



AUDIT AND GOVERNANCE COMMITTEE

Date: Wednesday 24 July 2024
Time: 5.30 pm
Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Liz Smith, Democratic Services Officer on 01392 265 425.

Entry to the Civic Centre can be gained through the rear entrance, located at the rear of the Customer Services Centre, Paris Street.

Membership -

Councillors Wardle (Chair), Jobson (Deputy Chair), Atkinson, Begley, Ketchin, Knott, Miller, Mitchell, M, Moore, Palmer, Patrick and Williams, M

Supplementary Agenda

Part I: Items suggested for discussion with the press and public present

10 Review of Corporate Governance Risk Register

To consider the report of the Strategic Director of Corporate Resources.

(Pages 3 -
10)

Individual reports on this agenda can be produced in large print on request to Democratic Services (Committees) on 01392 265111

This page is intentionally left blank

					Review Month:			May 2024			
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
1	Delivering against the key challenges in the Net Zero Carbon City section of the Corporate Plan										
	<p><u>The key challenges are:</u></p> <ul style="list-style-type: none"> GHG emissions in Exeter were on a downward trajectory with emissions down by a third from 2008 to 2019. This reduction is largely due to the reduction in the carbon intensity of the national electricity grid. There has been a 64% reduction in emission from the power sector (with most generation plant located outside Exeter) between 2007 and 2019. It is concerning that emissions from buildings and transport are exceeding targets set for 2020 and the lack of progress in these sectors, combined with growth in the city, will potentially lead to increases in emissions. Significant work to reduce emissions from buildings and transport will be required to deliver Net Zero for the City. <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> No resources currently assigned within ECC to Citywide Net Zero ambitions Financial pressures and the large costs of carbon reduction Behavioural challenges over influencing businesses and public Technical capability to deliver and limited solutions available on the market Lack of control over all stakeholders (businesses, visitors etc.) Political environment and acceptance of policy changes required Misalignment with the Devon Climate Plan and the wider UK plan to reduce carbon emissions Failure to engage with resident and business of Exeter to ensure solutions proposed meet real need. <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> Exeter does not meet its citywide target of becoming Net Zero by 2030. 										
	November 2019	PH - Climate & Ecological Change and Communities Officer Lead: None Identified	4	4	16	We are working with the University and Devon County Council to support their work in this area and focusing on reducing our own carbon emissions. Our internal carbon net zero plan is now the subject of a separate risk register presented half yearly to the Audit & Governance Committee by the Corporate Energy Manager, Net Zero Team.	4	4	16	May 2024: A Programme Manager has been recruited for two years to lead on City Wide Net Zero. The successful candidate starts in three months due to existing notice periods. Exeter Energy presented an overview of the proposed Exeter District Heat Network (DHN) to members and a recording is being made available for those who were unable to attend. Progress on the DHN continues and Exeter Energy have submitted	Apr-30
Page 3	Making progress towards a Healthy and Active City										
	<p><u>Potential causes</u></p> <ul style="list-style-type: none"> Inability to deliver a cost neutral leisure service due to the financial nature of the service, cost of service delivery, and political aspiration of running a well run adequately funded service. Increasing socio-economic challenges and their impact on health inequalities and wellbeing with fuel poverty for example, resulting in reduced mental and physical wellbeing, with people in particular groups increasingly feeling isolated and unable to cope. Finding a sustainable funding model for Wellbeing Exeter, which we know makes a difference to the health and wellbeing of individuals and communities at a time of increasing pressure on public sector budgets. The ongoing risks to public swimming pools, gyms and leisure centres nationwide as a consequence of the Covid pandemic and increasing costs. The impact of the increasing cost of living, wage bill and energy on costs, whilst trying to keep costs to Exeter residents low. Responding to the post-pandemic impact on health inequalities and deprivation including a decrease in physical inactivity for those on low incomes or from culturally-diverse communities. <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> Inability to deliver a cost neutral leisure service. Conflict between aspiration of delivering 'cost neutral' and political expectation to deliver a well run service. Wellbeing Exeter closure and significant impact on creating stronger communities Inequalities deepen across the city. Sport England don't continue to fund work - including capital development for Wonford Short term changes may not be sustainable 										
	May 2023	Portfolio Holder for Leisure Services and Healthy Living Officer Lead: Director for Culture, Tourism and Leisure	4	3	12	Sport England provide external funding until 2025 and possibly longer. Playing Pitch Strategy identifies opportunities SSP has increased leisure membership beyond 10,000 and provides the opportunity for wider reach. Built Facilities Strategy underway. Engagement with multiple stakeholders around delivery of Wellbeing Exeter. Strong defined and realistic commercial targets monitored regularly	3	2	6	May 2024: Officers have submitted a funding application to Sport England for work until 2028. The bid is for £2.5million and will be heard by a national pannel in June, with results in September. It is linked to the future success of Wellbeing Exeter, and to the capital success of the redevelopment of Wonford.	Ongoing

						Review Month:			May 2024		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
3	Adapting the council workforce to ensure appropriate skills and experience (Developing a future proof workforce)										
	<p><u>Key Challenges</u></p> <ul style="list-style-type: none"> - the Council is changing and staff will need to develop new knowledge and skills to meet future needs - the Council has an ageing workforce and does not routinely succession plan - The Council is having difficulty recruiting into key areas - The Council's workforce is not reflective of the city's demographics <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - <u>The introduction of new technology to provide an improved customer experience</u> - Competition from the public and private sector in attracting new employees <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - <u>Loss of experience</u> - <u>Increased spending on agency workers</u> - <u>Not having cost effective council services delivering the right outcomes</u> - Service disruption - Cost of appeals / challenges across the council services - Increased stress / pressure on workforce 										
	June 2019	Corporate Services and City Centre Officer Lead: Director Corporate Services	3	3	9	Market supplement scheme in place - Apprenticeship opportunities for new and existing staff - Employing part qualified staff and training them (internal and external) - procurement, planning etc. - Improvements in metric tracking (age, gender, skills profiles) - Business Partnering model allowing for greater collaboration between service areas and HR - Metrics reported to SMB Ensure robust implementation of new workforce planning process (local mgmt team led) - Utilising agile program to complement modernisation of work environment - Review of progress against GDR. <u>Further Mitigations due for completion in next 12 months</u> - Review of council's Equalities, Diversity and Inclusion arrangements - Review of recruitment and retention policies - Roll out of new Performance and Development Review process - Pay Strategy Review - Development of Succession Plans for every Service - Development of training programme to meet future needs of the organisation (linked to risk 9)	2	3	6	May 2024 - the new Performance and Development Review process is being rolled out and training to Managers is currently underway. The LGA are supporting a peer review of the council's Equalities and Diversity arrangements and will identify opportunities for improvement. The review will take place in early June. A number of HR policies have been updated and reported to JCNC.	Jan-23

						Review Month:			May 2024		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
4	Maintaining the Financial Sustainability of the Council										
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Inability to deliver £5.4m savings target over four year period (to 2028-29); - Inability to maintain Business Rates income at levels currently generated; - Policy, regulatory or legislative changes which are not fully funded from central govt; - Impact of high inflation, rising interest rates and other external economic factors; - Potential for Local Government Finance redistribution (including a reset of Business Rates); <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Significant reductions required to Statutory Services, which become unable to function legally; - unable to balance budget, Government intervention required; - larger than anticipated reductions (in year or over longer term). - reduction in reserves below minimum level; - impacts on council services and therefore resident outcomes. 										
	January 2018	Leader of the Council Officer Lead: Director Finance	4	4	16	Detailed MTFP assessed and agreed with Members; - One Exeter plan agreed and being implemented with suitable governance arrangements in place; - Budget for 2024-25 agreed; - Significant investment in city centre regeneration (St Sidwell's point & bus station) including developing a new vision for the rest of the site which includes mixed use; - Appropriate level of unringfenced general fund reserves to protect against shocks; - Identify and bid for alternative sources of funding; - Lobby government for relaxation of council tax increase restrictions; - The Council has a clear strategy to address the savings required.	2	4	8	Oct 2023 - SMB have met and finalised the proposals to balance the 2024-25 budget. Some favourable assumptions around energy costs, insurance costs and Government Grant have allowed some of the income challenges to be addressed and deliver a balanced budget from the Service review proposals. The proposals have been checked and confirmed by each Directors (with a small number being removed). No further reductions are required. Longer term, there is a need for a further £5.7m reductions of which proposals totalling £1.3m have been identified. The cross cutting work and digital transformation work will underpin the Council's approach to addressing this gap. May 2024 - Initial work has been started by SMB in preparation for the 2025-26 budget. The required reduction remains around £3.5 million after the accounts have been closed for 2023-24. A detailed timetable will be produced shortly.	Feb-24

						Review Month:			May 2024		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
5	Maintaining the Council's Property and Infrastructure Assets										
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> • Council owns 100 operational properties and 600 Commercial Properties as well as 28 Bridges, 50 Parks, 90 Play Areas Footpaths, Highways, walls and a River, Canal and other watercourses • Shortages of materials and labour causing delay and increased costs across the capital programme • Interest Rate rises causing the cost of borrowing to rise significantly • Additional Borrowing adds pressure to the financial stability of the Council. <p><u>Potential impacts:</u></p> <ul style="list-style-type: none"> • Increased costs to Council • Sheer number of assets extremely high for a District Council, potential to cause significant financial harm • Delay in all projects, predominantly the condition survey projects and HRA programme, leading to prolonged periods of buildings being below the standard the Council is aiming for 										
	August 2021	Leader of the Council Officer Lead: Director Finance	4	4	16	<ul style="list-style-type: none"> - Consider Programme of Asset rationalisation - Identify alternative sources of funding to reduce borrowing - Commercial Properties mainly let on a full repairing lease basis - Reviewed existing capital programme to defer and remove schemes. - Change of emphasis to internally borrow in the short term to offset interest rate rises. 	4	3	12	<p>October 2023 - Progress has been made in implementing the new structure in Corporate Property to deliver the capital programme. The work on a disposal strategy is continuing, which will allow further works to continue. Priority is being given to those statutory service properties and assets, but this is dependent on the Council generating further, significant, capital receipts to deliver without having a substantial, negative impact on the Council's revenue position.</p> <p>May 2024 - The Council is identifying options for potential disposal to generate an income to fund further works. There is a long lead in time however to sales of land and buildings and therefore this will not be a quick fix. There was little progress in delivering the existing capital programme in 2023-24 however the appropriate risk measures are in place to ensure our assets are operated safely.</p>	Feb-24

						Review Month:			May 2024		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
6	Delivering Housing and Building Great Neighbourhoods and Communities										
<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - brownfield first approach is the most sustainable option, and aligns with government policy but most sites are currently unviable and developers are unwilling to invest, resulting in sites being stalled - inadequate infrastructure funding for brownfield land regeneration - lack of specialist staff resources to support the work - inability to address complex land assembly and infrastructure challenges - significant abnormal costs associated with this type of programme - low land/property values and lack of investment appetite (especially BTR sector) - Significant local community opposition to development <p><u>Potential impacts:</u></p> <ul style="list-style-type: none"> - significant loss of income to fund services/infrastructure (CIL; S106; NHB; Council Tax; Business Rates) and inability to secure external funding from government - increased traffic congestion and net-zero not achieved by 2030 - Exeter Plan found unsound resulting in city housing needs not being met and exacerbating the Devon Housing Crisis, especially in terms of affordable housing; lack of 5-year housing supply resulting in loss of planning control/sub-optimal development and loss of green space/special characteristics of Exeter. - new neighbourhoods not created, existing communities become unbalanced and suffer from lack of infrastructure/services, and economy of the city is stalled - active travel and accessible city aspirations not met - unsustainable development and new homes do not meet Garden City principles - housing built on greenfield sites 											
Page 7	November 2021	PFH: City Development Officer Lead: Director City Development & Housing	4	4	16	<p>Successful bidding for government funding programmes including Brownfield Land Release Fund; Garden Communities; One Public Estate; New Development Corporations Competition Fund) which support Liveable Exeter and Council Owned Building projects and provide capacity for:</p> <ul style="list-style-type: none"> - project management - business cases, feasibility studies, development frameworks and infrastructure strategies and plans for strategic sites <p>Director of City Development & Housing appointed. ECC demonstrating willingness to acquire land and property using CPO powers, and dispose of land to the private sector, where necessary to move forward in a sensible phased programme. ECC recognises need to step up the support commensurate with the scale and pace of development required Through the Exeter Design Quality Partnership, adopting an enabling and collaborative culture with developers and landowners, instilling confidence in the planning process; including providing pre-application advice. Enhanced Member Training is offered to improve quality of decision making in planning Liveable Exeter Place Board established and subject to timely reviews to bring together the city's institutions to take ownership of the vision and aspirations and to work collectively on obstacles to delivery. Following the review of the Senior Management Board, Directors take collective ownership of City Development, Liveable Exeter, net zero, city centre strategy, investment and culture and align with other programmes such as Council Owned Building and retrofit. Bringing forward the new Exeter Plan for adoption in 2025. Further capacity resource to enable effective development delivery. Staff training and development.</p>	4	4	16	<p>May 2023: Consultation on an outline draft Exeter Plan was completed; A comprehensive study of Council car parks has been concluded; A Stage 1 Feasibility on Southgate completed; Consultants appointed to deliver a Development Framework and Design Code for Water Lane; the Exeter Design Quality Partnership has been established; Planning Performance Agreements have been completed for Water Lane and Exeter St Davids - planning applications anticipated later in year; a successful recruitment process in City Development has been undertaken and only one senior post remains vacant; consultants have been appointed to undertake a FBC for the EDF; The Growth Board meets monthly to monitor progress on LE/brownfield sites and identify delivery solutions; a portfolio of sites for R3 BLRF are being brought together; Vaughan Road Phase 1 has commenced; a project team has been assembled to kick start City Point.</p> <p>October 2023: Exeter Plan: Full draft published for 12-week public consultation on 23.10.2023. Liveable Exeter Projects: Stage 2 Feasibility Study for 'Liveable Southgate' site is underway and due to be completed in March 2024; Draft Liveable Water Lane Development Framework and Design Code published for 6-week public consultation on 23.10.2023. Exeter Design Quality Partnership (EDQP): A planning charter incorporating new pre-application charges to be presented to Executive and Council for approval in November/December 2023. Government funding programmes: Work commenced on Business Case for Exeter Development Fund; Brownfield Land Release Fund 1 (BLRF). Cathedral & Quay car park and Bonhay Meadows - no longer being taken forward and grant monies to be returned to DLUHC; Belle Isle, Canal Basin, Mary Arches Car Park and Lower Weir Road - Delivery Plans are being prepared and discussions underway with One Public Estate (OPE) to vary the terms of the Grant Funding Agreement to allow for delayed land release triggers. Former ECL sites: Clifton Hill - subject to confirmation by Full Council, a delivery plan and business case will be produced. Council Owned Building Programme (COB): Vaughan Road - Phase 1 (35 homes) under construction and Delivery Plans for phases 2 & 3 (56 homes) being prepared; Laings, Rennes House, Chestnut Avenue & Clifford Close - Project Plans for each site being prepared. Planning Applications: Outline planning application received for Water Lane "southern development zone"; Detailed planning application for Haven Banks retail park to be considered by Planning Committee on 05.12.2023. Pre-applications discussions with Network Rail on St David's Station car parks</p>	

						Review Month:			May 2024		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
7	Maintaining a thriving Culture and Heritage sector										
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> • Uncertainty around National Portfolio Organisations • To be seen by the Arts Council as 'Priority Place' against levelling up schematics • Moving from delivery to enabling and facilitation • Inability to create a flourishing night-time economy • A need to balance cultural ambition with the national funding picture and local financial challenges • A need to support Visit Exeter as a vital mechanism for promotion of our events, business and cultural offer. • Budget savings to address the medium term financial plan • UNESCO City of Lit working as a separate entity to the city, which is the designation holder. <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> • Loss of NPO funding • Loss of wider impact of cultural regeneration of the city. • Inability to support night time economy • Inability to support cultural sector • Inability to deliver services including RAMM, Corn Exchange, Red Coats, Custom House, Underground Passages, Box Office • Non-renewal of UNESCO status • Reputational impact locally, nationally and internationally 										
	May 2023	PfH: Arts, Culture and Tourism Officer Lead: Director Culture, Tourism and Leisure	3	3	9	Strong relationship with Arts Council England and stakeholders. New five year Cultural Strategy being developed with tangible deliveries. Significant cultural assets owned and run by the cultural sector. UNESCO City of Literature status awarded and monitored. Funding agreed with ACE until 2026 with Exeter's National Portfolio Organisations	1	2	2	May 2024: The restructure of RAMM's senior team is now complete and the focus is on NPO business case delivery. The renewal of the city's UNESCO designation is also taking place in June 24 with ECC officers supporting Exeter City of Literature.	Mar-26
Page 8	Delivering against the key challenges in the 'Prosperous Local Economy' section of the Corporate Plan.										
	<p>The key challenges are:</p> <ul style="list-style-type: none"> • Retention and recruitment, with some difficult-to-fill vacancies, which is stifling business growth. • A rise in residents becoming economically inactive, particularly those in the 50+ age groups. • Matching the learning and skills opportunities for residents with current and future job opportunities. • Low levels of graduate retention from the University of Exeter. • Levels of aspiration amongst our young people and limited awareness of opportunities. <p><u>Potential Causes:</u> Following budget reductions in April 2019 and the discretionary services review implemented in April 2023 there is no longer an economic development service or skills function. Both discretionary services have ceased and there is no officer resource or budget to progress this corporate priority.</p> <p><u>Potential Impacts:</u> The identified key challenges are not addressed.</p>										
	May 2023	PfH: Corporate Services and City Centre Officer Lead: Director Net Zero and City Management	3	4	12	We have worked with the University and Exeter College to enable them to take on more of a leading role in this area.	3	3	9	May 2024: No change. There remains no resources, budget or officers assigned to this work area since the discretionary services review.	Mar-24
9	Progressing the design and delivery of a corporate Customer and Digital Strategy										
	<p><u>The key challenges are:</u> Digital technology has, and is continuing to change the way people live, connect and work. The Covid-19 pandemic has seen resident and customer expectations shift. Digital technology has evolved significantly and for most of us, digital technologies have become an essential part of our lives and we all want easy access to joined-up information and efficient secure services in the palm of our hand. People increasingly expect to interact with organisations wherever they like, whenever they like, on whichever device they have and on whatever channel they choose. With customer behaviour changing faster than ever, the task of digital transformation demands significant changes to people, processes and technology. We are currently lagging behind many other Councils in our development of digital services and how we engage with our customers to improve and develop them. We have identified this as a priority to address in the One Exeter programme. We are taking a strategic approach and will be launching a draft Customer Communication and Digital Services Strategy consultation alongside developing a digital road map in partnership with Strata our shared IT Company and our co-owners (Teignbridge and East Devon District Councils). Our key challenges are the pace and scale of transformation needed in business processes; functional and organisational structures; culture; skills and resources within the Council and also within and between Strata and our partners.</p> <p><u>Potential Causes:</u></p> <p><u>Potential Impacts:</u> Failure to agree and implement the required level of Corporate change will impact on the ability of the Council to deliver a balanced MTFP which requires transformational change in how services are delivered. One Exeter requires staff working more effectively to meet increases in demand with higher costs and reduced income. Digital, integrated and automated services are essential to achieving the most cost-effective outcomes for customers.</p>										

			Review Month:			May 2024					
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Mitigations & Controls	Residual Risk			Tracking notes and monitoring	Target Implementation Date
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
	24-May		4	4	16	SLT participation in cyber risk awareness and management workshop and completion of assurance/action plans	2	4	8	Action to be completed by October 2024	
	May-23	PFH: Corporate Services and City Centre Officer Lead: Director Customer and Digital	4	4	16	Implementing a strategic, corporate approach to ICT, digital, automation and customer communication Deeper collaboration and development of shared approaches and services with Strata, Teignbridge and East Devon District Councils Implementing a single integrated transformation programme across the Council, with strong leadership from SMB and the Extended Leadership Team Breaking down service silos and introducing a customer-centric culture to underpin functional and structural integration across the Council Investing in updating technology resources and skills	2	4	8	The strengthened leadership within Strata is delivering amore agile, flexible and effective approach to digital and the operational and transformation needs of the Councils within the Strata partnership. The new operational and strategic governance architecture, whilst in its infancy, is already demonstrating better alignment and collaboration. Full Council approved a Digital Customer Strategy for Exeter in Dec 2023, detailed delivery plans are currently under production and investigation phases of key projects are underway. In Dec 2023 the Strata Joint Executive Committee approved a new Busines Plan for Strata, designed to facilitate the delviery of the Councils transformation plans. Funding to support this work was included ion the budget for 24/25 approved by Council in February 2024. Through the One Exeter programme the Cross Cutting themes project reccommendations have been adopted by the CEO and included in the senior leadership restrucutre approvevd by Council in April 2024. MS 365 roll out for staff and members will be completed by May 2024. Reseach and development work for a new data strategy and architecture to underpin the Digital Customer Strategy have been completed and will be considered for approval by Council by July 2024. Priroities for delivery over the next 12 months include : 1. Expanding the function and capacity of the Customer Contact Centre to offer single, digital sign on and point of contact for customers. 2. Increased resident engagement through resident survey and consultation on a revised Corporate Plan. 3. Improve data governance, quality and access and moving digital storage to Sharepoint. 4. Improve productivity by re-designing business processes and using AI to undertake back office functions. 5) Working with Strata commission new telephony sysem (curent one at end of life) and upgrade exisiting Customer Relationship Management platform. 6) upgrade staff and member hardare to facilitate transfer to the Cloud, reduce dependancy on global desktop and on remises serviers which in turn will support more agile and flexible working and inprove reliability and security. The impact of all this work, when completed will reduce the likelihood and the impacts of the identified risks happening.	24-Mar

This page is intentionally left blank