships.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium**  
(12)

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

Service Manager: Claire Fry

**Review Note:** In the case of potential stress and related conditions, Managers should undertake regular supervision meetings to monitor the situation and provide support.

**Risk: Swimming Lessons** Swimming Lessons

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Leisure Services

**Current Status: Medium**  
(10)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Darren Beer

**Review Note:**

**Risk: Swimming Pool** Swimming pool & spectator walkway

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Leisure Services

**Current Status: Medium**  
(10)

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Darren Beer

**Review Note:**

**Risk: Tenants with Complex Needs** As our housing stock shrinks, the proportion of such tenants will increase.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

## Risk Report Appendix 6

**Service: Housing Services**

**Current Status: Medium  
(12)**

**Current Risk Severity: 4 -  
High**

**Current Risk Likelihood: 3 -  
Medium**

**Service Manager: Claire Fry**

**Review Note:** Good links with other partners including the Police, Social Services, support agencies etc.

**Risk: Welfare Reform Act - Benefits** Failure to implement and communicate the new benefits framework effectively could result in applications not being completed in time

**Effects (Impact/Severity):** If the changes from current benefits system to Universal Credit go ahead, the system will require greater staff resource

**Causes (Likelihood):** Will now happen

**Service: Revenues - Benefits**

**Current Status: Medium  
(12)**

**Current Risk Severity: 4 -  
High**

**Current Risk Likelihood: 3 -  
Medium**

**Service Manager: Andrew Jarrett**

**Review Note:**

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# Risk Matrix

Report  
 For MDDC - Services  
 Current settings

<b>Risk Likelihood</b>	<b>5 - Very High</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>1 Risk</b>	<b>No Risks</b>	<b>No Risks</b>
	<b>4 - High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>3 Risks</b>	<b>2 Risks</b>
	<b>3 - Medium</b>	<b>No Risks</b>	<b>3 Risks</b>	<b>15 Risks</b>	<b>18 Risks</b>	<b>6 Risks</b>
	<b>2 - Low</b>	<b>3 Risks</b>	<b>17 Risks</b>	<b>38 Risks</b>	<b>35 Risks</b>	<b>26 Risks</b>
	<b>1 - Very Low</b>	<b>6 Risks</b>	<b>10 Risks</b>	<b>10 Risks</b>	<b>16 Risks</b>	<b>23 Risks</b>
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
		<b>Risk Severity</b>				

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## AUDIT COMMITTEE 20 MARCH 2018

### RISK & OPPORTUNITY MANAGEMENT STRATEGY

**Cabinet Member** Cllr Peter Hare-Scott, Cabinet Member for Finance  
**Responsible Officer** Catherine Yandle, Group Manager for Performance, Governance and Data Security

**Reason for Report:** To present the Committee with the updated Risk & Opportunity Management Strategy for approval

#### RECOMMENDATIONS:

**The Committee approves the updated Risk & Opportunity Management Strategy (Appendix A).**

**Relationship to Corporate Plan:** Having effective Risk & Opportunity Management arrangements in place is crucial to enable the Council to identify opportunities and mitigate risks to the Priorities contained in the Corporate Plan.

**Financial Implications:** Failure to mitigate risks or take advantage of opportunities could result in financial loss to the Council.

**Legal Implications:** Potential breach of the Accounts and Audit Regulations (2015).

#### Risk Assessment:

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

#### 1.0 Introduction

- 1.1 The Risk & Opportunity Management Strategy was last updated and approved by the Audit Committee on 21 March 2017.
- 1.2 The Council has a legal obligation to comply with the requirements placed upon it by the Accounts and Audit Regulations (2015) to conduct a review at least once a year of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. For a local authority in England that statement is the Annual Governance Statement as will be presented to this Committee with the Statement of Accounts in May.
- 1.3 One of the principles of good governance as defined by the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) is: Managing risks and performance through internal control and strong public financial management.

- 1.4 Risk Management forms an integral part of the Annual Governance Statement which is concerned with demonstrating that the Council has adequate and effective internal control arrangements in place for dealing with key business risks.
- 1.5 The purpose of this report is to update the Council's Risk & Opportunity Management Strategy (attached as Appendix A) for the 2018/19 financial year. For ease of reference the changes to the document have been tracked.

**2.0 Risk Appetite/Tolerance and Reporting**

- 2.1 Risk appetite is best summarised as 'the amount of risk an organisation is willing to seek or accept in pursuit of its long term objectives'. The Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. The Council's risk appetite scoring diagram or matrix is shown in section 2.3 below.
- 2.2 Risk tolerance is the level of risk which is acceptable to the Council. The Council's present tolerance levels are:

- **5 or less – Low,**
- **6 to 12 – Medium,**
- **15 to 25 - High.**

The matrix looks like this:

<b>Impact</b>	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
<b>Likelihood</b>						

- 2.3 Risks scoring 10 and above are reported to Committees on the Performance and Risk reports 6 times a year from SPAR, the Corporate Service Performance and Risk Management system.
- 2.4 It is not proposed to change the Council's tolerance level or reporting arrangements at this time. However some clarification of the scoring guidance has been reflected in the revised Strategy attached at Appendix A.

### **3.0 Conclusion**

- 3.1 Risk & Opportunity Management is not a separate initiative, but is a demonstration of good management practice. The Council has an obligation to provide assurance to Members and the Community that the principles of good governance, including Risk & Opportunity Management are reflected in the activities of the Council.
- 3.2 Approval of the Risk & Opportunity Management Strategy (Appendix A) will assist with the Council embedding Risk and Opportunity Management and demonstrating good Governance principles.

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

**Circulation of the Report:** Cllr Peter Hare Scott and Management Team

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# Risk & Opportunity Management Strategy 2018/19



## 1.0 BACKGROUND

1.1 This combined Risk and Opportunity Management Strategy details the Council's framework for managing business risk and opportunity. The management of risk and opportunity is now acknowledged as a feature of public sector management. It is an integral part of the Council's Corporate Governance arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.

1.2 The definition of risk varies. ALARM (the Association of Local Authority Risk Managers) defines Risk Management as follows:

*"Risk Management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives".*

1.3 Developing and improving public services in the current challenging climate requires opportunities to be taken whilst managing the risks involved. Therefore Mid Devon District Council's definition of Risk and Opportunity Management is:

*"The planned and systematic approach to identify, evaluate and manage the risks to, and opportunities for, to achievement of objectives"*

1.4 The overall process of managing risk and opportunity can be divided into:

- The identification and analysis of risks and opportunities
- Risk and opportunity management, which encompasses the planning, controlling and monitoring of the information derived from the risk and opportunity analysis.

## 2.0 PURPOSE, AIMS AND OBJECTIVES

2.1 The purpose of the strategy is to embed risk and opportunity management in the Authority by establishing a risk management framework, which provides:

- An efficient control environment
- Accountability for risk and opportunity management throughout the organisation
- A culture where officers and Members are able to be more creative and innovative in taking opportunities that benefit the Council and the District provided that there is clear analysis of the risks and a robust justification for the decision
- A well-established risk and opportunity assessment process which ensures that risks and opportunities are considered and managed as part of the decision making process
- Performance monitoring of risk and opportunity management activity
- Communications process to support risk and opportunity management
- A robust opinion for the Annual Governance Statement which comments of the adequacy of the Council's risk and opportunity management arrangements

2.2 The aim of the MDDC Risk and Opportunity Management Strategy is to adopt best practices in the identification and evaluation of risks and opportunities and the cost-effective control of risks to ensure that they are reduced to an acceptable level.

# Risk & Opportunity Management Strategy 2018/19



2.3 It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

2.4 The risk and opportunity management objectives of the Council are to:

- ❑ Embed risk and opportunity management into the culture of the Council
- ❑ Fully incorporate risk and opportunity management as an integral part of corporate planning, business planning, project management and performance management
- ❑ Manage risk and opportunity in accordance with best practice and in particular in accordance with the requirements of the Annual Governance Statement
- ❑ Consider legal compliance as a minimum
- ❑ Prevent injury and damage and reduce the cost of risk
- ❑ Raise awareness of the need for risk and opportunity management

2.5 These objectives will be achieved by:

- ❑ Establishing a clear risk and opportunity management process that is communicated to all officers and Members
- ❑ Clearly define roles and responsibilities for risk and opportunity management
- ❑ Developing an action plan for embedding risk and opportunity management with tasks and milestones for monitoring progress against targets
- ❑ Providing risk and opportunity management training to officers and members
- ❑ Completing corporate and operational risk and opportunity management workshops to identify risks
- ❑ Conducting risk and opportunity management workshops to identify the risks and opportunities of any major projects
- ❑ Maintaining and reviewing a register of corporate, operational and project risks and opportunities and assigning ownership for each risk
- ❑ Ensuring that reports to the Cabinet, Scrutiny Committee, Audit Committee, Policy Development Groups (PDGs) and Regulatory Committees include a risk and opportunity assessment
- ❑ Identifying risks and opportunities in relation to working in partnerships
- ❑ Ensuring that the Cabinet, Audit Committee, Scrutiny Committee and PDGs receive regular reports on the key business risks and opportunities and take action to ensure that business risks and opportunities are being actively managed.

2.6 The following sections consider how the Council will implement the above objectives.

## 3.0 ROLES AND RESPONSIBILITIES

3.1 The following groups and individuals have the following roles and responsibilities for risk and opportunity management within the Council.

3.2 The **Audit Committee** will approve this risk and opportunity management strategy and any subsequent revisions. They will also monitor the effective development and operation of risk and opportunity management within the Council by receiving regular progress reports on the Council's key business risks and opportunities, take



# Risk & Opportunity Management Strategy 2018/19



appropriate action to ensure that they are being actively managed and will consider the adequacy of the Council's risk and opportunity management arrangements as part of the Annual Governance Statement.

- 3.3 The **Leadership Team** is primarily responsible for setting the organisation's risk appetite and identifying corporate strategic risks and opportunities, as well as being responsible for determining action on these risks and opportunities and delegating responsibility for the control of the risks and opportunities. The wider **Group Management Team** will also be responsible for monitoring the progress of managing risks and opportunities and will review the reports to the **PDGs**, Audit Committee, Cabinet and Scrutiny Committee.
- 3.4 The **Cabinet** will also monitor the effective development and operation of risk and opportunity management within the Council by receiving regular progress reports on the Council's key business risks and opportunities through the performance and risk report.
- 3.5 The **Scrutiny Committee** will also receive regular progress reports on the risks and opportunities through the performance and risk report. Any concerns or issues will be reported to the Cabinet and/or Audit Committee.
- 3.6 The **Policy Development Groups (PDGs)** will receive updates on risks and opportunities relating to any policy development matters, ~~that they are working on and this is expected to be in the form of a risk and opportunity assessment as part of the working group papers or report to the Group.~~
- 3.7 The **Finance Cabinet Member** will:
- Communicate the importance of risk and opportunity management to other Members
  - Act as a sounding board and provide a critical friend challenge to the risk and opportunity management process
- 3.8 **Head of Service/Group Managers** will be responsible for:
- Leading the risk and opportunity management process within their services and ensuring that business plans include an annual assessment of key risks and opportunities
  - Identifying and managing significant operational risks by carrying out risk assessments with their teams as and when this becomes appropriate i.e. if making a significant change to service or undertaking a project
  - Developing actions to mitigate the risks identified, assigning responsibility for implementing controls and set realistic target dates for implementation
  - Ensuring that all risks are on the corporate risk register (the Key Business Risks will be held on SPAR and other service risk assessments held on the corporate health and safety drive)
  - Regularly reviewing risks associated with their service area(s) ensuring that the agreed actions and deadlines have been met
  - Ensuring that any briefing papers/ reports that they produce to make changes to their services will consider the associated risks and opportunities of any proposed course of action

# Risk & Opportunity Management Strategy 2018/19



- 3.9 The ~~Internal Audit Team Leader~~Group Manager for Performance, Governance and Data Security is responsible for providing assurance to the Council through monitoring the implementation and effectiveness of this risk and opportunity management strategy and for reviewing compliance with mitigating controls introduced by the Service Managers. The ~~Internal Audit Team Leader~~Group Manager for Performance, Governance and Data Security will comment upon the effectiveness of the risk and opportunity management process in work undertaken to support the Annual Governance Statement.

Internal Audit will consider risk and controls in their audit reviews and report on the adequacy of risk management in that area.

- 3.10 The **Health and Safety Committee** is responsible for reviewing the measures taken to ensure the health and safety of all those who work in and visit the Council or may be affected by its activities - ensuring that people are not exposed to risks and that the risks are mitigated effectively. Where concerns are raised these will be escalated to the Health and Safety Officer and ~~Management~~Leadership Team for action.
- 3.11 All **employees** need to have an awareness of risk and opportunity management and are responsible for ensuring that they manage risk effectively in their jobs and report hazards and risks to their ~~Head of Service~~Group Manager/Service Manager.

## 4.0 STRATEGIC, OPERATIONAL AND PROJECT RISKS

- 4.1 Broadly speaking risks can be divided into three categories:

- **Strategic** – risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Council whilst at the same time considering the opportunities; and
- **Operational** – risks and opportunities which managers will encounter in the daily course of their work.
- **Project** - risks and opportunities which will be encountered during specific tasks/projects being undertaken

### 4.2 Strategic Risks

- 4.2.1 The management of strategic risks and opportunities is a core responsibility of the Leadership Team. Strategic risk and opportunity assessments should be factored into corporate and service planning.

- 4.2.2 The major categories of strategic risk are:

- **Political** – associated with failure to deliver either local or central government policy. The Council could also potentially be at risk from the actions of other agencies, other Councils, partner organisations, etc.

# Risk & Opportunity Management Strategy 2018/19



- ❑ **Economic** – affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures as well as external factors affecting the economy as a whole.
- ❑ **Social** – relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to deliver its objectives.
- ❑ **Technological** – associated with the capacity of the council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands.
- ❑ **Data Protection/Information Security** – this includes the consequences of data/information transfer between the Council and other Bodies i.e. Government Connect, Partnership working, etc.
- ❑ **Legislative** – associated with current or potential changes in national or European Law.
- ❑ **Health and Safety** – This includes all aspects of Health & Safety as well as the Corporate Manslaughter legislation
- ❑ **Environmental** – relating to the environmental consequences of progressing the council's strategic objectives (e.g. in terms of climate change including energy efficiency, pollution, recycling, landfill requirements, emissions, etc).
- ❑ **Competitive** – affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver Value for Money.
- ❑ **Customer/Citizen** – associated with failure to meet the current and changing needs and expectations of customers and citizens.
- ❑ **Partnership** – associated with working in partnership or sharing services with another local authority or partner

## 4.3 Operational Risks

4.3.1 Risks which managers and staff will encounter in the daily course of their work. These may be:

- ❑ **Professional** – associated with the particular nature of each profession (e.g. housing service concerns as to the welfare of tenants).
- ❑ **Financial** – associated with financial planning and control and the adequacy of insurance cover.
- ❑ **Legal** – related to possible breaches of legislation.
- ❑ **Personal Safety** – related to lone working and the potential to encounter aggressive or confrontational people whilst carrying out their duties.
- ❑ **Physical** – related to fire, security, accident prevention and health and safety (e.g. hazards/risk associated with buildings, vehicles, plant and equipment, etc).
- ❑ **Contractual** – associated with the failure of contractors to deliver services or products to the agreed cost and specification.
- ❑ **Technological** – relating to reliance on operational equipment and the potential for technological failure (e.g. IT systems or equipment and machinery)

# Risk & Opportunity Management Strategy 2018/19



## 4.4 Project Risks

4.4.1 Risks which will be encountered during specific tasks/projects being undertaken. These may be:

- ❑ **People** – associated with whether we have the right people with the right skills involved in the task/project. This also concerns getting buy in from staff at all levels of the organisation, Members and potentially external stakeholders
- ❑ **Technical** – associated with the Council's reliance on the software provider to deliver what has been agreed in the contract and that they provide support for dealing with any system problems or issues
- ❑ **Cost** – associated with the potential for the project to go over budget if the people and technical matters are not delivered as per the Business Case and PID
- ❑ **Time** – ensure that the right amount of time is allocated to the project as well as sufficient contingency as slippage can cause to project delay/failure and this can also have an impact on cost and quality
- ❑ **Quality** – depending on what goes into the project will determine the quality of the output

## 4.5 Opportunities

4.5.1 Opportunities are to be considered at the same time as the risks. Examples may include:

- ❑ Spend to save projects where the Council will benefit from reduced expenditure or increased income in the future
- ❑ Transformational change which will generate cost savings or an income stream
- ❑ Opportunities for great partnership working with our stakeholders or other local authorities
- ❑ Opportunities to streamline working processes
- ❑ Opportunities to boost the local economy
- ❑ Opportunities to deliver and improve housing within the District
- ❑ Opportunities to protect and enhance our environment
- ❑ Opportunities to make a difference to our communities and to empower them
- ❑ Delivery of the objectives in the Corporate Plan and Service Business Plans

4.6 The categories are neither prescriptive nor exhaustive. However, they should provide a framework for identifying and categorising a broad range of risks and opportunities for the Council as a whole, as well as service areas.

# Risk & Opportunity Management Strategy 2018/19

## 5.0 RISK MANAGEMENT PROCESS

5.1 The **four**-step process below will cover all areas of risk and opportunity management including making strategic decisions, managing strategic, operational and project risks and opportunities.



### 5.2 Step 1 – Identify Risks and Opportunities

All sources of risk and opportunity need to be identified. These should include strategic, operational and project risks.

### 5.3 Step 2 – Analysing Risks and Opportunities

Once the risks and opportunities have been identified they then need to be analysed to consider the impact/severity and likelihood of any risks occurring and the potential benefits of any opportunities.

[There is a separate document for scoring guidance to ensure a consistent approach to scoring risks across the Council's services. Appendix 1](#)

#### **Risk**

#### Impact/Severity

The impact of the threat being realised is defined as:

	Score		Definition
Very Low	1	No impact	No notable impact identifiable
Low	2	Minor	Affects only one group of stakeholders, with minimum impact. Organisationally localised, with position recoverable within the financial period. No external interest
Medium	3	Significant	Affects more than one group of stakeholders, with widespread but short-term impact. May attract the short-term attention of legislative/regulatory bodies.
High	4	Major	Affects more than one group of stakeholders with widespread medium-term impact. Attracts the medium-term attention of

# Risk & Opportunity Management Strategy 2018/19



			<del>legislative/regulatory bodies.</del>
Very High	5	Catastrophic	<del>Medium to long term impact on performance and delivery of services. Affects all groups of stakeholders, with a long term impact. National impact with the rapid intervention of legislative/regulatory bodies.</del>

## ~~Risk~~

### ~~Likelihood~~

~~The likelihood of the threat being realised is expressed on a scale of 1-5, using the definitions below:~~

	Score		Definition
Very Low	1	Rare	May occur in exceptional circumstances
Low	2	Possible	Risk may occur in the next 3 years
Medium	3	Likely	The risk is likely to occur more than once in the next 3 years
High	4	Almost certain	The risk is likely to occur this year
Very High	5	Certain	The risk has occurred and will continue to do so without action being taken

5.4 The assessment process uses a 5x5 scoring matrix (see below):

Impact/ Severity	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Likelihood				

Where the scores of impact x likelihood equals the total risk score. Risks scoring between 15 and 25 would be classed as high risk (red) with 25 being the biggest risk. Risks scoring between 6 and 12 would be classed as medium risk (amber) and risks scoring between 1 and 4 would be low risk (green). Risks that score 10 or above will be classed as the Council's key business risks and will be reported to PDGs, the Audit Committee, Cabinet and Scrutiny Committee ~~on a quarterly basis~~.

Once analysed the risks need to be ranked and prioritised according to their likelihood and severity i.e. those scoring 25 will be at the top of the list and those scoring 1 will be at the bottom of the list.

The risks will then need to be considered in conjunction with any opportunities when making decisions.

## Benefits of Opportunities

The assessment methods for determining the potential benefits of opportunities can include:

- Assessing the increased income/reduced expenditure from the innovation

# Risk & Opportunity Management Strategy 2018/19



- ❑ Quantifying the number of potential new customers
- ❑ Calculating the potential sales growth that could stem from capturing the opportunity
- ❑ Calculating the return on investment for a particular project and whether that is the level of return that the Council is looking for
- ❑ Considering the value added as a result of capitalising on the innovation e.g. the benefit to the community

## 5.5 Step 3 – Control the Risks

This involves taking action to minimise the likelihood of a risk occurring and/or reducing the severity of the consequences should the risk occur. Actions need to be allocated to responsible officers along with a realistic target date for implementation.

Determine the best course of action for the Council. There are 5 key action strategies to managing risk:

Strategy	Action
Prevention	Terminate the risk*
Reduction	Treat the risk
Transference	Pass risk to a third party e.g. Insurance
Acceptance	Tolerate the risk
Contingency	Action plan implemented

\* This can include carrying on the activity but modified so that the risk ends, or stopping the activity to end the risk.

## 5.6 Step 4 – Monitor and Report Progress

Progress in managing risks and opportunities should be monitored and reported so that losses are minimised and intended actions and opportunities are achieved. Risk and Opportunity Management is an on-going process that should be constantly revisited and reviewed to ensure that new and emerging risks and opportunities are picked up and acted upon.

5.7 It is important to recognise these four steps as part of a cycle. Risk and Opportunity Management is dynamic and so the identification phase needs to be done continuously. It is also important to consider whether the nature of the risk or opportunity has changed over time – thereby completing the cycle.

## 6.0 RISK AND OPPORTUNITY MANAGEMENT TRAINING AND AWARENESS

6.1 For the benefits of Risk and Opportunity Management to be realised, it is necessary for the process to be embedded in the culture and operations of the organisation.

6.2 ~~Once the Strategy has been agreed all officers and Members will be required to read the policy and answer questions using the new Insight policy system.~~

6.3 The ~~Internal Audit Team Leader~~Group Manager for Performance, Governance and Data Security will regularly raise awareness of Risk and Opportunity Management through the Officer newsletter (the Link), the Member newsletter (WIS) and through briefing sessions.

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## Risk Management on SPAR.net

This document is a guide to Risk Management on SPAR.net. It should be read in conjunction with the Council's Risk Management Strategy and Health and Safety policies, all available on SharePoint.

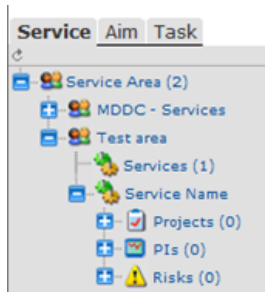
### The Process

Service Managers should complete Risk Assessments for:

- Strategic and Service risks, annually (using their Business Plans) and as and when required (eg through Delegated Decision forms)
- Operational risks (including Health and Safety risks), annually and every time a change occurs in the office environment or job role (using the Risk Assessment template)
- Events (facilitated by the Council), in the planning stage and for the venue for each event
- Projects, in the planning stage using a project risk assessment form and for long-term projects, a review summary annually (in Business Plans).
- Partnerships, in the planning stage (using the Risk Assessment template) and a review summary annually (in Business Plans).

Upon completion of a Risk Assessment, Heads of Service are required to sign-off the form. At this stage, the Heads of Service should score the risk by rating the severity and likelihood. A copy of this form should then be passed to the Council's Health and Safety Advisor for Health and Safety Risks or to Internal Audit for all others. This information will then be entered onto the Council's Risk Register on SPAR.net.

Risks will also be collected from information contained within Internal Audit reports and Committee reports.



### The Risk Register

Risks on SPAR.net can be located using the menu on the left. Select Service, then click on the cross next to your service name and you will see a sub menu for Projects, PIs and Risks. Select Risks to view the risks currently registered for your area.

Each risk will have a front page detailing information about the risk, based on the information given in the Risk Assessment.

#### Prefix:

The prefix identifies the type of risk.

#### Category:

The category identifies the associated impact. The categories follow the list detailed in the Risk Management Strategy.

## A Brief Introduction to Risk Management

A hazard is anything that may cause harm (to people or to the service/Council). The risk is the likelihood of that harm occurring, together with an indication of how serious that harm could be.

Risk management **is** about:

- Ensuring that workers and the public are properly protected
- Providing overall benefit to society by balancing benefits and risks, with a focus on reducing real risks – both those which arise more often and those with serious consequences
- Enabling innovation and learning not stifling them
- Ensuring that those who create risks manage them responsibly and understand that failure to manage real risks responsibly is likely to lead to robust action
- Enabling individuals to understand that as well as the right to protection, they also have to exercise responsibility

Risk management **is not** about:

- Creating a totally risk free society
- Generating useless paperwork mountains
- Scaring people by exaggerating or publicising trivial risks
- Stopping important recreational and learning activities for individuals where the risks are managed
- Reducing protection of people from risks that cause real harm and suffering

## Who Might be Harmed and How

The Risk Assessment form asks to identify who might be harmed by each hazard. This does not mean listing everyone by name, but rather identifying groups of people (eg 'people working in the office').

In each case, identify how they might be harmed, ie what type of injury or ill health might occur. For example, 'shelf stackers may suffer back injury from repeated lifting of boxes'.

Remember:

- some workers have particular requirements, eg new and young workers, new or expectant mothers and people with disabilities may be at particular risk. Extra thought will be needed for some hazards;
- cleaners, visitors and volunteers, contractors, maintenance workers etc, who may not be in the workplace all the time;
- members of the public, if they could be hurt by your activities;
- if you share your workplace, you will need to think about how your work affects others present, as well as how their work affects your staff – talk to them; and
- ask your staff if they can think of anyone you may have missed.

We also have a duty to be aware of and report on instances affecting Child Protection and potential issues in relation to the Equality Act.

## Scoring Risks

### Risk Severity

The Risk Severity measures the impact. The following guide is neither prescriptive nor exhaustive but should provide a framework for the range of impacts a risk could have and how to score such impacts.

#### 1 - Very Low

- Localised minor injury or health impact to one person (no time off work required)

#### 2 - Low

- Localised minor injury or health impact to one person (small time off work required eg less than 1 week)
- Small financial loss or service cost increase (less than £5,000)
- Some loss of confidence and trust in the Council felt by a certain group or within a small geographical area

#### 3 - Medium

- Minor injury or health impact to multiple persons (small time off work required eg less than 1 week)
- Injury or health impact to one person (substantial time off work required eg more than 1 week)
- Contract, resource, data or equipment failure resulting in short-term inability to maintain service
- Capacity of technology unable to meet changing demands of service needs
- Incorrect information being published / use of incorrect information in financial calculations, financial transactions are incorrectly processed resulting in incorrect payments
- Lax service delivery and/or inability to meet non-statutory service objectives / targets
- Financial loss or service cost increase (eg over £5,000)
- Theft of Council property, assets, resources (less than £5,000)
- General loss of confidence and trust in the Council within the local community

Risk Severity	No Data
Current Score	Very Low
Target Risk Score	Low
Risk Severity	Medium
	High
	Very High

#### 4 - High

- Serious injury or health impact to one person
- Loss of contract, resource, data or equipment resulting in long-term inability to maintain service or short-term inability to maintain several services
- Localised damage to Council property / premises
- Localised environmental impact
- Breaches of, or damning external audit report for failure to comply with, legislation / accepted standards eg CIPFA, Data Protection, TUPE, Equality Act
- Substantial financial loss or service cost increase (eg over £50,000)
- Inability to meet Council objectives, customer requirements or financial commitments
- Inefficient use of resources, services offering poor value for money, officers at risk of false accusations of fraud, corruption or misappropriation
- Theft of Council property, assets, resources (eg over £5,000)
- Poor / incorrect political and managerial decision-making could take place
- Inability to account for all income received, expenditure made and other financial information
- Major loss of confidence and trust in the Council within the District

#### 5 - Very High

- Serious injury or health impact to several or death of a person
- Loss of contract, resource, data or equipment resulting in long-term inability to maintain several services
- Serious damage / destruction of Council property / premises
- Prosecution for failing to comply with / serious breach in, or non-application of legislation / accepted standards
- Serious, District-wide environmental impact
- Serious financial loss or service cost increase (eg over £100,000)
- Failure to deliver either local or central Government policy, statutory timescales are not met
- Theft of Council property, assets, resources (eg over £50,000)
- Failure of internal control systems, leading to the possibility of fraud, corruption, loss, extravagance, waste or embarrassment to the Council
- Disastrous loss of confidence and trust in the Council both locally and nationally

### Likelihood Ratings

The likelihood rating needs to be based on **existing** precautionary measures in place, at the time of the Risk Assessment. When measuring the likelihood, consider the level of internal controls or mitigating actions in place as well as frequency of contact with hazardous situation. For example:

Risk Likelihood	0 - No Data
Risk Likelihood	0 - No Data
Risk Likelihood	Very Low
Risk Likelihood	Low
Risk Likelihood	Medium
Risk Likelihood	High
Risk Likelihood	Very High

#### 1 - Very Low

- Substantive, effective, tested and verifiable internal controls / mitigating actions in place
- Previous experience at this and other similar organisations makes this outcome highly unlikely to occur

#### 2 - Low

- Effective internal controls / mitigating actions in place
- Previous experience discounts this risk as being likely to occur but other organisations have experienced problems in this area

#### 3 - Medium

- Some internal controls / mitigating actions in place, but in need of review / improvement
- Existing controls generally work but there have been occasions when they have failed and problems have arisen
- The Council has in the past experienced problems in this area but not in the last 12 months

#### 4 - High

- Poor or ineffective internal controls / mitigating actions in place, or existing controls are generally ignored
- The Council has experienced problems in this area within the last 12 months

#### 5 - Very High

- No internal controls / mitigating actions in place
- The Council is experiencing problems in this area or expects to within the next 12 months

## Risk Information

Information about how the risk was scored is entered into the fields in the Risk Info tab:

Reviews	Risk Info	Mitigating Actions	Risk Child Projects	Risks	Links	Notes	Flags	Aims	Personnel
?									
<b>Impact</b>									
Information about the impact the hazard could have and the rating this equates to (Very Low, Low, Medium, High, Very High)									
<b>Likelihood</b>									
Information about the likelihood of the risk occurring and the rating this equates to (Very Low, Low, Medium, High, Very High) Include details about any existing mitigating actions or internal controls in place									

## Mitigating Actions

There are four ways of managing identified risks:

**Accept**

**Transfer**

**Reduce**

**Eliminate**

The Risk Assessment form gives the opportunity to identify actions we can take to reduce or remove (eliminate) the likelihood of the risk, or its impact. The law requires us to do everything 'reasonably practicable' to protect people from harm.

Compare what we are already doing and existing controls in place with good practice and identify any potential for improvement. Consider:

- Can we get rid of the hazard altogether?
- If not, how can we control the risks so that harm is unlikely?

When controlling risks, apply the principles below, if possible in the following order:

- try a less risky option (eg switch to using a less hazardous chemical);
- prevent access to the hazard (eg by guarding);
- organise work to reduce exposure to the hazard (eg put barriers between pedestrians and traffic);
- issue personal protective equipment (eg clothing, footwear, goggles etc); and
- provide welfare facilities (eg first aid and washing facilities for removal of contamination).

It is important that Service Managers involve staff in Risk Assessments to check that suggested mitigating actions will work in practice and won't introduce any new hazards.

Reviews	Risk Info	Mitigating Actions	Risk Child Projects	Risks	Links	Notes	Flags	Aims	Personnel
?									
Mitigating Action	Reason for Actions	Responsible Person	Completion Date	Current Mitigation Status	Current Effectiveness of Actions				
Move cables	Move cables so they follow edge of office, or if not possible, use appropriate safety cover to keep them in place	Zoë Lentell	30/06/2012	No Data available	No Score (0)				
Records 4 Page 1 of 1									
Add									

If the cost of reducing a risk or eliminating it completely is too high or impractical to the service, then you may accept the risk at its current level. Please make a note in the Risk Information section to that effect (and why) and show on the "Risk Improvement Potential" drop down box that the risk improvement is Low – unlikely.

## Risk Assessment Reviews

Risk Assessments should be reviewed formally every year, to make sure we are still improving, or at least not sliding back. Individual high scoring risks, as well as projects and partnerships, should be reviewed more frequently. The following should be considered when reviewing Risk Assessments: Have there been any changes? Are there

improvements we still need to make? Have workers spotted a problem? Are there any lessons learnt from accidents or near misses?

During the year, if there is a significant change, risk assessments should be amended as necessary. If possible, it is best to think about the risk assessment when planning any change.

The Review tab will have annual review dates added, so that SPAR.net will email service managers a reminder about a month before the review is due to be completed:

Reviews	Risk Info	Mitigating Actions	Risk Child Projects	Risks	Links	Notes	Flags	Aims	Personnel
?									
Title	Date	Risk Severity	Risk Likelihood	Risk Status					
Initial Risk Review	26 Jun 2012	Medium	Medium	9					
Records 4 Page 1 of 1									

You should amend your risk scores using a Risk Review to show the progress from your initial risk status to your current risk status. Risk Reviews also give you the opportunity to assess the effectiveness of your mitigating actions.

### SPAR.net Alerts

Once SPAR.net has been updated with the relevant information, an email alert will be sent to:

- 1) the Head of Service to “agree” the information through “sign-off”; and then to
- 2) the Risk Advisor for information – this will be Mick Lowe for Health and Safety risks and Amy Tregellas for corporate risks.

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## AUDIT COMMITTEE 20 MARCH 2018

### PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN

**Cabinet Member** Cllr Clive Eginton, Leader  
**Responsible Officer** Catherine Yandle, Group Manager Performance, Governance and Data Security

**Reason for Report:** To provide the Committee with an update on progress made against the Annual Governance Statement 2016/17 Action Plan.

**RECOMMENDATION(S):** The Committee note the progress update

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

**Financial Implications:** None arising from this report.

**Legal Implications:** None arising from this report.

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

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

#### 1.0 Introduction

- 1.1 The purpose of this report is to provide Members of the Committee with an update on the progress that has been made against the actions in the Annual Governance Statement Action Plan since the Audit Committee approved it on 17 July 2017.
- 1.2 The Action Plan is attached as Appendix A and progress updates have been noted on the document.
- 1.3 Seven items are complete with five not yet due. A further progress report will be brought to the next Audit Committee meeting.

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




**Circulation of the Report:** Management Team and Cllr Clive Eginton

**List of Background Papers:** None





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## Annual Governance Statement 2016-17 Action Plan

Issues Identified	Action to be taken	By whom/Progress made	When by end of...
1. A peer review of the standards regime was carried out which identified various improvements were necessary.	Subject to the amendment of some wording the Code of Conduct for Councillors and Co-opted Members was recommended to Full Council for Approval.	Standards Committee 4 April  Full Council 26 April	April 2017  
2. The Peer challenge identified a number of recommendations that the council could consider to drive future performance.	Report to Scrutiny outlining how the council intends to take these recommendations on board.	Chief Executive  Report to Scrutiny 14 August	August 2017  
<p>Page 65</p> It was identified that reporting too many low level risks was distracting attention from more critical risks.	Reporting criteria changed on SPAR to report only risks scoring over 10.	Group Manager for Performance, Governance and Data Security  First report using the new criteria Environment PDG 16 May	April 2017  
4. More benchmarking information is needed and stronger links between financial and performance monitoring.  Evidence that budgets, plans and objectives are aligned.	Link between finance and performance to be reinforced in Service Business Plans for 2018/19.	Director of Corporate Assets and Resources  Have subscribed to LG Inform Plus which benchmarks against all authorities in England  Ongoing process of Continuous Improvement	September 2017  October 2017  


## Annual Governance Statement 2016-17 Action Plan

Issues Identified	Action to be taken	By whom/Progress made	When by end of...
5. Service plans demonstrate consideration of 'social value'.	Integrated Reporting will become a requirement for 2017/18 Financial statements onwards	Group Manager for Performance, Governance and Data Security	May 2018 
6. Corporate plan priorities and targets are still not effectively cascaded throughout the Council	Leadership Team have commenced 6 monthly Q & A sessions for all staff and also Chat with the Chief	Leadership Team  First 2 sessions were 12 April  Next 3 sessions were w/c 16 October	April 2017  
7. Staff Charter to communicate expected values and behaviours	Issue a staff charter to all staff for their agreement	Director of Business Transformation and Corporate Affairs  Launched – will be put on new learning and development software (see below)	August 2017  December 2017  
8. We don't include ethics awareness in the staff induction training at present	Include ethics training in the new induction process	Director of Business Transformation and Corporate Affairs  New staff learning and development software includes this module; we will be licensed to use it from 1 April.	July 2017  April 2018  

## Annual Governance Statement 2016-17 Action Plan

Issues Identified	Action to be taken	By whom/Progress made	When by end of...
<p>9. The current economic situation is likely to continue to see a reduction in the number of staff employed by the Authority. We have identified that this presents a potential risk to our ability to retain the skills and experience needed. Measures are being implemented to combat this risk.</p>	<p>Aspiring Managers Scheme Skills Audit</p>	<p>Director of Business Transformation and Corporate Affairs  12 month programme - launched April 2017</p>	<p>April 2017  </p>
<p>10. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity is a problem.</p> <p>11. We need processes for dealing with competing demands on the budget from the community</p>	<p>The gap has been recognised and a post has been approved</p>	<p>Director of Business Transformation and Corporate Affairs  Resident's survey completed, have increased GovDelivery sign up.  Working on an updated community action plan</p>	<p>December 2017  March 2018  </p>
<p>12. We have some matters to address where we assessed Internal Audit as "P" i.e. Partial Compliance.</p>	<p>Address areas with "P" assessment via Quality Assurance Improvement Plan (QAIP)</p>	<p>DAP Audit Manager</p>	<p>September 2018</p>

## Annual Governance Statement 2016-17 Action Plan

Issues Identified	Action to be taken	By whom/Progress made	When by end of...
13. A gap analysis against the GDPR has identified areas which need improvement	<p>Ensure we have all necessary data sharing agreements in place</p> <p>Ensure we have done information audits on our “top 10”</p> <p>Roll out training to all staff and Members</p>	<p>Data Protection Officer</p> <p>91% of information audits done</p> <p>Work on data sharing and privacy notices has commenced</p> <p>Awareness training and Q &amp; A session have been run, will be attending team meetings</p>	May 2018
<p>Page 68</p> <p>We need to arrange Public Sector Equality duty training</p>	Programme of awareness and training	<p>Group Manager for Performance, Governance and Data Security</p> <p>Members 16 May however very poorly attended so re-run before Full Council 25 October</p> <p>SOF 28 June</p>	<p>June 2017</p> <p>October 2017</p> <p></p>

## AUDIT COMMITTEE

20 MARCH 2018:

### DEBT COLLECTION POLICY – REVISED MARCH 2018

**Cabinet Member** Cllr Peter Hare-Scott, Cabinet Member for Finance  
**Responsible Officer** Jo Nacey, Group Manager for Financial Services

**Reason for Report:** To present the Committee with the updated Debt Collection Policy for approval

#### RECOMMENDATION:

**That the Audit Committee recommends to the Cabinet that the updated Debt Collection Policy and associated Appendices be approved.**

**Relationship to Corporate Plan:** Having effective and compliant Debt Recovery Procedures in place is essential to protect the Council's income and to ensure that outstanding debts are recovered in an appropriate manner with reference to the new Debt Recovery Protocol.

**Financial Implications:** Failure to recover debt effectively may result in financial loss to the Council.

**Legal Implications:** Potential breach of the Pre-Action Protocol for Debt Claims which came into effect on 1 October 2017.

#### Risk Assessment:

- i. Failure to recover outstanding debts may impact on the Council's ability to deliver services.
- ii. Failure to follow the Protocol may lead to the Council being sanctioned by the courts and may lead to both ability to recover a debt being compromised and also the reputation of the Council being damaged.

#### 1.0 Introduction

- 1.1 The Debt Collection Policy was last updated and approved by the Audit Committee in 2014.
- 1.2 In October 2017, a Pre-Action Protocol for Debt Claims was made by the Master of the Rolls as Head of Civil Justice. It came into force on 1 October 2017.
- 1.3 The Protocol describes "the conduct the court will normally expect of those parties prior to the start of proceedings". It included a template Information Sheet and Reply Form which is attached as part of the Appendices to this report.

1.4 The Protocol is intended to sit alongside our debt collection regime and as such our Legal Department has reviewed it to ensure we are aware of any new requirements and that we are compliant.

1.5 The purpose of this report is to update the Policy to ensure it reflects the new Protocol and that the procedures are clear and concise for managers to follow.

## **2.0 Revisions**

2.1 The revisions to the Policy have been highlighted in Track Changes and mainly reflect changes to job titles and the removal of procedures which are repeated in the Appendices.

## **3.0 Conclusion**

3.1 It is important that Group Managers and those charged with collecting debt on behalf of the Council are aware of the revised procedures and that they remain compliant with the process to optimise our ability to recover debts successfully.

**Contact for more Information:** Jo Nacey, Group Manager for Financial Services ext 4254

**Circulation of the Report:** Cllr Peter Hare Scott and Management Team

## Debt collection policy

### Version Control Sheet

*Title:* Debt collection policy

*Purpose:* To provide an agreed debt collection policy that maximises the income available to the Council but is not so prescriptive that it does not allow for arrangements to be made on terms that are fair to those having payment ~~difficulties~~difficulties. To include the Debt Recovery Protocol which came into effect on 1 October 2017.

*Owner:* Andrew ~~Jarrett, Head of Finance~~Jarrett, Director of Finance, Assets & Resources

*Date:* March 2018

*Version no.:* 1.1

*Status:* draft

*Review Frequency:* Every three years

*Next review date:* 2021

*Consultation:* Local voluntary groups.

### Document History

~~This document underwent consultation with:~~

- ~~• Tenant Scrutiny & Improvement Group~~
- ~~• Voluntary sector~~

The following approvals were obtained:

- Chief Executive
- Management Leadership Team

- Members
- Legal Department



## Contents

1	Introduction
2	Policies Common to all Types of Debt
3	Principles of Enforcement (all debts)
4	Write Offs (all debts)
5	Policies & Procedures
Appendix A	<del>Example of financial statement</del> <u>Debt Recovery Procedure following Introduction of Debt Recovery Protocol</u>
Annex 1	<u>Information Sheet</u>
Annex 2	<u>Standard Financial Statement</u>

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## Introduction

- 1.1 This document sets out the Council's approach to setting income collection targets and debt management arrangements. It also includes an update in relation to the introduction of the Debt Recovery Protocol which came into effect 1 October 2017.
- 1.2 Sums due to the Council can be a mixture of statutory and non-statutory charges. The method for billing and recovery of the statutory debts is tightly prescribed by statute. The Council needs to maximise income to ensure that it can continue to provide responsive services to local people. However, some people may, for whatever reason, find themselves experiencing financial hardship and it is important that recovery procedures reflect an understanding of this and are flexible enough to enable officers to respond in a sensitive way to individual circumstances.
- 1.3 Council policy relating to the collection of debt must be fair and transparent. It must also be applied consistently. The full range of collection and recovery methods must be used, as appropriate, if debts are not paid. All personal information will be fairly and lawfully used and in accordance with relevant legislation including relating to Data Protection and Human Rights.
- 1.4 The Council will set reasonable fees and charges which reflect strategic priorities. Customers should be given every opportunity to pay any sums due. Officers will make every effort to contact customers at an early stage in order to prevent debts increasing and to encourage discussion about payment plans and any possible issues which may prevent payment. If customers cannot see a proactive approach to the collection of debt, they may give repayment low priority and this can lead to a downward spiral where late and non-payment becomes normal. This can lead to cash flow problems and possible damage to the reputation of the Council. In addition, unless a payment culture is established, there is a risk that the level of debt will increase leading to sums which cannot be collected and/or which it is uneconomical to pursue, and the income will be lost to the Council. This is unfair to all those customers who do pay their bills on times.
- 1.5 Our aims:
  - To recognise that customers have a responsibility to pay and that debts must be met
  - To maximise income for the Council
  - To be firm but fair
  - To be consistent
  - To be efficient but also sensitive to the needs of the customer
  - To inform debtors about any sums owed promptly
  - To contact debtors about non-payment at an early stage
  - To offer different payment options/methods

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- To offer advice in order to prevent debt increasing
- To signpost and/or refer debtors to other agencies, where necessary
- To give advice on increasing income and reducing expenditure, if appropriate
- To be realistic about setting repayment amounts over reasonable periods of time
- To avoid putting pressure on debtors to make arrangements which are unrealistic and which cannot be sustained in the longer term
- To recognise the difference between priority and non-priority debts
- To promote a “joined up” approach to sharing information and managing the different debts owed to the Council
- To achieve a fair balance between the claims of competing creditors that enables customers to clear priority debts
- To recognise that in some cases it is not possible, or it is inappropriate, to collect a debt owed to the Council.

1.6 This Policy sets out the general principles to be applied in relation to debt management across all services provided by this Council. It is to be used together with all related policies and strategies and with more detailed procedural guidance for staff. It will apply to all debts owed to the Council, including:

- Council Tax
- Business Rates
- Rents for Council homes and garages and commercial properties
- Benefit overpayments
- Legal Costs
- Section 20, (Planned maintenance charges for leaseholders)
- Commercial waste
- Community infrastructure levy and monies arising from s106 agreements
- Sundry debts
- Other miscellaneous income.

## **2.0 Policies Common to all Types of Debt**

2.1 When notifying customers about sums owed, the Council will send information regarding the amount payable and a description of the charge. It will also include:

- Information on the payment options available
- A contact number for queries and also for discussing payment arrangements where the customer is unable to make the payment immediately, for whatever reason.
- A fair processing notice to the effect that ‘your information may be shared with other council services and agencies for use in credit decisions, for fraud

prevention and to pursue debtors'

2.2 The Council will ensure that:

- There are procedures in place to provide an opportunity for early intervention to reduce the likelihood of the debt increasing
- There is a clear recovery process which is understood and implemented fairly and consistently by the Council and any partners and/or contractors
- Each Service has its own adopted policies, agreed procedures and fair processing notices setting out how debts will be recovered. These documents will comply with all relevant legislation, good practice and/or regulations and will be implemented by officers who will be given appropriate training to enable them to do so
- Officers will give appropriate advice and support.
- The Protocol referred to in Appendix A to this Policy is adhered to in relation to individuals and sole traders.

2.3 The Council will attempt at all times to use the most appropriate and effective method of debt recovery in order to maximise income. The Council will encourage the most cost effective payment methods with the emphasis being on Direct Debit, which offers value for money because the transaction costs are much lower.

2.4 Assessment of an ability to pay will be made and debtors will be asked to agree their information is shared across services in the Council. This will ensure a fair and realistic approach when making arrangement for repayment-. An example of the common financial statement is attached as Annex 2 to an

Appendix

A.

2.5 Authorised officers will be able to intervene in the recovery cycle in appropriate circumstances to deal with hardship or dispute situations. This includes the ability to make deferred payment arrangements where immediate payment is impossible due to lack of means.

2.6 Information will be available in different formats in order to ensure no one section of society is disadvantaged in any way. In addition, staff seeking to recover debts will have regard to ensuring information is accessible through translations, larger print versions or sign language, as appropriate to the needs of the debtor.

2.7 Where appropriate, home visits can be made where the debtors are unable to access advice services.

2.8 Where the potential for a statutory benefit or discount exists in relation to the debt, efforts will be made to make the debtor aware of such opportunities. They

will be assisted and encouraged to apply for these including a request for backdating if appropriate.

2.9 All correspondence relating to the debt sent by the Council will comply with the corporate style guidance and be readily identifiable as being from the Council. It will set out what is owed and will invite the customer to contact the Council at the earliest possible opportunity. All such correspondence will be written in plain English and will signpost customers to organisations which can provide independent advice. Customer response using a range of different methods including by letter, telephone, email, via the website or through advocates or representatives will be positively encouraged.

2.9.10 Where the debt relates to an individual or sole trader, the protocol referred to in the Debt Recovery Procedure (Appendix A) will be adhered to.

2.10.11 The Council welcomes the involvement of welfare agencies, where authorised by the debtor, in connection with debts due to the Council and recognises the benefits that these organisations can offer both the debtor and the Council in prioritising repayments to creditors and in maximising income available to the debtor. Contact details of various agencies are provided in Appendix A.

2.12.4 In cases of multiple debts, there must be close liaison between Services. Multiple debts are where a debtor has significant arrears and owes more than one debt to the Council. This may include housing rent, council tax and housing benefit overpayment. Such cases can present problems in determining the relative priority of the individual debts for both the individual concerned and the officers working out payment plans with the customer.

2.13 In such cases, officers are expected to liaise and agree an appropriate means of coordinated recovery which reflects these policy aspirations, together with the need to balance repayment profiles across all debts due to the Council. Officers should endeavour to liaise with colleagues in other Services, if appropriate, to discuss cases where customers may be experiencing difficulty paying their bills.

2.14 The Council recognises that prompt recovery action is key when managing its debt and maximising income. The Council therefore aims to:

- Regularly monitor the level and age of debt
- Set clear targets for the recovery of debt
- Have clear written recovery procedures
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum recovery
- Regularly review irrecoverable debts for write-off.

2.15 There are many types of debt and these are commonly identified as priority or

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non-priority debts by those who give advice and support to people experiencing financial difficulties. A priority debt is generally considered to be one where the creditor can take the strongest legal action against an individual who does not pay. The size of the debt will not be the ~~issue~~,issue; it is what the creditor can do to recover any outstanding money.

2.16 When someone is experiencing money problems they are not always aware of the consequences of non-payment and frequently pay those who commence the strongest action.

2.17 Officers will explain the difference between priority and non-priority debts when discussing income and expenditure and working out payment plans. This is an important distinction when assessing the ability of a customer to service their debt. Annex 2 of Appendix A requires this distinction to be quantified in order for the level of debt and priority of repayments to be transparent.

2.18 The following will be treated as equal priority debts:

2.18

- Rent arrears because they could result in eviction
- Mortgage arrears because non-payment could lead to repossession of the home
- Council Tax because it can result in bailiff action/ attachment of earnings/ benefits/charging order/bankruptcy/imprisonment/loss of home
- Other secured loans as they can result in loss of home.

2.198 Other priority debts:

- Income Tax and VAT because they can result in bankruptcy/ imprisonment
- County Court Judgements because they can result in bailiff action/ attachment of earnings/bankruptcy
- Fines or compensation/costs orders because they can result in imprisonment
- Hire purchase but only if it has been used to buy a car which enables a customer to get to and from work
- Maintenance/child support because it can result in repossession of goods/imprisonment
- Water charges because non-payment can result in bailiff action
- Business rates because non-payment can result in bailiff action/ bankruptcy/imprisonment
- Benefits overpayments because they can result in deductions from ongoing Housing and other benefits which affect the level of income received
- Penalty Charge Notices because they can result in bailiff actions.
- TV Licence as failing to hold a valid licence can result in prosecution

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2.2019 The following are considered to be non-priority debts:

- Credit/store cards
- Unsecured personal loans
- Bank overdrafts
- Credit/interest free/hire purchase agreements
- Catalogue debts
- Money borrowed from family and friends.

2.21 All accounts that are written off will be against the income code against which they are raised. The VAT on written-off sundry debt accounts will only be recovered by the Council in accordance with the rules and procedures laid down by HM Revenues & Customs. In practice this means that VAT on a written-off debt can only be reclaimed 6 months after the debt became due to the date of supply.

2.22 Where an external agency is procured to assist with the delivery of a service, the flow of information between the Council and the agency should, wherever possible, be in a secure electronic format.

2.23 Where legislation permits, the Council will seek to levy and recover from the debtor any and all costs/fees that are legitimately due from the debtor to the Council or its agents. Only in exceptional cases, where it would not be in the public interest to pursue costs/fees, will they be waived.

### 3.0 Principles of Enforcement (all debts)

3.1 The Council is fully committed to ensuring that its actions will be proportional, consistent and transparent. Additionally our intention will be to be firm and fair and our manner will be courteous.

3.2 **Proportionality** – proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of compliance.

3.3 **Consistency** – consistency means taking a similar approach in similar circumstances to achieve similar ends. The Council aims to achieve consistency in:

- The advice it gives
- The use of our powers
- The recovery procedures used.

3.4 The Council recognises that consistency does not mean simple uniformity.

~~Officers need~~ **Officers need** to take account of many variables such as:

- The social circumstances of the debtor
- The debtor's payment history
- The debtor's ability to pay.

- 3.5 **Transparency** – transparency is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery/enforcement action. The new protocol will aid this transparency and ensure officers are clear about what should be communicated to the debtor and in what format.
- 3.6 If action is required, the reasons why must be clearly explained in writing, where required. If action is required, timescales must be clearly stated. A distinction must be made between advice and legal requirements.
- 3.7 ~~Communications should be in plain English and alternative formats should be made available to customers upon request. The Language Line facility is to be used as an aid to improving verbal communications with those customers for whom English is not their first language.~~
- 3.8 An opportunity must be given to discuss what is required to comply with the law before formal enforcement action is taken. A written explanation must be given of any rights of appeal against formal enforcement action either before or at the time the action is taken. When meeting with debtors, officers will always endeavour to obtain information on income and expenditure. All information will be recorded. *Enforcement Agents* visiting a debtor's home to levy distress are also expected to make attempts to collect information relating to the circumstances of the household, to record it and to pass it back to the Council.
- 3.9 When it is apparent that a customer would be unable to pay a debt or to keep their account up to date, or they are having problems in relation to a number of accounts, officers should attempt to agree an arrangement to pay (where appropriate). Such arrangements should be set up once the specific circumstances of the customer have been reviewed and in consultation with the customer. A judgement about the ability to pay will include an assessment about the income available to the customer once all required living costs have been set aside and the relative size of the debt. The intention should be to set up an arrangement which enables the debt to be cleared as soon as possible. In addition, there should be an understanding that arrangements will only be entered into to ensure that any debts owed to the Council do not increase.
- 3.10 Generally, customers will be expected to clear the current or most recent account while making the maximum contribution to clearing the other debts. Officers will always seek to make realistic arrangements to clear outstanding amounts by regular payments. A financial statement may be required to support a request for an arrangement. This will detail the customer's incomings and outgoings. Officers may ask for more information as evidence of what is contained within the financial statement before they agree an arrangement. An independent advice agency can assist with the completion of the financial



statement.

~~3.11 Customers with multiple debts will be offered an opportunity to discuss all the debts with an officer. Different services must liaise to ensure that the response is co-ordinated and any action plan is realistic and achievable. The Council will take practical steps to raise awareness of debt with customers and to raise awareness of the implications of non-payment.~~

3.12 For those who are unable to pay their debts, for whatever reason, the Council will:

- Give advice about what happens if the debts are not paid
- Signpost the customer to appropriate help and support
- Encourage the customer to seek appropriate help and support
- Make referrals to advice and/or other support agencies, as appropriate.

3.1~~32~~<sup>4</sup> The Council will also consider the suspension of existing or future service(s) whilst any existing debts are outstanding.

3.1~~43~~ When working to maximise income, our officers will take into account the needs of each individual customer. What this means, in reality, is that certain people will need more sympathetic and sensitive treatment. In particular, this may mean that allowances are made in cases where a customer has experienced a recent bereavement, a major illness or where they have capacity/capability issues and find it difficult to manage their financial affairs.

3.1~~54~~ The Council recognises that some of the options available for debt recovery could have very severe and far-reaching consequences for debtors and will therefore give due consideration to the circumstances relating to each case before deciding what action to take.

3.16 The Protocol in Appendix A sets out the conduct expected of the parties before the start of proceedings. It is essential that managers are aware of this protocol and adhere to it to avoid legal challenge and/or inappropriate actions.

~~3.1<sup>65</sup> In all cases where bankruptcy, committal to prison or a charging order is considered to be appropriate, there will be a case conference to discuss the individual circumstances of the debtor. This meeting will be arranged by the Senior Manager who will have responsibility for agreeing this course of action. Prior to that meeting, every attempt should be made to speak to the debtor in person and this will include making at least one home visit whenever practical/possible. The meeting will also consider the Council's equality duty and the impact of the proposed action upon the individual debtor and any member of their household.~~

~~3.16 The debtor will be notified in advance and informed about who will be attending the meeting. Notes recording the discussions which take place during the meeting will be kept, together with the reasons for the decision reached. There~~

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~~must be evidence to show that it was agreed during the meeting that any action taken was both fair and proportionate.~~

~~3.187 In addition, if bankruptcy is being considered as a means of recovering the debt, the meeting will take into account some additional considerations in terms of whether the action would be fair and proportionate:~~

- ~~• The history of the origin of the debt and attempts to recover it~~
- ~~• Information regarding the past, present, disputed or outstanding benefit claims or any discounts or exemptions which may be relevant~~
- ~~• Whether or not the debtor has any assets which would clear the debt if bankruptcy is pursued~~
- ~~• An assessment of the other options the debtor may have to clear the debt in a reasonable timescale~~
- ~~• An assessment of the health of the debtor and whether or not their failure to pay has arisen from a disability (including a mental health issue)~~
- ~~• An assessment of their personal circumstances and whether or not these protect them from the consequences of the proposed action.~~

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~~3.198 If bankruptcy proceedings, committal to prison or a charging order are being considered, the manager should refer to Appendix A to ensure compliance. the debtor should be provided with written information setting out the serious consequences of this action and their continued failure to make arrangements to pay the debt. They should also be urged to seek independent advice and "signposted" to local advice agencies which can provide information and support.~~

#### **4.0 Write Offs (all debts)**

- 4.1 The Council will make provision for bad debts. The Council recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice.
- 4.2 The Council will seek to minimise the cost of write-offs to the local council tax and housing rent payers by taking all necessary action to recover what is due.
- 4.3 All debts will be subject to the full recovery, collection and legal procedures relative to the type of debt and staff will follow procedures provided to each service.
- 4.4 Irrecoverable debts will be referred to the Council's Section 151 Officer (~~Head of Finance~~Director of Finance, Assets & Resources) and the Council's Financial Regulations will apply.

Debts may be referred for write-off in the following circumstances:

- ~~The debt has been remitted by a Magistrate~~
- The Council has evidence to confirm the claimant is suffering a severe physical or mental illness which renders enforcement action inappropriate
- The Council is unable to trace the debtor
- The debt is not cost-effective to pursue due to small balance or the circumstances of the customer (for example, they may be in a nursing home or serving a long prison sentence)
- The debt is not cost-effective to pursue due to the likelihood of payment balanced against the cost of proceedings
- The claimant has died and there are no or insufficient funds in the estate to settle the debt
- The claimant is subject to formal insolvency proceedings and there is little likelihood of a dividend

(This list is not exhaustive).

## 5.0 Policies & Procedures

5.1 Policies and procedures for the following services are on the Council website:

- Council Tax and Non Domestic Rates
- Housing
- Housing Benefit Overpayments
- Miscellaneous Income

5.2 These are normally set by Managers and agreed by ~~Heads of Service Group~~ Managers or where appropriate, Directors. They do ~~not~~ require Member approval as they are made in line with relevant legislation.

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### 1. DOCUMENT HISTORY

Date	Version	Update
06.02.2018	1.0	
<del>22.04.2014</del>	<del>1.1</del>	
<del>30.04.2014</del>	<del>1.2</del>	
<del>21.07.2014</del>	<del>1.3</del>	
<del>11.08.2014</del>	<del>1.4</del>	<del>Proof read and updated (SH)</del>



## **Debt Recovery Procedure following Introduction of Debt Recovery Protocol**

**Came into effect 1 October 2017**

### **1. Introduction**

- 1.1. This note sets out the requirements on Mid Devon District Council (“Council”) and the debtor (“the Debtor”) imposed by the new Debt Recovery Protocol (“the Protocol”). It also suggests, under the paragraphs with the heading “Who does what”, which officers should be taking particular steps to comply with the Protocol.
- 1.2. The Protocol applies to (any business including) public bodies claiming payment of a debt from an individual (including a sole trader). The Protocol does not apply to business debts.
- 1.3. It sets out the conduct expected of the parties before the start of proceedings in court.
- 1.4. The aims of the Protocol are to encourage early communication between the parties and avoid court proceedings, by clarifying whether there are any issues in dispute, and enabling the parties to agree a repayment plan or consider using a form of Alternative Dispute Resolution (“ADR”).
- 1.5. Parties are also encouraged to act reasonably and proportionately to the size of the debt, and to support each other in the efficient management of proceedings that cannot be avoided.

### **2. Initial Information to be provided by the Council**

- 2.1. The Council should send a Letter of Claim to the Debtor (example at Annex A) before proceedings are started, which has required contents set out below and enclose the Information sheet and Reply Form (Annex 1) and Financial Statement (example Annex 2).
- 2.2. The letter should contain the following information:
  - The amount of the debt.
  - Whether interest or other charges are continuing.
  - If the debt arises from an oral agreement, who made the agreement, what was agreed (including, as far as possible, what words were used), and when and where it was agreed.
  - If the debt arises from a written agreement, the date of that agreement, the parties to it and the fact that a written copy can be requested from the creditor.

- Where the debt has been assigned, details of the original debt and creditor, when it was assigned and to whom.
  - If the debt is currently being offered or paid on behalf of or by the Debtor, an explanation of why these payments are not acceptable and why proceedings are being considered.
  - Details of how the debt can be paid, and what the Debtor can do if it wishes to discuss payment options.
  - The address to which the completed Reply Form should be sent.
  - Enclose an up to date statement of account for the debt, including the amount of interest and any other charges imposed since the debt was incurred.
  - Enclose the Information Sheet and Reply Form at Annex 1 of the Protocol.
  - Enclose a Financial Statement for the Debtor to complete, an example of which can be found at Annex 2 of the Protocol.
- 2.3. The Letter of Claim should have the date of the letter at the top of the first page. It should be posted on the day it is dated, or if that is not reasonably possible, the following day.
- 2.4. The Letter of Claim should be sent by post but in addition may also be sent via the additional contact details such as an email address. Also, at the explicit request of the Debtor not to send any correspondence via post, the Council can send the Letter of Claim via the alternative contact details e.g. by email.
- 2.5. The Debtor has 30 days to reply from the date of the Letter of Claim.
- 2.6. If the Debtor does not reply to the Letter of Claim within 30 days of the date at the top of the letter, the Council may start court proceedings.
- 2.7. Who does what?
- 2.7.1. Those Services wishing to instruct Legal Services to write the Letter of Claim must provide all the information and supporting documentation that the Protocol requires to be put in the Letter of Claim.
- 2.7.2. Additionally those Services wishing to instruct Legal Services:
- must nominate an instructing officer who will have the conduct of instructing Legal Services throughout the matter and who will be able to attend any ADR meetings (for details see below). This person must have full knowledge of the case and have the authority to make decisions in relation to the case; and

- must provide Legal Services with two hard copies and scanned copies of supporting documentation i.e. written agreements, invoices, photographs etcetera, and further copies may be requested if court proceedings are issued.
- 2.7.3. Legal Services recommends that consideration is given to enclosing the supporting documentation with the Letter of Claim as this will potentially reduce the amount of time allowed under the Protocol before issue of proceedings, as some debtors may use the request of supporting documents not attached to the Letter of Claim to delay the matter.
- 2.7.4. Lists of supporting documentation required to be supplied to Legal Services for particular types of cases are attached as Annex 3.

### **3. Response by the Debtor**

- 3.1. The Debtor should use the Reply Form in Annex 1 for their response (within 30 days of the date of the Letter of Claim). The Debtor may ask for copy documents and/or enclose copies of documents they think relevant but have not been taken into account.
- 3.2. The Council should not start court proceedings less than 30 days from receipt of the completed Reply Form or 30 days from the Council providing any documents requested by the Debtor, whichever is the later.
- 3.3. If the Debtor indicates in the Reply Form that they are seeking debt advice that cannot be obtained within 30 days of their reply, the Debtor must provide details to the Council as specified in the Reply Form. The Council should allow a further reasonable additional period after the 30 days to enable the Debtor to take debt advice. It is considered a further 14 days would normally be reasonable.
- 3.4. Where a Debtor indicates in the Reply Form that they require time to pay, both the Council and the Debtor should try to reach agreement for the debt to be paid by instalments, based on the Debtor's income and expenditure. If the Council does not agree to a Debtor's proposal for repayment, the Council should give the Debtor reasons in writing.
- 3.5. Where a Debtor returns a partially completed Reply Form, this should be taken by the Council as an attempt to engage with the matter. The Council should attempt to contact the Debtor to discuss the Reply Form and obtain any other relevant information.

### 3.6. Who does what?

- 3.6.1. Legal Services will within 2 working days of receipt of the completed Reply Form seek instructions from the instructing officer. If however the Reply Form is incomplete Legal Services will attempt to obtain the additional relevant information from the Debtor before referring to the instructing officer.
- 3.6.2. The instructing officer will, within 7 working days of receipt of a Legal Services request for instruction, take the following steps:-
- provide any further documentation the Debtor requests which has not already been provided to Legal Services;
  - if the Debtor requests time to pay, indicate if the Debtor's request is acceptable and if not provide reasons and alternative proposals; and
  - if the debt is disputed by the Debtor, inform Legal Services what the Council's position is with regard to the dispute with reasons.
- 3.6.3. Legal Services will set out the instructing officer's position to the Debtor and attempt to reach an agreement.

## **4. Disclosure of documents**

- 4.1. Early disclosure of documents can help to resolve any issues in dispute and information should be exchanged about any disputes.
- 4.2. If the Debtor requests a document or information, the Council must provide this, or explain why the document or information is not available within 30 days of receipt of the request.

## **5. Taking Steps to Settle the Matter and Alternative Dispute Resolution (ADR)**

- 5.1. If the parties still cannot agree about the existence, enforceability, amount or any other aspect of the debt, they should both take appropriate steps to resolve the dispute without starting court proceedings and, in particular, should consider the use of an appropriate form of Alternative Dispute Resolution (ADR).
- 5.2. ADR may simply take the form of discussion and negotiation, or it may involve some more formal process such as a complaint to the Financial Ombudsman Service where the dispute concerns a debt regulated under the Consumer Credit Act 1974.



- 5.3. In some cases, especially where the debt is large, mediation (a third party facilitating a resolution) might be appropriate. Details of registered mediation providers can be obtained from the Civil Mediation Provider Directory at [www.civilmediation.justice.gov.uk](http://www.civilmediation.justice.gov.uk). The potential costs of mediation should be considered in relation to the amount of the debt.
- 5.4. Where the parties reach agreement concerning the repayment of the debt, the Council should not start court proceedings while the Debtor complies with the agreement.
- 5.5. If this fails the whole process starts again with an updated Letter of Claim. If documentation was sent with the initial Letter of Claim in the preceding 6 months, that documentation need not be sent again unless it requires updating.
- 5.6. Who does what?
- 5.6.1. In the majority of cases that involve relatively small sums and where an agreement cannot be reached, Legal Services suggests that a without prejudice meeting be arranged to discuss the debt with the Debtor as the appropriate form of ADR.
- 5.6.2. The instructing officer, once notified by Legal Services that an agreement cannot be reached, will write to the Debtor with an appointment to discuss the matter on a “without prejudice” basis. This means that any discussions during the meeting will not be put before the court as evidence in any future proceedings. This prevents statements made in a genuine attempt to settle an existing dispute from being put before the court as evidence of admissions against the interest of the party which made them.
- 5.6.3. The instructing officer will attend the without prejudice meeting with the Debtor and then notify Legal Services of the outcome of any such discussion.

## **6. Taking Stock**

- 6.1. Where the procedure set out in this Protocol has not resolved the matter between the Debtor and the Council, the parties should undertake a review of their respective positions to see if proceedings can be avoided and, at the least, to narrow the issues between them.

6.2. Where the Debtor has responded to the Letter of Claim but agreement has not been reached, the Council should give the Debtor at least 14 days' notice of their intention to start court proceedings, unless there are exceptional circumstances in which urgent action is required (for example, because the limitation period is about to expire).

6.3. Who does what?

6.3.1. The instructing officer will conduct the review and provide Legal Services with a file note setting out the review he or she has undertaken and also provide reasons for their position.

6.3.2. Legal Services will write the 14 day letter to the Debtor.

## **7. Compliance with this Protocol**

7.1. If a matter does end in court proceedings the court will expect this protocol to have been followed.

7.2. Non-compliance will be taken into account by the court when giving directions for the management of proceedings. The court is not likely to be concerned with minor or technical infringements.

## **8. Notes**

8.1. A copy of the Pre-Action Protocol for Debt Claims can be viewed here:

- <https://www.justice.gov.uk/courts/procedure-rules/civil/pdf/protocols/pre-action-protocol-for-debt-claims.pdf>

## ANNEX 1 INFORMATION SHEET

**You have received this notice because a business intends to take you to court in relation to a debt. This notice tells you what to do next, including how to avoid court action. Please read it carefully.**

### **What should I do now to make sure I am not taken to court unnecessarily?**

Read the enclosed letter from the business very carefully. Think about whether you owe the debt and whether the amount is correct. The letter should provide information about how much money you owe and any interest and fees added to the debt. If it doesn't, ask the business for more information.

Once you have read the letter, consider the following options.

- **Seeking debt advice.**

If you are in financial difficulty or need advice to help you work out whether you owe the debt, or how you might pay the debt, contact a debt advisor (particularly if you haven't been in contact with the business for a number of years).

The following organisations offer free, impartial and non-judgemental advice:

Citizens Advice	03444 111 444 (England) 03444 772 020 (Wales)	<a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a>
Civil Legal Advice	0345 345 4345	<a href="http://www.gov.uk/civil-legal-advice">www.gov.uk/civil-legal-advice</a>
StepChange Debt Charity	0800 138 1111 (Freephone)	<a href="http://www.stepchange.org">www.stepchange.org</a>
National Debtline	0808 808 4000 (Freephone)	<a href="http://www.nationaldebtline.org">www.nationaldebtline.org</a>
AdviceUK	0300 777 0107	<a href="http://www.adviceuk.org.uk">www.adviceuk.org.uk</a>
Christians Against Poverty	0800 328 0006 (Freephone)	<a href="http://www.capuk.org">www.capuk.org</a>

**It is recommended that you get debt advice if you have any doubt about whether you owe the debt or whether you can pay it now.**

If you don't have a copy of the agreement (contract) between you and the business, and you need this to decide what to do next or to help you get debt advice, you can ask the business to provide you with a copy.

- **Speaking to the business.**

If you agree you owe the debt and want to talk to the business about payment terms, or if you have any questions or concerns, get in touch with the business as soon as possible. Their contact details should be in the letter they sent you.

- **Filling in the Reply Form.**

If you have not been able to resolve the matter by speaking to the business, you should fill in the Reply Form that was provided with the letter from the business, and then send it back to the business. You should complete the Reply Form with as much information as possible to avoid court action being taken against you.

### **How long do I have to fill in the Reply Form?**

You only have **30 days** from the date at the top of the letter from the business to send back the Reply Form. If the business does not get your Reply Form within 30 days, it could **take you to court** in relation to the debt. Make sure you allow time for posting.

If a court orders you to pay an amount of money (called “having judgment entered against you”), details of the judgment will usually be entered on the Register of Judgments, Orders and Fines. Most entries stay on the Register for six years unless you pay the amount you owe within one month of the judgment.

Organisations such as banks, building societies and credit companies use the information on the Register when someone applies for credit, such as a loan or overdraft. It helps them decide whether or not that person would be able to pay off a debt.

### **What happens if I fill in and return the Reply Form in time?**

If you return the Reply Form within 30 days, you and the business will have at least a further 30 days to discuss the debt, or for you to seek debt advice, before the business takes you to court. During that time you should discuss with the business how you can resolve the matter, ideally without going to court.

If you request more information in the Reply Form, the business must wait at least 30 days after it gives you that information before taking you to court.

### **Where can I find out more?**

This Information Sheet is a summary of your rights and responsibilities under the Pre-Action Protocol for Debt Claims. Where a business and an individual disagree about a debt claim, the Protocol tells them what they should do before they go to court. If you want to know more, the full Protocol is available at:  
<https://www.justice.gov.uk/courts/procedure-rules/civil/protocol>.

## REPLY FORM

**YOU HAVE 30 DAYS FROM THE DATE AT THE TOP OF THE ENCLOSED LETTER TO FILL IN AND RETURN THIS FORM.**

**IF YOU DON'T, IT COULD RESULT IN COURT PROCEEDINGS.**

If you have any questions or would like to discuss the debt, please call the business that sent you this form as soon as possible.

Full name:

Address and postcode:

Contact telephone numbers:

Email address:

Reference:

### SECTION 1: Do you owe the debt?

Fill in one of the boxes in this section. Use more pages if you need to.

**It is recommended that you get debt advice if you have any doubt about whether you owe the debt and whether you can pay it now, or if you want advice on any rights and protections you may have.**

**Box G below asks about debt advice.**

#### BOX A

**I agree I owe the debt.**

*Tick this box if you agree you owe the debt and agree the amount of the debt is correct.*

IF YOU WILL PAY THE DEBT, GO TO SECTION 2.

IF YOU NEED DEBT OR LEGAL ADVICE, GO TO SECTION 3.

#### BOX B

**I owe some of the debt, but not all of it.**

*Tick this box if you agree you owe some of the debt, but not all of it, for example if you think too much interest has been added or you haven't been credited for payments you made in the past.*

The amount of debt I owe to you is £.....

*Say how much you think you owe.*

I don't owe any more than this because .....

*Explain on a separate piece of paper why you don't owe all of the debt. Give as much detail as possible and provide copies of any supporting documents.*

IF YOU WILL PAY THE PART OF THE DEBT YOU OWE, GO TO SECTION 2.

IF YOU NEED DEBT OR LEGAL ADVICE, GO TO SECTION 3.

OTHERWISE, GO TO SECTION 4.

**BOX C**

**I don't know whether I owe the debt.**

*Tick this box if you're not sure whether you owe the debt and/or you need help from a debt adviser to work out whether you should pay.*

NOW GO TO SECTION 3.

**BOX D**

**I dispute the debt.**

*Tick this box if you don't owe the debt, for example because the debt should be paid by someone else, because you have already paid it, or because there is a legal problem with the credit agreement.*

I dispute the debt because .....

*Explain on a separate piece of paper why you dispute the debt. Give as much detail as possible and provide copies of any supporting documents.*

NOW GO TO SECTION 4.

**SECTION 2: How will you pay?**

Only complete this section if you ticked Box A or Box B in Section 1 and you want to pay now.

**The letter from the business will tell you how to pay. Keep a record of the payments you make.**

**BOX E**

**I will pay what I owe now.**

*Tick this box if you agree that you owe all or part of the debt and you are able to pay what you owe now. You should pay using the payment details in the letter from the business. Keep a copy of any proof of payment you receive.*

**BOX F**

**I will pay, but I need time to pay.**

*Tick this box if you agree that you owe all or part of the debt, but you can't pay right now.*

**If you offer to make repayments, you must be able to afford them. You should consider getting debt advice about how much you can afford to repay.** If you are seeking debt advice, complete Section 3.

My proposals for repayment are .....

*Explain on a separate piece of paper how you intend to pay the debt. Say how much you could pay now and how you will pay the remainder. For example, say how much you could pay each week, fortnight or month and when your first payment would be made.*

I have provided a Financial Statement showing my current financial situation:

Yes  No

*To help the business ensure you can afford your proposed repayments, fill out the Financial Statement that is attached to this form. You should also attach a copy of any budget or financial statement that a debt advice organisation has helped you prepare.*

**SECTION 3: Do you intend to get, or are you already getting, debt advice?**  
**Only complete this section if you are getting debt advice about whether you owe the debt or whether you can afford to pay.**

**BOX G**

**I am getting or intend to get debt advice.**

I am getting advice from .....

.....

*Insert the name and contact details of the person or organisation giving you advice.*

I am getting advice about .....

*Explain on a separate piece of paper what you are getting advice about, for example whether you owe the debt or how you could pay.*

I have an appointment with an adviser on .....

.....

*If you have an appointment with a debt adviser, give the appointment date and time.*

I can't obtain advice within 30 days of returning this Reply Form because .....

*If it will take you longer than 30 days to get debt advice, explain on a separate piece of paper the reason for the delay and when you expect advice will be available.*

NOW COMPLETE SECTION 4.

**SECTION 4: What documents are you sending with this form? What information do you need?**

**Complete the boxes below if you want to provide or get more information.**

**BOX H**

**I have provided documents.**

*Tick this box if you want to provide documents about the debt, for example you might want to provide a letter showing you have an appointment for debt advice or a receipt showing you paid some of the debt.*

I have enclosed the following documents .....

*Describe on a separate piece of paper the documents you have provided and why they are important.*

**BOX I**

**I need more documents or information.**

*Tick this box if you need more information, such as copies of documents you don't currently have.*

I need a copy of .....

.....

.....

*Additional documents or information that you might need could include:*

- *A copy of the written contract for the debt*
- *A full statement of account, including details of all interest and charges included on the outstanding balance of the debt, explaining how they have been calculated, and any payments already made toward the debt*
- *A calculation of the interest claimed*

- *The annual or daily rate of interest*
- *A description of the nature and amount of any administrative charges included in the debt*
- *A copy of the notice of assignment of the debt*

**Signature** ..... **Date**...../...../.....

**Print name** .....

*Sign and date this Reply Form once you've filled it in. Then send it to the address given in the letter from the business.*

**Make sure you keep a copy of this form for reference in the future.**

**If your circumstances change, please update the business as soon as possible.**



## ANNEX 2 STANDARD FINANCIAL STATEMENT



Name: \_\_\_\_\_  
 D.O.B.: \_\_\_\_\_  
 Application:  Single  Joint  
 Partner: (if applicable): \_\_\_\_\_  
 Partner D.O.B. (if applicable): \_\_\_\_\_  
 Address: \_\_\_\_\_

Contact/team name: \_\_\_\_\_  
 Agency: \_\_\_\_\_  
 Agency address: \_\_\_\_\_

Dependent children: Under 16: \_\_\_\_\_ 16-18: \_\_\_\_\_  
 Other dependants: \_\_\_\_\_  
 Number in household: \_\_\_\_\_  
 Number of vehicles in household: \_\_\_\_\_  
 Housing tenure:  Owner  Mortgage  Tenant – private  
 Tenant – social  Living with parents  Other  
 Please confirm you have considered (or discussed with an adviser) the use of any assets to make lump sum payments  Tick to confirm ✓

Membership code number: \_\_\_\_\_  
 Case reference number: \_\_\_\_\_  
 Date of statement: \_\_\_\_\_  
 Date of review (if applicable): \_\_\_\_\_  
 Employment:  Full-time  Part-time  
 Unemployed  Not working due to illness / disability  
 Self-employed  Retired  Carer  Student  Other  
 Partner's employment:  Full-time  Part-time  
 Unemployed  Not working due to illness / disability  
 Self-employed  Retired  Carer  Student  Other

Overview	Amount (£)
<b>Total income</b>	
<b>Total outgoings</b>	
(Income – outgoings)	
(Savings contribution)	
Debt admin fee (if applicable):	
<b>Total available for priority creditors</b>	
<b>Total available for non-priority creditors</b>	
<b>Monthly Income</b>	
Earnings	
Benefits and tax credits	
Pensions	
Other income	
<b>Total income</b>	
<b>Monthly Outgoings: Fixed Costs</b>	
Home and contents	
Utilities	
Water	
Care and health costs	
Transport and travel	
School costs	
Pensions and insurances	
Professional costs	
Other essential costs	
<b>Total fixed costs</b>	
<b>Monthly Outgoings: Flexible Costs</b>	
Communications and leisure	
Food and housekeeping	
Personal costs	
<b>Total flexible costs</b>	
<b>Total monthly outgoings (fixed and flexible)</b>	
<b>Savings</b>	
Please confirm that a monthly contribution to savings has been considered (or discussed with an adviser) <input type="checkbox"/> Tick to confirm ✓	

**Additional notes (e.g. reasons for debt, circumstances, temporary situations)**  
 e.g. Made redundant in June 2014 and was out of work for 6 months  
 e.g. Communications and leisure: Mobile phone – client has multiple family members abroad

Version 1.0

**Debts**

Priority Debts			Non-Priority Debts			
Creditor	Owed (£)	Offer	Creditor	Owed (£)	CCJ	Offer
e.g. Haringey Council					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
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					Y/N	
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					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
					Y/N	
<i>(tick if you have continued on next page)</i> <input type="checkbox"/>			<b>Total non-priority debts</b>			
<b>Total priority debts</b>			Token Payments			

This financial statement is an accurate record of the information provided.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

# Summary version



Debts (continued)

Priority Debts			Non-Priority Debts		
Creditor	Owed (£)	Offer	Creditor	Owed (£)	CCJ Offer
					Y/N
					Y/N
					Y/N
					Y/N
					Y/N
					Y/N
					Y/N
					Y/N
					Y/N
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					Y/N
					Y/N
					Y/N
					Y/N
					Y/N
<b>Total priority debts</b>			<b>Total non-priority debts</b>		

Version 1.0



Internal Audit

Internal Audit Plan 2018-19

Mid Devon District Council  
Audit Committee

Page 101  
March 2018

Robert Hutchins  
Head of Audit Partnership

Auditing for achievement

Agenda Item 12.

## Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Leadership Team.

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS make reference to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review and approve the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

The chief audit executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Director of Finance (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

### Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2018/19.

In review of the above the Audit Committee are required to approve the proposed audit plan.

**Robert Hutchins**  
**Head of Audit Partnership**

Contents	Page
Introduction	1
Service Level Plans	2
High Level Plan	2
Fraud and irregularity	3
Audit Plan	4
<b>Appendices</b>	
1 – Audit Framework	9
2 – Annual Governance Framework	10
3 – Audit Needs Assessment	11
4 – Audit delivery Cycle	12

## Service level plans

This years audit plan has been built using the former 4 year cyclic plan as a base for discussions with management and the Leadership Team and considering the Council's risk register and plans. The plan has been restructured in terms of resource allocation to take in a wider risk based remit including the following considerations:

- 'core work' will need to include work on what are termed "key financial systems" systems that process the majority of income and expenditure for the Council, and which have a significant impact on the reliability and accuracy of the annual accounts e.g. Payroll, Creditors, Main Accounting System, Housing Benefit etc.
- We have significantly streamlined this core work to facilitate review of other risks. Reviews in previous years have confirmed that, generally, sound arrangements are in place for these systems, but we will seek to ensure that previous weaknesses that have been identified have been rectified. Key follow-ups will include related billing systems e.g. waste and health services income.
- We have identified key risks with Directors risks that currently affect core assurance service delivery with a key focus on:
  - cyber security – cyber essentials
  - key developments
  - commercialisation
  - governance
  - information governance – data protection changes
  - transactional integrity

Page 103

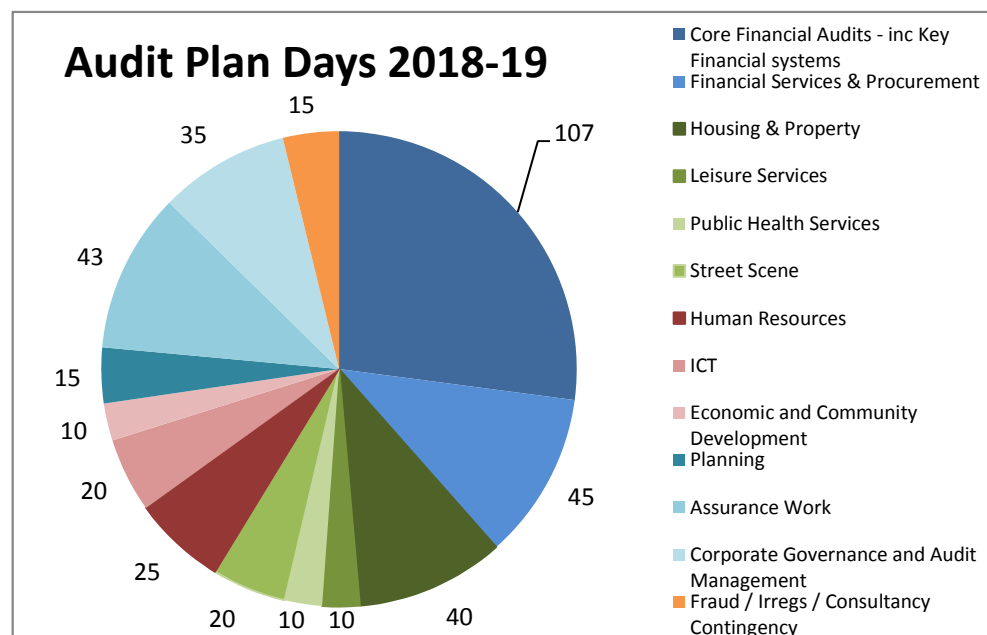
## High Level Audit Plan

This chart shows a summary of planned audit coverage for the year totalling 395 direct days. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the

plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review.

A detailed analysis of proposed audit reviews is provided in the following cyclical audit plan.



### Challenges and Opportunities

Transformational Change	Partnering and Collaboration	Commissioning	Information Technology	Financial & operational constraint	Compliance & Regulatory
<ul style="list-style-type: none"> <li>• delivering more with less</li> <li>• commercialisation</li> <li>• meeting customer needs</li> <li>• alternative service delivery vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• governance arrangements</li> <li>• Public Sector Network (PSN)</li> <li>• information governance</li> <li>• third party assurance</li> </ul>	<ul style="list-style-type: none"> <li>• flexible contracting, focused on outputs not inputs</li> <li>• flexible payment structures to reflect reduced budgets</li> <li>• performance management</li> </ul>	<ul style="list-style-type: none"> <li>• infrastructure resilience</li> <li>• information security</li> <li>• desktop availability</li> <li>• cloud computing</li> <li>• channel shift</li> </ul>	<ul style="list-style-type: none"> <li>• reduction of control framework</li> <li>• loss of experienced staff</li> <li>• income generation</li> </ul>	<ul style="list-style-type: none"> <li>• key financial systems</li> <li>• housing maintenance</li> <li>• data protection</li> <li>• annual governance arrangements</li> </ul>

## Fraud Prevention and Detection and Internal Audit Governance

### Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a recognised risk for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the publication “Protecting the English Public Purse 2016”. Internal Audit will liaise with the Council to enable resource to be focussed on identifying and preventing fraud before it happens. Additionally, new guidance recently introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and also the new Home Office ‘UK Anti-Corruption Plan’, will further inform the direction of counter-fraud arrangements going forwards.

### Corporate Governance

An element of our work is classified as “Audit Governance” – this is work that ensures effective and efficient services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Page 104
- Preparing the internal audit plan and monitoring implementation;
  - Preparing and presenting monitoring reports to Leadership and the Audit Committee;
  - Assistance with the Annual Governance Statement;
  - Liaison with other inspection bodies (e.g. Grant Thornton);
  - Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during 2018/19
  - On-going development within the Partnership to realise greater efficiencies in the future.

### Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton), Audit West and Audit South West (Internal Audit for NHS).



Audit Area	Year Last Audited	Days 2018/19	Days 2019/20	Days 2020/21	Days 2021/22	TOTAL	Comments
<b>CORE FINANCIAL ASSURANCE AUDITS (- Annual)</b>							
Council Tax and NNDR - inc.NNDR Pilot Authority Assurance 2 days	2017/18	12	10	15	10	47	System walkthrough, focused risk based sample (Compliance) testing and follow-up of 17/18 reviews.
Recovery	2017/18	10	10	10	10	40	Universal credit debt recovery changes and compliance testing
Income and Cash Collection (inc Debtors)	2017/18	10	10	10	10	40	System walkthrough, focused risk based sample (Compliance) testing and follow-up of 17/18 reviews.
Main Accounting System (including Deeds Testing)	2017/18	10	15	10	10	45	Full Audit
Housing Benefits	2017/18	15	10	10	10	45	System walkthrough, focused risk based sample (Compliance) testing and follow-up of 17/18 reviews.
Creditors	2017/18	10	10	10	10	40	The 'Orchard System' is going 'Cloud' based - sysmes review.
Housing Rents (including rent arrears)	2017/18	10	10	10	15	45	System walkthrough, focused risk based sample (Compliance) testing and follow-up of 17/18 reviews.
Treasury and Cashflow Management	2017/18	5	5	5	5	20	Review of prices changes last year and compliance test.
Payroll	2017/18	10	15	10	10	45	
Car Parking Income} alternate years	2016/17	10		10		20	
Trade Waste }	2017/18		10		10	20	
ICT Core Audit	2017/18	5	5	5	5	20	
<b>TOTAL CORE ASSURANCE AUDITS</b>		<b>107</b>	<b>110</b>	<b>105</b>	<b>105</b>	<b>427</b>	
<b>RISK BASED AUDITS (Risk Based- mainly 4-yearly)</b>							
<b>Human Resources</b>							
Time Recording System	2014/15		10			10	
Sickness and Other Time Off	2016/17			15		15	
Recruitment, Selection, succession planning	2015/16	5				5	
Appraisals and Training	2015/16		10			10	
Travel and Subsistence (incl Pool cars)	2017/18				10	10	
Job Evaluation framework	2015/16	10				10	Proposed on-line system to improve consistency - operational review - Late yr
Corporate Health & Safety incl Homeworking/Loneworking	2015/16			10		10	
Equality impact assessments		10				10	* Compliance and effectiveness.
Off Payroll working - Use of Consultants (Payroll)		follow-up				0	* Follow-up of 2017-18 audit recommendations.
Safeguarding	2017/18	follow-up			10	10	Follow-up of 2017-18 audit recommendations.
						0	
<b>Human Resources Total</b>		<b>25</b>	<b>20</b>	<b>25</b>	<b>20</b>	<b>90</b>	

Audit Area	Year Last Audited	Days 2018/19	Days 2019/20	Days 2020/21	Days 2021/22	TOTAL	Comments
<b>Financial Services &amp; Procurement</b>							
VAT	2015/16	10				10	Partial Exemption calculation and supporting evidence (deferred from 2016/17)
Insurance	2017/18				10	10	
Asset management inc Leasing (Property/Vehicles/Equip)	2014/15	15				15	Is the asset management plan adequate and are the correct service needs requested ?
Procurement (2-yearly)	2015/16	15		15		30	Fleet, Alarm Call, Others risk priorities.
Contract Management - Contract Register & Contracts (2-	2017/18		15		15	30	
Comercial Rents			5			5	Commercial Rents (Fore Street, Market Walk)
Funding Cuts revenue and Capital						0	Flags as high risk - to be considered as a risk in the income, accounting & recovery reviews
Transformation - Benefits Realisation		5	5	5	5	20	
<b>Financial Services &amp; Procurement Total</b>		45	25	20	30	120	

### ICT

Telephones - Fixed and Mobile	2014/15			5		5	
Cyber Security (inc Information Security)		10	10			20	* Cyber Essentials' moving on to the '10 Steps' assurance models.
ICT Systems (ITIL Methodology)		10	10	15	15	50	* Developing ICT programme building working on ITIL Standards
New Projects						0	* CRM - Project development support - possibly Firmstep being considered - contingency as required
Gazetteer Management - Street Naming & Numbering	2014/15			5		5	Possibly drop this audit
<b>ICT Total</b>		20	20	25	15	80	

### Planning

Building Control (incl income and all other areas)	2012/13	*		10		10	* Partnership Review - see Economic Development below
Development Control (incl S106)	2017/18	10			5	15	New system being implemented - Testing of process in 2018-19
Listed Buildings and Conservation Areas	2015/16		10			10	
Forward Planning	2013/14			10		10	
Projects - eg Culm Garden Village		5	5	5	5	20	Trusted Partner' review of risk identification and mitigation in scheme development - 'agile audit'.
Enforcement	2017/18	follow-up		10	10	20	Follow-up of 2017-18 audit recommendations - Is the new system working ?
<b>Planning Total</b>		15	15	35	20	85	

Audit Area	Year Last Audited	Days 2018/19	Days 2019/20	Days 2020/21	Days 2021/22	TOTAL	Comments
<b>Public Health Services</b>							
Environmental Health	2017/18				15	15	
Licensing Services	2016/17	*		10		10	New licencing system being considered - data protection, integrity, retention - contingency as required.
Private Sector Housing	2016/17		10			10	
Emergency Planning (also Business Continuity Planning)	2015/16	10		10		20	Devon Emergency Planning service templates used coming into effect April 2018
<b>Public Health Services Total</b>		10	10	20	15	35	
<b>Leisure (one centre per year)</b>							
Exe Valley Leisure Centre (incl income and all other areas)	2016/17	follow-up	10		3	10	
Culm Valley Sports Centre (incl income and all other areas)	2015/16	10			3	10	System walkthrough, focused risk based sample (Compliance) testing and follow-up of 17/18 reviews.
Lords Meadow Leisure Centre (incl income and all other areas)	2017/18			10	4	30	
<b>Leisure Total</b>		10	10	10	10	50	
<b>Legal &amp; Democratic Services</b>							
Members Allowances	2016/17		5			5	
Gifts & Hospitality/Register of Interests (2 yearly)	2016/17			5		5	
Electoral Registration & Elections	2017/18				10	10	
Local Land Charges	2016/17			10		10	
Legal Services	2015/16		10			10	Contracts and partner arrangement - (see 3 Rivers)
<b>Legal &amp; Democratic Total</b>		0	15	15	10	40	
<b>Street Scene</b>							
Refuse & Recycling (2 yearly)	2016/17	10		20		30	System walkthrough, focused risk based sample (Compliance) testing and follow-up of 16/17 reviews.
Vehicles & Fuel (including inventory & maintenance)	2015/16		15			15	
District Officers	2017/18				10	10	
Street Cleansing & Public Cleaning					5	5	
Grounds Maintenance (Parks & Open Spaces)	2013/14	10				10	H&S Risk assessments, consistency, adequacy, mitigation (deferred from 2017/18)
<b>Street Scene Total</b>		20	15	20	15	60	
<b>Customer Services</b>							
Customer Care/Complaints	2017/18				10	10	
Electronic payments/online forms/social media	2017/18		10		10	20	
<b>Customer Services Total</b>		0	10	0	20	30	

Audit Area	Year Last Audited	Days 2018/19	Days 2019/20	Days 2020/21	Days 2021/22	TOTAL	Comments
<b>Housing &amp; Property Services</b>							
Care Services (Alarm Income)	2017/18				5	5	
Repairs and Maintenance	2014/15	10	10			20	To include CDM compliance.
Stores	2016/17			10		10	
Health & Safety Management Arrangements incl Estate Inspections (2-yearly)	2017/18	10	10		10	30	Follow-up 2017-18 and Additional Area - Fire Risk Assessment compliance
Cemeteries & Bereavement Services	2016/17				10	10	
Voids Management Arrangements	2016/17			10		10	
Lettings	2016/17		10			10	
Housing Options	2017/18	10			10	20	Extend to next yr as new system comes into effect
Service Charges			10			10	
Standby	2016/17			5		5	
Data Protection in service / partner contracts		*					* This will form part of the Information Governance work
Housing Company (3 Rivers)		10				10	* Governance arrangements including performance .
<b>Housing &amp; Property Services Total</b>		<b>40</b>	<b>40</b>	<b>25</b>	<b>35</b>	<b>140</b>	
<b>Economic &amp; Community Development</b>							
Grants, subscriptions & donations	2015/16		10			10	
Community Engagement & Consultation		*			10	10	Deferred from last yr 2017-18 (staff change and plan yet to be agreed) - contingency if audit assurance required
Economic Regeneration	2014/15		10			10	
Partnership Working		10				10	* Focus on building control for 2018/19.
Markets	2014/15				10	10	
<b>Economic &amp; Community Development Total</b>		<b>10</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>50</b>	
<b>RISK BASED AUDITS TOTAL</b>		<b>195</b>	<b>200</b>	<b>195</b>	<b>210</b>	<b>780</b>	
<b>ASSURANCE WORK</b>							
Governance - inc Ethics and Culture		10		10		20	* Committee Effectivness
Corporate Information Management - Information Assets	2016/17	10		10		20	see Housing Data control risks and Alarm Call
Freedom of Information	2015/16		10			10	
Business Continuity - Emergency Planning and Disaster recovery		*			5	5	* In Public Health also cross working with ICT. New plans for 31/3/18 so look at later in yr
Risk Management - Spar/Data Quality		8				8	* Effectiveness of the risk management system.
Audit Follow-up (key reviews from last year)		15	15	15	15	60	* Enforcement, Safeguarding, IR35, Housing H&S, Leisure, Income Collection reconciliations
<b>Assurance Work Total</b>		<b>43</b>	<b>25</b>	<b>35</b>	<b>20</b>	<b>123</b>	

Audit Area	Year Last Audited	Days 2018/19	Days 2019/20	Days 2020/21	Days 2021/22	TOTAL	Comments
<b>CORPORATE GOVERNANCE</b>							
Audit Governance		35	35	35	35	140	Reporting, Committee Attendance, audit planning, liaison with external auditor.
Fraud/Irregularity and prevention		5	10	10	10	35	Policy review
Consultancy/Advice/Contingency		10	15	15	15	55	
<b>Other Work Total</b>		<b>50</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>55</b>	

**Surplus / (Shortfall) in resources**

0	0	0	0
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<b>SUMMARY</b>				
<b>Available Audit Days</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>
<b>Management</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
Core Systems	107	110	105	105
Risk Based Audit	195	200	195	210
Assurance Work	43	25	35	20
Corporate Governance	50	60	60	60
<b>TOTAL</b>	<b>395</b>	<b>395</b>	<b>395</b>	<b>395</b>

## Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

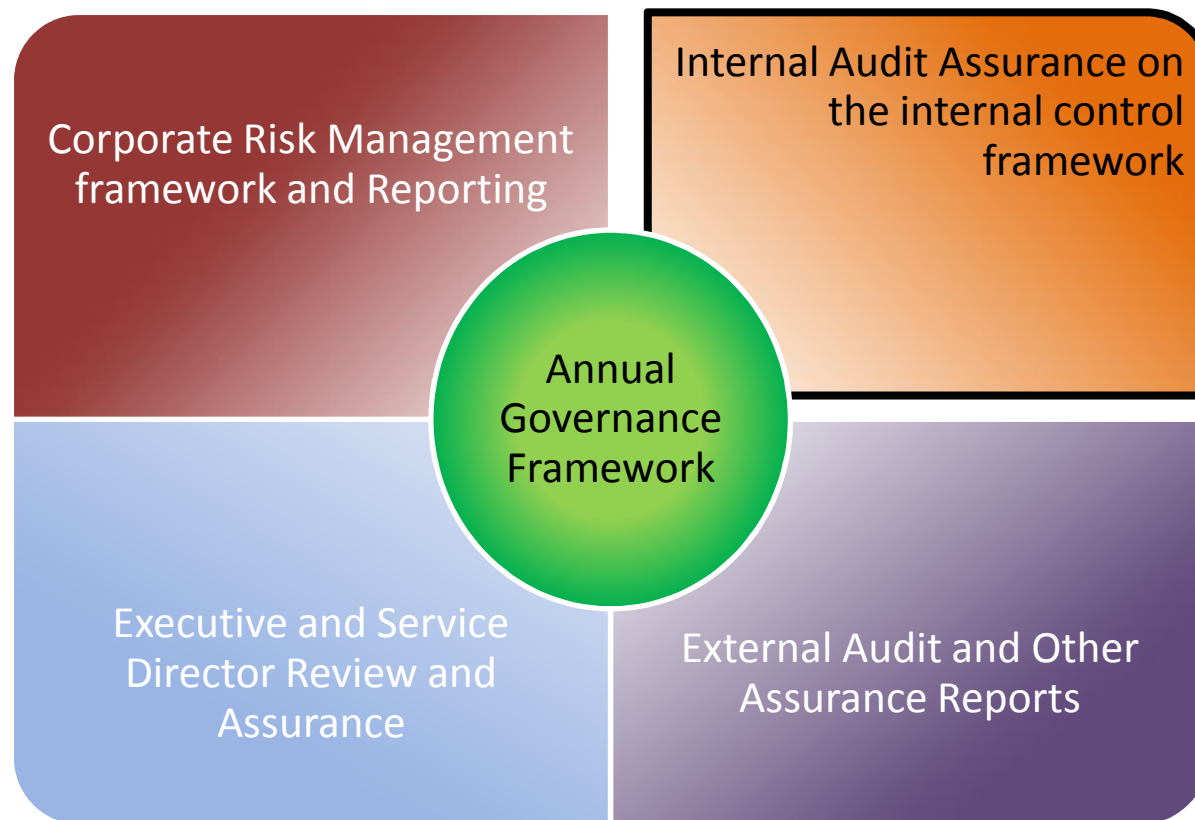
## Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Chief Executive and the Mayor;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon;
  - The Authority;
  - Audit Committee;
  - Risk Management;
  - Internal Audit
  - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



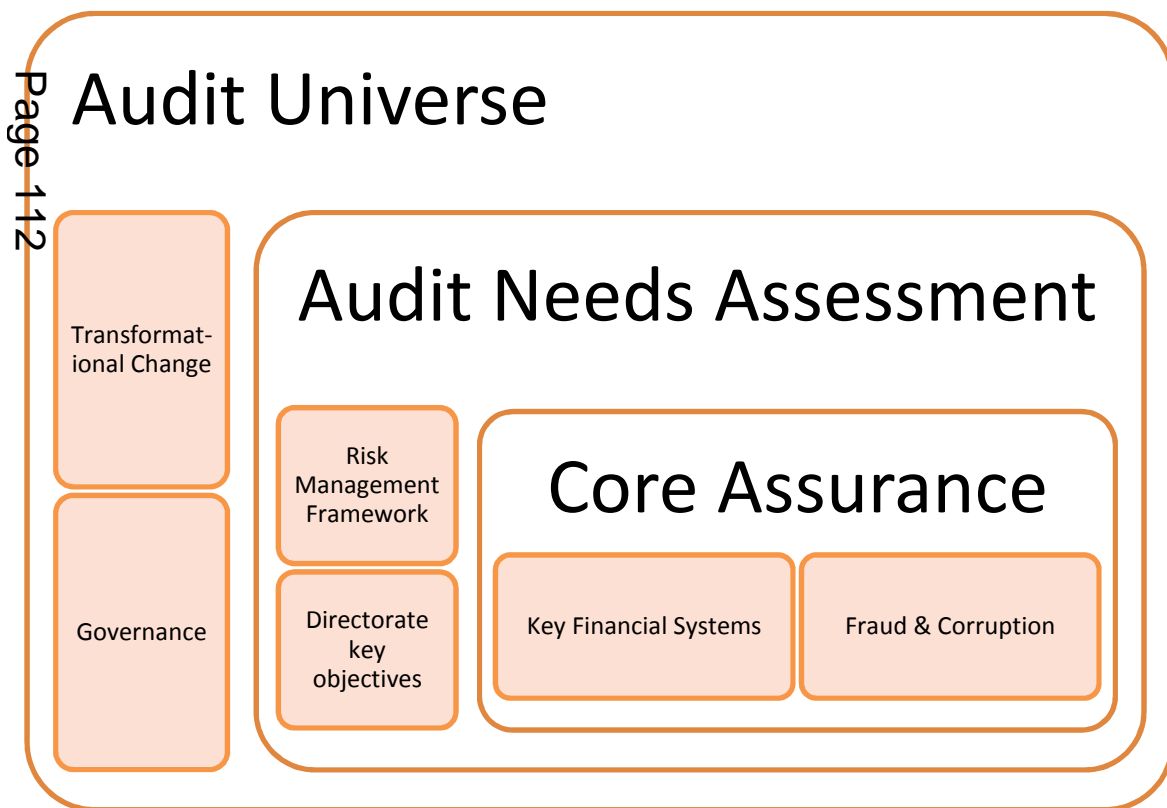
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g. Audit South West) -that the statement meets statutory requirements.

## Appendix 3 - Audit Needs Assessment

We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

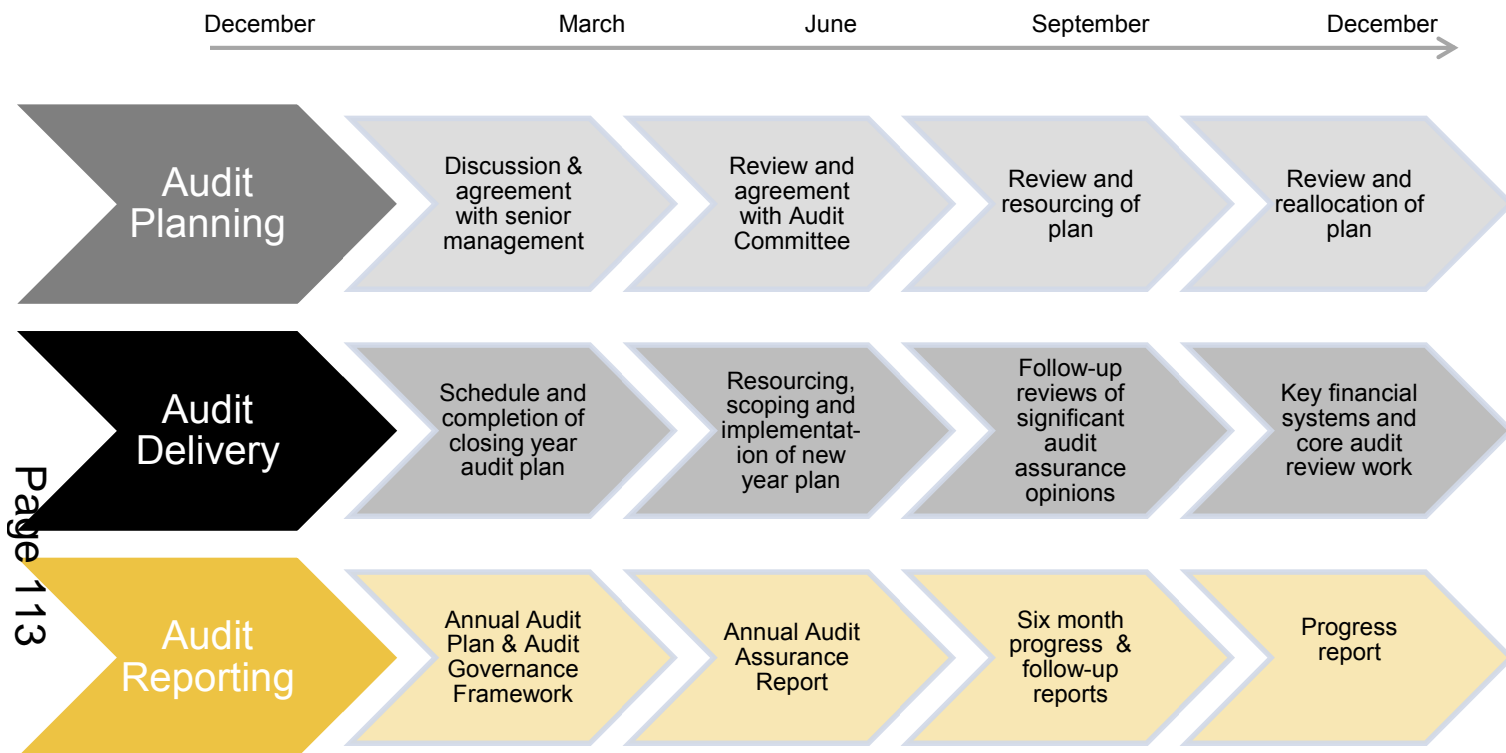
Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors



## Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec / Jan 2018	Directorate planning meetings
March 2018	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year end field work completed
Apr 2018	Annual Performance reports written
May 2018	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
Sept 2018	Follow-up and progress reports presented to Audit Committee
Dec 2018	Six month progress reports presented to Audit Committee
	2019 Internal Audit Plan preparation commences

<b>Robert Hutchins</b> Head of Audit Partnership T 01392 383000 M 07814681196 E <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a>	<b>Nicky Skeggs</b> Auditor T 01884 234237 E <a href="mailto:nskeggs@middevon.gov.uk">nskeggs@middevon.gov.uk</a>	<b>David Curnow</b> Deputy Head of Audit Partnership T 01392 383000 M 07794201137 E <a href="mailto:david.curnow@devonaudit.gov.uk">david.curnow@devonaudit.gov.uk</a>
	<b>Susie Kingdom</b> Auditor T 01884 234236 E <a href="mailto:skingdom@middevon.gov.uk">skingdom@middevon.gov.uk</a>	

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## Devon Audit Partnership

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

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

# Audit Progress Report and Sector Update

Mid Devon District Council  
Year ending 31 March 2018

19 March 2018

Page 145



# Contents

Section	Page
Introduction	3
Progress at March 2018	4
Audit Deliverables	5
Results of Interim Audit Work	6
Sector Update	9
Links	15
Appendix 1 – Action plan	16

# Introduction



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Page 117



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority;
- An update on our interim audit and the results of this visit following the presentation of our draft plan at the last meeting in January; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk).

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

# Progress at March 2018

## Financial Statements Audit

We have started planning for the 2017/18 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2017/18 financial statements.

We commenced our interim audit in February 2018. Our interim fieldwork visit includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

The findings from our interim audit are summarised at page 6 to 8. Recommendations are included in the action plan at Appendix 1.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are discussing our plan and timetable with officers.

The final accounts audit is due to begin on the 29 May with findings reported to you in the Audit Findings Report by the earlier deadline of July 2018.

## Value for Money

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

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

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

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

We will make our initial risk assessment to determine our approach in January 2018 and reported this to you in our Audit Plan.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2018.

The results of the certification work are reported to you in our certification letter.

### Meetings

We met with Finance Officers in January as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in January to discuss the Council's strategic priorities and plans.

# Audit Deliverables

2017/18 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2017/18.	April 2017	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2017-18 financial statements.	January 2018	Complete
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2018	Our interim audit findings are included within this update report
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2018	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2018	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2018	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2018	Not yet due

# Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
<b>Internal audit</b>	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>

Page 120



	<b>Work performed</b>	<b>Conclusions and recommendations</b>
<b>Review of information technology controls</b>	<p>We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p> <p>In 2016/17 we reported two IT deficiencies around weak password management and review of information security logs. We are awaiting an update on whether the recommendations made have been implemented. Further details of these recommendations can be found in Appendix 1.</p>
<b>Walkthrough testing</b>	<p>We have completed walkthrough tests of the Council's controls operating in Payroll, Operating Expenses and Property Plant &amp; Equipment Valuations, where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach. We will supplement this assessment with further testing during our final accounts audit and update you as part of our Audit Findings Report.</p> <p>We will complete walkthrough tests on the pension fund net liability as part of our final accounts audit.</p>
<b>Journal entry controls</b>	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first ten months of the financial year, by extracting 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	<p>Our work to date has not identified any weaknesses which impact on our audit approach.</p> <p>We will undertake detailed testing on journal transactions for the remaining period as part of our final audit.</p>

	Work performed	Conclusions and recommendations
Early substantive testing	<p>We have undertaken early substantive testing in the following areas:</p> <ul style="list-style-type: none"> <li>• Payroll - substantive analytical for the first ten months of the year.</li> <li>• Operating expenditure – substantive test of a sample of transactions from the first ten months of the year</li> <li>• Other fees and charges income – substantive test of a sample of transactions from the first ten months of the year</li> <li>• Grant income – substantive test of sample of transactions from the first ten months of the year</li> <li>• Journals – completed detailed testing on journal transactions recorded for the first ten months of the financial year, by extracting 'unusual' entries for further review</li> <li>• PPE – substantive testing of a sample of capital expenditure transactions</li> <li>• PPE – substantive testing of a sample of property disposals</li> <li>• Housing Benefit Expenditure – completing of HB COUNT module 2 to ensure system parameters have been correctly uprated for 2017/18 in line with DWP guidance</li> <li>• Housing Benefit Expenditure – substantive testing of a sample of benefits payments for the first ten months of the year.</li> <li>• Review of precepts for collection funds</li> </ul>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

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# Sector Update

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Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

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

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# Public Sector Audit Appointments: Report on the results of auditors' work 2016/17

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

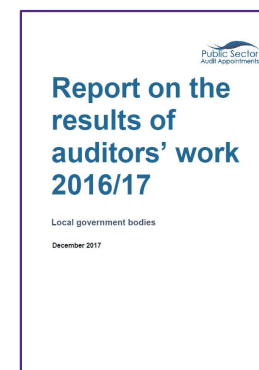
The timeliness and quality of financial reporting for 2016/17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. Compared with 2015/16, the number of principal bodies that received an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16. The most common reasons for auditors issuing non-standard conclusions on the 2016/17 accounts were:

- the impact of issues identified in the reports of statutory inspectorates;
- corporate governance issues; and
- financial sustainability.

The latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.



# Changes to the prudential framework of capital finance

The Ministry of Housing Communities and Local Government has updated the Local Authority Investments Guidance and the Minimum Revenue following its publication of consultation responses on 2 February 2018.

A total of 213 consultation responses were received by the MHCLG by the 22 December 2017 deadline from across local government. Following consideration of the responses the Government has:

- made some technical changes to the Investments Guidance and MRP Guidance
  - amended proposals relating to useful economic lives of assets
  - implemented the Investments Guidance for 2018-19, but allowed flexibility on when the additional disclosure first need to be presented to full Council
- deferred implementation of MRP Guidance to 2019-20 apart from the guidance “Changing methods for calculating MRP”, which applies from 1 April 2018.

Key changes are noted below.

## Statutory Guidance on Local Authority Investments

**Transparency and democratic accountability** – the revised guidance retains the requirement for an Investment Strategy to be prepared at least annually and introduces some additional disclosures to improve transparency. However, as the changes to the CIPFA Prudential Code include a new requirement for local authorities to prepare a Capital Strategy, the revised guidance allows the matters required to be disclosed in the Investment Strategy to be disclosed in the Capital Strategy.

**Principle of contribution** – the consultation sought views on the introduction of a new principle requiring local authorities to disclose the contribution that non-core investments make towards core functions. Authorities’ core objectives include ‘service delivery objectives and/or placemaking role.’ This clarification has been made to recognise the fact that local authorities have a key role in facilitating the long term regeneration and economic growth of their local areas and that they may want to hold long term investments to facilitate this.

**Introduction of a concept of proportionality** – the Government is concerned that some local authorities may become overly dependent on commercial income as a source of revenue for delivering statutory services. The consultation sought views on requiring local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income. A majority of respondents supported the introduction of a concept of proportionality, recognising the importance that local authorities make decisions based on an understanding of the overall risk that they face.

**Borrowing in advance of need** – by bringing non-financial investments (held primarily or partially to generate a profit) within the scope of the Investments Guidance, the consultation proposals made it clear that borrowing to fund acquisition of non-financial assets solely to generate a profit is not prudential. The Investment Guidance requires local authorities who have borrowed in advance of need solely to generate a profit to explain why they have chosen to disregard statutory guidance. It is also important to note that nothing in the Investment Guidance or the Prudential Code overrides statute, and local authorities will still need to consider whether any novel transaction is lawful by reference to legislation.

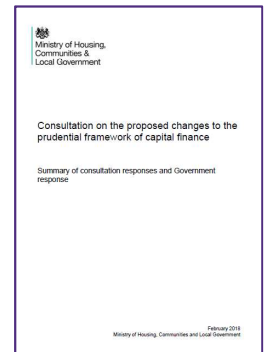
## Minimum Revenue Provision Guidance

The consultation sought views on proposals to update the guidance relating to MRP to ensure local authorities are making prudent provision for the repayment of debt.

**Meaning of a charge to the revenue account** – the Government does not believe that crediting the revenue account is either prudent or within the spirit of the approach set out in the relevant Regulations. For this reason a charge to the account should not be a negative charge.

**Impact of changing methods of calculating MRP** – the Government does not expect any local authority to recalculate MRP charged in prior years due to the proposed changes in methodology.

**Introduction of a maximum economic life of assets** – the consultation sought views on setting a maximum useful economic life of 50 years for freehold land and 40 years for other assets. The MRP Guidance will set a maximum life of 50 years, but allow local authorities to exceed this where the related debt is PFI debt with a longer term than 50 years, or where a local authority has an opinion from an appropriately qualified person that an operational asset will deliver benefits for more than 50 years.



## Changes to capital finance framework

### Challenge question:

Has your Finance team briefed members on the impact of the changes to the Prudential framework of capital finance?

# CIPFA publications - The Prudential Code for Capital Finance in Local Authorities (2017 Edition)

CIPFA have published an updated 'Prudential Code for Capital Finance in Local Authorities'. Key developments include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

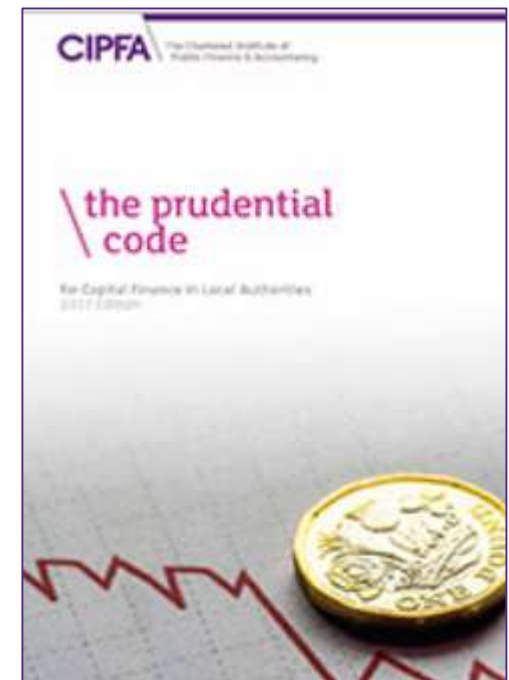
The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003, in Scotland under Part 7 of the Local Government in Scotland Act 2003, and in Northern Ireland under Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Since the Prudential Code was last updated in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda. It reflects the increasing diversity in the sector and new structures, whilst providing for streamlined reporting and indicators to encourage better understanding of local circumstances and improve decision making.

The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment.

The Code is available in hard copy and online.



## CIPFA Publication

### Challenge question:

Has your Finance team briefed members on the impact of the changes to the prudential code?



# The adult social care workforce in England

This National Audit Office report considers the Department of Health & Social Care's role in overseeing the adult social care workforce and assesses whether the size and structure of the care workforce are adequate to meet users' needs for care now, and in the future, in the face of financial challenges and a competitive labour market.

The Department of Health and Social Care is not doing enough to support a sustainable social care workforce. The number of people working in care is not meeting the country's growing care demands and unmet care needs are increasing, according to the report. While many people working in care find it rewarding, there is widespread agreement that workers feel undervalued and there are limited opportunities for career progression, particularly compared with similar roles in health. In 2016-17, around half of care workers were paid £7.50 per hour or below (the National Living Wage was £7.20 in 2016-17), equivalent to £14,625 annually. This, along with tough working conditions and a poor image, prevents workers from joining and remaining in the sector.

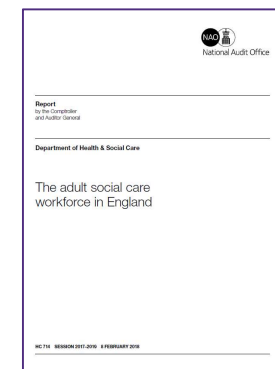
There are around 1.34 million jobs in the adult social care sector in England, across more than 20,300 organisations. The turnover rate of care staff has been increasing since 2012-13 and in 2016-17 reached 27.8%. The vacancy rate in 2016-17 for jobs across social care was 6.6%, which was well above the national average of 2.5%-2.7%. However, demographic trends suggest that demand for care will continue to increase and people's care needs will continue to become more complex. To meet these challenges, the Department estimates that the workforce will need to grow by 2.6% every year until 2035.

The social care market is operating in challenging circumstances. Care providers, already under financial pressures, are struggling to recruit and retain workers and are incurring additional costs as a result. Local authorities spent 5.3% less on care in 2016-17 compared with 2010-11, and spending is expected to reduce further over the next two years due to continued government funding cuts and increased financial pressures on local authorities. Uncertainty over funding is limiting local authorities' ability to plan future spending on care.

The Department cannot demonstrate that the sector is sustainably funded, which impacts workforce planning. Around 65% of independent providers' income comes from local authority-arranged care. The vast majority of local authorities are paying fees to homecare providers that are below the recommended minimum price for care, putting providers in financial difficulties. Furthermore, local authorities are not paying the full cost for care home placements. If this continues, there is a risk providers will not continue to invest in areas where there are high proportions of people receiving local authority funded care.

The Department has no national strategy to address this workforce challenge and key commitments it has made to help make the sector more attractive, through enhanced training and career development, have not been followed through. Furthermore, the NAO has not found any evidence that the Department is overseeing workforce planning by local authorities and local health and care partnerships, which commission care, to help with the challenge. Without a national strategy to align to, few local areas have detailed plans for sustaining the care workforce.

The NAO has recommended that the Department produces a robust national workforce strategy with the support of the Ministry of Housing, Communities and Local Government and that it encourages local and regional bodies to align their own plans to it. The Department also needs to invest more to enable commissioners to set appropriate fees for providers, so they can pay staff adequately and afford to offer career development and training opportunities.



# Supply Chain Insights tool helps support supply chain assurance in public services

## Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



### The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
  - organisation and category
  - service provider
  - date at a monthly level
- benchmark your spend against your peers
- identify:
  - organisations buying similar services
  - differences in pricing
  - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

## Supply Chain Insights

Grant Thornton

Challenge question:

Has your Authority considered how our Supply Chain Insight tool can help support your supply chain assurance?





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# Links

## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<http://www.grantthornton.co.uk/en/insights/through-a-local-lens-solace-summit-2017/>

<http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>

<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

<http://www.grantthornton.co.uk/en/insights/commercial-healthcheck-in-local-authorities/>

<http://www.cfoinsights.co.uk/>

<http://supplychaininsights.grantthornton.co.uk/>

## PSAA website links

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## HCLG website links

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition>

## CIPFA website link

<http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

## National Audit Office link

<https://www.nao.org.uk/report/the-adult-social-care-workforce-in-england/>


# Appendix 1 – Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
	<p><b>Weak Password Management</b></p> <p>At the time of review in 2016/17 passwords in Active Directory and the reviewed systems did not meet best practice standards. It was recommended that where possible, the organisation should enable align all password policies in the applications in use and provide guidance in the security policies to ensure that all user passwords meet the following minimum requirements:</p> <ul style="list-style-type: none"> <li>• Are at least 8 characters long</li> <li>• Are complex i.e. must contain a combination of upper and lower case characters, numbers and special characters</li> <li>• Meet a standard set out in the Acceptable Use Policy</li> </ul> <p>If any system cannot enforce such a restriction, the organisation should explore the use of other controls designed to address the risk of password compromise.</p>	<p> Amber</p>	Awaiting update on implementation of recommendations	

Page 130


# Appendix 1 – Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
2	<p><b>Review of information security logs</b></p> <p>At the time of review in 2016/17 logs of information security activity, for example, unauthorised access attempts within the financial applications and Active Directory were not being formally, proactively, and routinely reviewed. It was recommended that The logs relating to information security events should be formally reviewed for the purpose of detecting inappropriate or anomalous activity.</p> <p>These reviews should be performed by one or more knowledgeable individuals who are independent of the day-to-day use or administration of these systems.</p>	<p></p> <p>Amber</p>	Awaiting update on implementation of recommendations	



## **Audit Committee 20 March 2018**

### **Chairman's Annual Report – 2017/18**

**Change** will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the **change** that we seek." —Barack Obama

Wise words, that can and should be applied in many walks of life.

On Tuesday 30th January I received yet another E mail, this one surprised me as it was a reminder that the annual report was due for my role as your chair of Audit, it was not the fact that a report was required, it was the fact that somehow another year had passed, age has many wonderful benefits but the speeding of time isn't one of them.

My report isn't one of a simple regurgitating of meeting detail, for those interested in the minutia of Committee reports, these can be found on the web site, instead I wish to comment on the quiet revolution that has been witnessed throughout the council but specifically within the Audit Committee.

### **May 2017**

Having bigged up the change element I have to start by reporting that I was tremendously honoured to be re-elected as Chair of your Audit Committee, with the very able Cllr Christine Collis as my vice chair.

Committee started as we were to go on by debating and agreeing to a fundamental change, specifically for our Internal Audit service provision and agreed to recommend to Council that MDDC appoint Devon Audit Partnership ( D.A.P.) as our Audit Manager as from 1st May 2017, that MDDC join D.A.P. as a non-voting member from 1st August 2017 until 31st March 2018 and as a full voting member as from 1st April 2018.

This was taken to Council on 28th June and put to a full Council vote whereby it was agreed.

Committee had several reports to note and were also required to approve the strategic audit plan for 2017/18.

As a result of the above Cllr Ray Radford and myself attended a **meeting of D.A.P. at Devon County Council on 21st June**, this was to simply observe as the Chair of D.A.P. made the formal proposal for MDDC to be admitted as a new member, the current members being Devon County Council, Plymouth City Council, Torbay and Torridge councils, it was unanimously agreed.

### **17th July 2017 (Special meeting) to replace that of 25th July**

This meeting was also attended by Mr David Curnow of D.A.P. who introduced himself as the D.A.P. Internal Audit Manager to MDDC.

For the second year running Committee had agreed to convene for a special A.M. meeting to consider the annual report and accounts for sign off, having received all necessary officer reports and comment from our external Auditors, committee unanimously agreed to approve.

**The above should NOT be simply read as another committee report being discussed and voted upon, the tremendous hard work and dedication of all members of our finance team should not be taken for granted, this was the second year running their hard work had provided MDDC the opportunity to submit our annual report and accounts on the first day available to do so, having achieved this for 2015/16 this was testimony to their hard work and dedication to duplicate that fete for 2016/17, this placed your council with those very few at the forefront of such an achievement throughout UK councils.**

As your Chair of Audit I was delighted to write to all finance staff (individually) to thank them for their hard work.

### **September 2017**

You will be aware of Council's decision regarding Independent persons and it was my pleasure to welcome Mr John Smith to the Audit meeting, Mr Smith was there to observe the meeting and give initial feedback to our senior management team, my understanding is this was more positive than negative.

Noting Councils decision to join D.A.P. I reported to Committee I had spoken to both Suzanne Kingdom and Nicky Chandler, our two MDDC staff that had moved over to join D.A.P. in order to understand how they had settled into their new roles, I was pleased to report both had seen the move as positive and saw a deal of opportunity available to them as individuals within the new organisation.

You will also be aware that many PDG's have agreed to have meetings in order that members can have an opportunity for informal discussion, it was decided that given the Audit Committee isn't a policy forming group there was no need for any such meetings for this committee, as with all Audit meetings a variety of reports were presented, discussed and noted.

### **D.A.P. Meeting of November 15th ( held at Devon County Council )**

Although a non-voting member I attended the above meeting as your representative

### **November 2017**

As a member of Audit Committee I along with all Committee members are given the opportunity to attend training days that are provided (free of charge) by Grant

Thornton our external Audit providers, I was pleased to report my attendance at such an event on 24th October and a brief report was given along with copies of the slides provided sent to all Committee members.

On the subject of change, Committee were informed that after many years of working with MDDC Mr Steve Johnson was being reassigned to another council and Mr Andrew Davies was introduced as Grant Thornton's local representative to MDDC. Although this was simply an internal movement of staff for Grant Thornton it saw a very valued and familiar face move away from your Committee.

It had been my privilege to work alongside Steve, a man that in a very quiet and unassuming manner, had worked tirelessly and professionally helping and guiding not only members but officers for many years, another fine example of the unseen making a real difference.

### **January 2018**

As with many committees January's meeting seems to be a catch up from the quieter festive period and many reports are available to discuss and note.

Therefore it had been agreed that the meeting would be preceded by a short training session lead by Mr David Curnow from D.A.P. The training consisted of Committee being able to discuss their role as your Audit Committee, how the role is NOT to debate past political decision or any political opinion, it's to examine how your Council can be confident in the assurance given to Council that we are managing our responsibilities in the correct manner, understanding and checking such assurances and challenging where it's appropriate to do so.

The above was seen as both useful and helpful and another session has been agreed pre the March 2018 meeting.

### **To conclude.....**

My personal thanks must go to Sarah Lees, my Committee Clerk and steadying hand and voice of reason and guidance without whom the seemingly organised role of Chair would undoubtedly be shown up for what it could be !

To all Committee members for their work and patience.

2017/18 saw another year of change not only for your Audit Committee by way of how our Internal Audit provision is provided but in a wider view saw the birth of the first of what I hope will see many opportunities, our special purpose vehicle, Three Rivers.

We have witnessed many funding changes that all seem to bring challenges to not only this but all councils, continued policy changes at central Government level many as yet to be fully explained let alone understood by way of impact that sees MDDC as are others looking to understand the extent of opportunities that may exist to meet the funding challenges ahead.

With that in mind I would remind you dear reader of my opening quote and remind all that tomorrow is formed today and Risk is part of the equation of success, not a barrier.

R Evans  
Chair of Audit