

AUDIT AND GOVERNANCE COMMITTEE

Date: Wednesday 10 March 2021
Time: 5.30 pm
Venue: Virtual

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

During the Corona Virus outbreak, meetings will be held by virtual means. The [live stream can be viewed here](#) at the meeting start time.

If you have an enquiry regarding any items on this agenda, please contact Sharon Sissons, Democratic Services Officer on 01392 265115.

Membership -

Councillors Wardle (Chair), Atkinson (Deputy Chair), Foggin, Hannaford, Henson, D, Mrs Henson, Lamb, Mitchell, M, Oliver and Warwick

Agenda

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

1 **Apologies**

To receive apologies for absence from Committee Members.

2 **Minutes**

To approve and sign the minutes of the meeting held on 25 November 2020.

(Pages 3 -
10)

3 **Declaration of Interests**

Councillors are reminded of the need to declare any discloseable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion on the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

4 **Local Government (Access to Information) Act - Exclusion of Press and Public**

It is considered that the Committee would be unlikely to exclude the press and public during the consideration of the items on the agenda, but if it should wish to so, then the following resolution should be passed:-

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the particular items of

business on the grounds that they involve the likely disclosure of exempt information as defined in the relevant paragraph(s) of Part 1 of Schedule 12A of the Act.

- | | | |
|----|--|---------------------|
| 5 | External Audit Progress Report and Sector Update
To consider the report of the Council's External Auditors – Grant Thornton. | (Pages 11
- 18) |
| 6 | Internal Annual Audit Plan 2021/22
To consider the report of the Internal Audit Managers. | (Pages 19
- 38) |
| 7 | Internal Audit Progress Report Quarter 3
To consider the report of the Internal Audit Managers. | (Pages 39
- 48) |
| 8 | Model Code of Conduct
To consider the report of the Monitoring Officer. | (Pages 49
- 68) |
| 9 | Code of Corporate Governance 2021/22
To consider the report of the Director Finance. | (Pages 69
- 76) |
| 10 | Local Government Ombudsman's Annual Review of Complaints 2019-20
To consider the report of Corporate Manager Executive Support | (Pages 77
- 92) |
| 11 | Review of Corporate Governance Risk Register
To consider the report of the Chief Executive & Growth Director. | (Pages 93
- 110) |

Date of Next Meeting

The next **Audit and Governance Committee** will be held on Wednesday 28 July 2021 at 5.30 pm

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AUDIT AND GOVERNANCE COMMITTEE **(HELD AS VIRTUAL MEETING)**

Wednesday 25 November 2020

Present:-

Councillor Tony Wardle (Chair)
Councillors Atkinson, Foggin, Hannaford, Henson, D, Mrs Henson, Mitchell, M, Oliver and Warwick

Also Present

Director Finance, Deputy Chief Finance Officer, Service Lead Legal Services, Audit Manager (HK), Democratic Services Officer (SLS) and Democratic Services Officer (MD)

Jackson Murray, Engagement Lead – Grant Thornton
Steve Johnson, Audit Manager – Grant Thornton

31 **MINUTES**

The minutes of the meeting held 16 September 2020 were taken as read and approved as correct for signing by the Chair at the earliest possible convenience.

32 **DECLARATION OF INTERESTS**

No declarations of disclosable pecuniary interests were made.

33 **AUDIT FINDINGS REPORT (ISA 260)**

Jackson Murray, Engagement Lead, for the Council's External Auditor, Grant Thornton presented the ISA 260 Audit Findings report, and referred to the Audit Risk Assessment of the financial statements for the financial year 2019/20 which had been circulated as a supporting document. The detail was presented as a PowerPoint presentation and included questions put to the Council's management, as well as the response by Grant Thornton. It was confirmed that the responses had not resulted in any additional significant audit risks. The Director Finance responded to a Member who was disappointed that there had been a lack of time to view the Risk Assessment information and as it was technical in nature, was able to assist in its understanding.

The Engagement Lead introduced the Audit Findings report in respect of the 2019/20 Financial Statements and the Value for Money conclusion. It was reported that the audit was substantially completed with only a small number of areas in progress, with the audit expected to be concluded by the deadline of 30 November. Subject to the satisfactory finalisation of the audit testing, an unqualified audit opinion will be issued.

The following areas were highlighted:-

- the inclusion of an 'emphasis of matter' paragraph in relation to the potential for material valuation uncertainty in the sector as a result of Covid-19, and valuation of the Council's land and buildings and investment properties;
- the completion of the risk based review on the Council's value for money;
- that no additional statutory powers or duties were exercised;

- a number of disclosure and classification adjustments to the financial statements had been agreed, which had no impact on the overall financial position of the Council, and
- a prior period adjustment was made in respect of the NDR appeals provision following its reclassification from short-term creditors to provisions on the balance sheet.

The Engagement Lead advised that they would issue an unqualified value for money conclusion for 2019/20 on the Council's value for money arrangements.

The Engagement Lead also gave the following response to a Member's question and confirmed that the cyclical five year rolling programme related to the Council's other assets, including Council dwellings within the Housing Revenue Account (HRA). A full valuation of the Council's investment properties is performed annually in accordance with accounting standards. The valuation programme had been revised for 2019/20, with a requirement for a minimum 20% valued, as well as the top four highest valued assets from the previous year. Any significant movement or concern of a wider market impact would lead to further assets being valued. The Director Finance clarified that commercial rent performance had been very positive, and the City Council continued to work with businesses in support of rent deferral plans wherever necessary.

In response to a Member's question the Service Lead Legal Service, stated that once the matter was concluded, the detail of a Health and Safety Executive breach would be reported to Members.

The Audit and Governance Committee noted the report on Audit Findings from the Exeter City Council (External Auditor), Grant Thornton.

In accordance with Standing Order 43, two Members wished to abstain from noting the supporting document on the Audit Risk Assessment as they had not had sufficient time to review the information.

34

STATEMENT OF ACCOUNTS 2019/20

The Deputy Chief Finance Officer presented the report on the Council's Statement of Accounts for 2019/20 for approval and adoption. It is a statutory requirement to publish the Statement of Accounts which are intended to provide a 'true and fair view' of the financial position and transactions of the Council, including group financial statement as at 31 March 2020. Due to the coronavirus pandemic, the statutory deadline for publishing the audited accounts was deferred from 31 July to 30 November 2020.

The Deputy Chief Finance Officer was pleased to report that the auditors expected to issue an unqualified audit opinion. Only a small number of audit adjustments and presentational changes had been identified during the course of the audit, all of which had been resolved and had no impact on the General Fund balance or the Housing Revenue Account balance, which remained as reported to Council on 21 July 2020. There had been one narrative change since the agenda was circulated, which was to highlight the risk uncertainty of property investments held by the Devon Pension Fund, which could impact on the Council's net pension fund liability. It was noted that the pension fund had a statutory override, so there would be no impact on the Council tax payer until the next valuation.

The Director Finance thanked both the Finance team and the auditors for achieving the 30 November deadline under extraordinary circumstances. The audit was

undertaken entirely remotely for the first time and although remote working had presented a number of challenges it had proven a success.

RESOLVED that the Audit and Governance Committee approve the audited Statement of Accounts for 2019/20.

35

MANAGEMENT REPRESENTATION LETTER

The Director Finance submitted the letter to the External Auditor, Grant Thornton in respect of the 2019/20 Statement of Accounts as required by the audit.

The Chair wished to place on record the appreciation of the Director of Finance and his team despite the difficult circumstances due to Covid 19.

RESOLVED that the Audit and Governance Committee approve the representation letter, and request that it be signed by the Director Finance and the Chair of the Audit and Governance Committee for forwarding to the External Auditor, Grant Thornton.

36

STATEMENT OF REASONS ISSUED TO THE OBJECTOR IN RESPECT OF THE 2018/19 ACCOUNTS

The Engagement Lead, Grant Thornton circulated a copy of the redacted letter and statement of reasons which detailed the outcome of a process which commenced with a member of the public who had placed an objection on the 2018/19 financial statement under the provision of the Local Audit and Accountability Act 2014. The letter detailed the issues raised to Grant Thornton, the work they had undertaken and the reporting back to the objector of the conclusion.

The Engagement Lead referred to the matter which was discussed at the last meeting of the Audit and Governance Committee. The objection related to the grant funding mechanism used in respect of the Pinhoe Community Hub. He confirmed that since the statement of reason was issued, no further expenditure had occurred from the earmarked reserve set up for this matter. There were no other significant concerns identified in the 2019/20 financial statements as stated earlier in the meeting.

The Director Finance stated that given the issues raised over the legality of grant expenditure made by the Council, it was important that he provided some context in this regard. He referred to February 2016, just prior to the decision for the Pinhoe Community hub, when a resolution was passed at Council to allow funds from the New Homes Bonus to be spent in the following way, with a £1.1m top sliced for revenue and a sum £150,000 to be set aside for community projects. Consideration of this sum was made at the particular Committee, with £39,000 for ward grants. A report came to the Executive on 11 October 2016 with a recommendation to Council on 18 October to approve a sum of £100,000 as Exeter City Council's contribution to a new community hub planned for Pinhoe. There were no conditions attached to the approved sum.

A Member asked a number of questions which the Engagement Lead, Grant Thornton responded in the following terms:-

- he acknowledged the comment on the £10,000 seed fund and need for appropriate records, but he would have anticipated that any expenditure through the Council would be subject to the relevant approval process as set out in the Scheme of Delegation. Not every company organisation would be

able to produce a full financial statement under the Companies Act, thus making the raising and authorisation of invoices to a third party difficult. The Director Finance also responded to the Member who was also concerned over expenditure made by the Council and having matched to submitted invoices to offer an appropriate audit trail. The purpose of the seed funding was to support the new project and enable initial payments to be made as part of that work. It would not be appropriate for the City Council to pay any of the suppliers for the Pinhoe Community led project directly. An invoice would then be made to the City Council to replenish the stake amount to continue the project.

- from an audit viewpoint, any new grant awarded under Exeter's grant programme should follow the process outlined for the 2019/20 financial year. The recommendations in the Statement of Reasons were to ensure there was an appropriate review of the implementation of the grant policy, with any conditions associated with the grant fund would be clearly articulated as well as the maintenance of an adequate audit trail. A post implementation review has been recommended.
- an external audit of the grants made would depend on the size and value of the grant awarded and identified in the financial statement, and also if it was selected as part of an audit sample when they would wish to see supporting documentation.
- the Councillor's Code of Conduct states that Councillors must declare any interest at Council meetings but that it was for the individual to raise. He was satisfied that there was no interest issue that should have been raised at any of the meetings.

A Member referred to this opportunity for probity, but he welcomed the opportunity for a community hub in an area of the city where this facility was needed. It was appropriate that a local authority should support such projects to help foster a community spirit. He recalled he had been involved with a similar funding exercise for the Newcourt Community Centre with a capital grant and funding for capacity building within the community. The Director Finance added there had been other Council support from a range of funding for the new community facility at Belmont Park.

A Member thanked Grant Thornton for a thorough reporting and investigation of this matter. She hoped that the Pinhoe community hub would be a success but she still had a number of concerns. In response, the Director Finance confirmed that he was very comfortable with the approved grant funding by Members at Council and also in his role as the Section 151 officer and his responsibility to the Council tax payers within Exeter.

The Engagement Lead concluded the discussion by confirming that despite the reference to a number of recommendations contained in the letter, they had been included in the ISA 260 Audit Findings report and the contents in the circulated letter had been brought to the Members of the Audit and Government attention for noting.

The Audit and Governance Committee noted the contents of the letter.

37

INTERNAL AUDIT PROGRESS REPORT

The Audit Manager (HK) presented the report which detailed the internal audit work carried out during the second quarter of the year for the period 1 July to 30

September 2020 and the overall progress on the Audit Plan was good. The Audit Manager proposed a postponement of planned work on the Sports England Project to 2021. This has been agreed with the Director of Transformation to enable the service to be more flexible with regard to any other work that may occur in relation to Covid. The Audit Manager reported that she would continue to monitor and work on the Plan, but it was likely that this more flexible approach would be continued and she anticipated coming before Members at the next meeting in March 2021 with some further amendments.

Members were referred to the report appendices presented to the meeting, which detailed the progress of the 2020/21 Audit Plan to date and the Action Plan, which highlighted the proposed measures to monitor and improve governance arrangements at the City Council. An update on each significant issue was included.

The Audit and Governance Committee noted the Internal Audit report for the second quarter of 2020.

38

OVERVIEW OF THE REDMOND REPORT RECOMMENDATIONS

The Director Finance submitted a report which updated the Committee on the recommendations of the Redmond Review, which was published in September 2020 and, if accepted by Government, would have a significant impact on both the financial reporting and audit of local government.

The report set out the key findings which were:-

- the current local audit arrangements fail to deliver, in full, policy objectives underpinning the 2014 Act;
- the overriding concern was a lack of coherence and public accountability within the existing system;
- the fragility of the local audit market and current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way with 40% of audits failing to meet the required deadline for report in 2018/19; and
- without prompt action to implement the recommendations, there was a significant risk that the firms currently holding local audit contracts will withdraw from the market.

It was noted that some of the recommendations would require changes in legislation, which will take time to enact. One of the recommendations includes a further financial report reconciled to the Statement of Accounts, which will not necessarily add to the public's understanding in the Director of Finance's opinion and there were likely to be additional costs.

The Director Finance responded to a Member's question on the abolition of the Audit Commission and the transition from 2012, which has resulted in a cheaper cost for local government audit. He explained that the external audit for local authorities was run on a similar basis as for the private sector, but the standards for a set of shareholders as opposed to protecting Council tax payers was completely different. It was necessary to have a different body that allowed the public audit to consider the terms of the value that they provide to the Council tax payers.

The Audit and Governance Committee noted the report.

39

REVIEW OF CORPORATE GOVERNANCE RISK REGISTER

The Audit Manager (HK) referred to the Audit and Governance Committee's responsibility for monitoring and reviewing the Corporate Risk Register and in

presenting an update advised that there was one new Risk Number 14 to the Corporate Risk Register since the last meeting. The detail of this risk had not been replicated in the version of the appendix circulated with the agenda. This had been rectified by later circulation.

The Audit Manager and Director Finance responded to Member's questions in the following terms:-

- Risk number 9 - a report with an update of the future of the Greater Exeter Strategic Plan, following the withdrawal of the East Devon District Council was being considered by the Executive on 1 December with a recommendation that the City Council will formally withdraw from the arrangement and in principle agreement was being sought for a non-statutory joint strategy and infrastructure arrangement;
- Risk 1 - following the Council having taken this function back in house this risk would be updated to reflect this;
- it had not been possible to obtain a response in respect of a question on Risk Item 2 about the Council's role in engaging with other sectors in regard to the pandemic. A response would be circulated.
- in respect of Risk Item 9 –It was noted that there was a High Court Judgement in 2015, in which the Council was told that purpose built student accommodation could not be counted towards meeting our adopted housing requirement/five year land supply. That is because the Council's current adopted housing requirement does not take full account of the growth in student numbers that Exeter has seen in recent years. This will be the position until the Council adopts a new Local Plan for Exeter, containing a new housing requirement that does take account of the increased number of students in the city. There is no definitive legal ruling of the counting or otherwise of co living housing towards the local planning authority housing requirements. It would seem reasonable to assume that co living housing can be counted towards the Council's adopted housing requirement because, unlike student's accommodation anyone can occupy a co living home.
- in respect of Risk Item 11 – the Director Finance responded to a comment on the lack of a reference to potential capital receipts losses due to any decline in the value of our commercial estate. The Strategic Management Board will update the Register collectively, so that each entry can be challenged with each other to ensure that all entries are updated. He added that local authorities have a statutory override that offers as protection from any fluctuation of the market value of the Council's commercial property to ensure there is no impact on the Council tax payer.

The Director Finance also referred to a question about other Councils' investment portfolios and stated that such valuations were not an issue for Exeter's council tax payers and referred to his previous response of the Council's statutory override. He also responded to the Member who sought clarification about the Council's liability for borrowing for investment. He confirmed that only two of 900 commercial properties had any borrowing attached to them. The income of £5million was set against an annual agreement to repay borrowing of between £200,000 and £300,000.

A Member also sought further information on Risk 14 relating to St Sidwell's Point and the additional costs for the site. The Director Finance confirmed that the site would have to be Covid compliant with all that required, including additional PPE and fewer construction workers at any one time, which would impact on the schedule. He referred to his Section 151 comments in the relevant section of the report which referred to the financial challenges from the Covid 19 pandemic. There

had been some respite from the Government's Sales, Fees and Charges compensation scheme. He would report to Members the continuing risks of the Council's income streams in his annual Budget Member Briefing in January.

The Audit and Governance Committee reviewed and noted the updated Corporate Risk Register.

In accordance with Standing Order 43, two Members wished to abstain from noting the supporting document on the Audit Risk Assessment as they had not had sufficient time to receive all of the information.

(The meeting commenced at 5.30 pm and closed at 7.10 pm)

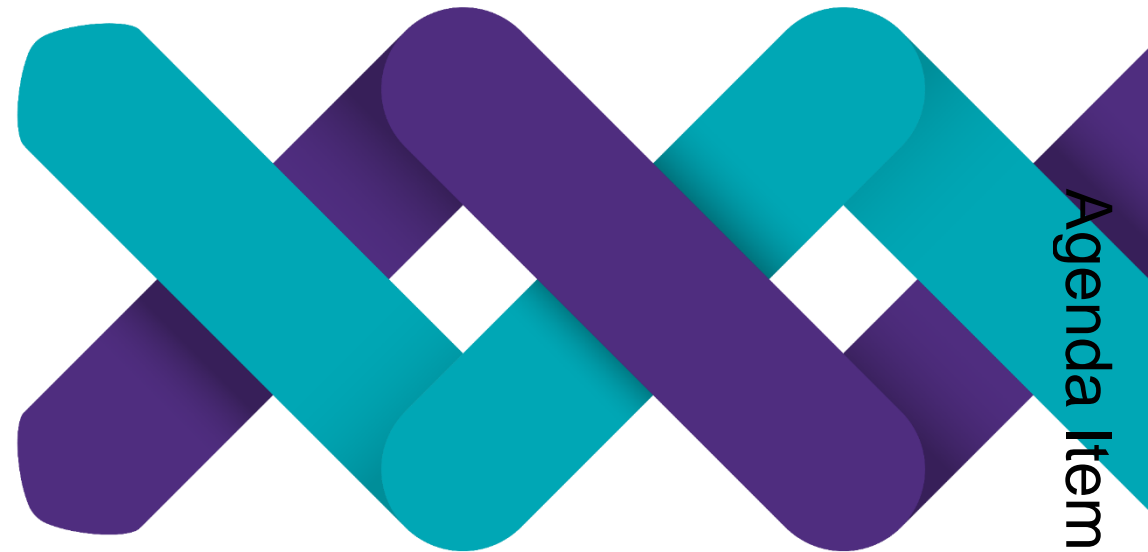
Chair

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Audit Progress Report and Sector Update

Page 11
Exeter City Council
Year ending 31 March 2021
March 2021



Contents

Section	Page
Introduction	3
Progress at March 2021	4
Audit Deliverables	7
Sector Update	8

Introduction



Jackson Murray

Engagement Lead (outgoing)

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This paper provides the Audit and Governance 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.

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



Julie Masci

Engagement Lead (incoming)

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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 your Engagement Lead.

Progress at March 2021

Financial Statements Audit

We have begun our audit planning for the 2020/21 financial year. There have been changes to your audit team, with Julie Masci taking over as Engagement Lead for the 2020/21 audit due to wider portfolio changes for our Engagement Leads. Your previous Engagement Manager Steve Johnson has retired, and Katie Whybray will take over this role for 2020/21.

Our planning process will continue over the coming months and we have begun to liaise with your finance team on this work. Changes to audit and reporting timetables due to Covid-19 in 2019/20 mean that we are starting planning later than we normally would in the audit cycle, and we will share our Audit Plan with members for information in advance of the next planned Audit and Governance Committee in June 2021.

There is currently a consultation underway on the reporting timetable for the 2020/21 financial statements and audit process.

Value for Money

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money (VFM).

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Further detail on the NAO's revised approach to VFM work can be found here: <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2019/12/AGN-03-Auditors-Work-on-Value-for-Money-Arrangements.pdf>

The new Code of Audit Practice issued by the NAO can be found here: https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf

The changes will lead to increased work and reporting requirements and we will report our Value for Money commentary in our Auditor's Annual Report, which replaces the Annual Audit Letter.

Other areas

Certification of claims and returns

We certified the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP) on 12 February 2021. We identified no new errors in our 2019/20 testing, however testing in respect of the earned income calculation errors identified in prior years identified errors again in 2019/20. We identified underpayments of Housing Benefit totalling £143 as a result of these errors and reported an extrapolated error of £2,733 due to overpaid benefit as a result of earned income calculation errors. The Council's total subsidy claim was £ for 2019/20.

We also certify the Council's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG) in accordance with the national timetable. No issues were noted from this work.

Sector Update

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

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 local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

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

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

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

Public Sector

Local
government

Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Risk Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

Based on our knowledge of the Council we have identified the following material accounting estimate for which this is likely to apply:

- Valuation of land and buildings, including investment property
- Valuation of the net defined benefit liability
- Expenditure accruals
- Provisions
- Depreciation
- Loss allowances

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

- Where there is material estimation uncertainty, we would expect the financial statement disclosures to disclose:
- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;

- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquires are completed by management and confirmed by those charged with governance at an Audit and Risk Committee meeting. For our 2020/21 audit we will be making additional enquires on your accounting estimates in a similar way (which will cover the areas highlighted above). We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540-Revised-December-2018-final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540-Revised-December-2018-final.pdf)

REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 10th March 2021

Report of: AUDIT MANAGERS

Title: INTERNAL AUDIT ANNUAL PLAN 2021/22

Is this a Key Decision?

No

Is this an Executive or Council Function?

COUNCIL

1. What is the report about?

1.1 The Audit and Governance Committee has responsibility for approving the annual Internal Audit plan and ensuring that appropriate risk assessments have been carried out when formulating the plan. This report details the proposed areas of work for the 2021/22 year.

2. Recommendations:

2.1 That the 2021/22 Internal Audit Plan be approved.

3. Reasons for the recommendation:

3.1 To meet the terms of reference of the Audit and Governance committee and the Internal Audit Charter.

4. What are the resource implications including non-financial resources.

4.1 No additional resources implications

5. Section 151 Officer comments:

The audit plan is based on a logical methodology. The proposed plan raises no concerns for the Section 151 Officer.

6. What are the legal aspects?

None identified.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

- 8.1 The Internal Audit Strategy including the audit rolling plan was established in line with internal control and risk management best practice, and is used to establish the basis of the Audit Plan.
- 8.2 The final Audit Plan has been compiled using risk analysis along with information from the Council's Corporate Risk register, feedback from Strategic Management Board about their priorities and any specific concerns they may have, and also feedback from the Chair and Deputy Chair of the Audit and Governance Committee. In addition, due to changes to the 2020/21 plan that were required during the year as a result of responding to the Covid19 pandemic, a number of areas have been brought forward from last year's plan.
- 8.3 Members are advised that, as a result of the work between Internal Audit and the Housing Benefits team, significant improvements in the internal control environment and improvements in the accuracy of Housing Benefit assessments has led to the Internal Audit risk assessment of Housing Benefit being reduced to medium and therefore, in accordance with the Audit Strategy will not be audited every year.
- 8.4 The detailed plan is at Appendix A

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 An effective internal audit is part of good governance that enables the Council to operate an effective control environment and therefore contributes to the Corporate objectives of 'A well run council' and 'Providing money for value services'.

10. What risks are there and how can they be reduced?

- 10.1 Systems of control can only ever provide reasonable, but not absolute, assurance that control weaknesses and irregularities do not exist, and that there are no risks of material errors, losses, fraud or breaches of laws or regulations. The Council is therefore continually seeking to improve the effectiveness of its systems of internal control.
- 10.2 Risks are further reduced by producing an annual audit plan linked to the Council's corporate risk register and prioritising the plan based on risk. Progress against the plan is reported to this Committee on a quarterly basis.

11. Equality Act 2010 (The Act)

- 11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:
- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
 - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
 - foster good relations between people by tackling prejudice and promoting understanding.

- 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.
- 11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because
- 11.4.1 The report is for information only.

12. Carbon Footprint (Environmental) Implications:

- 12.1 No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

N/A

Director David Hodgson (Chief Finance Officer)

Author: Helen Putt and Helen Kelvey (Audit Managers)

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

Contact for enquires:

Democratic Services (Committees)

Room 4.46

01392 265275

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Annual Audit Plan 2021-22

Contents

Introduction	2
Your Internal Audit Team	3
Conformance with Internal Audit Standards	.....	3
Council Vision	.....	4
Council Risk	.....	5
Developing the internal audit plan 2021-22	.....	7
Internal Audit Plan 2021-22	.....	8 – 14

Introduction

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

(Public Sector Internal Audit Standards 2016 (PSIAS))

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

Internal Audit's main objectives are to:

- provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources
- provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures
- provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes
- provide advice and support to management to enable an effective control environment to be maintained
- promote a counter fraud culture within the Council to aid the prevention and detection of fraud
- investigate allegations of fraud, bribery and corruption

The internal audit plan provides the mechanism through which we can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant stakeholders, to ensure it continues to reflect the needs of the Council. We will continue to report progress against the plan to Audit and Governance Committee quarterly.

We make every effort to work with other assurance providers to minimise duplication.

Your Internal Audit Team

The Internal Audit Function is provided 'in house' and consists of the Audit Manager and 2 auditors each working 4 days per week, Monday to Thursday.



Helen Kelvey, Audit Manager



Helen Putt, Audit Manager



Davina Blanchard, Auditor



Sandra Please, Auditor

Page 26

Conformance with internal auditing Standards

We operate in accordance with the Public Sector Internal Audit standards 2016 (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. Our last external assessment, in January 2020, concluded that:

"It is our overall opinion that the Exeter City Council Internal Audit Team **generally conforms** to the Public Sector Internal Audit Standards, including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*." **Generally Conforms** is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

Council Vision

Page 27

Our Strategy

Autumn 2020 Update

- Promoting active & healthy lifestyles
- Delivering Net Zero Exeter 2030
- Providing value for money services
- Leading a well-run council
- Building great neighbourhoods

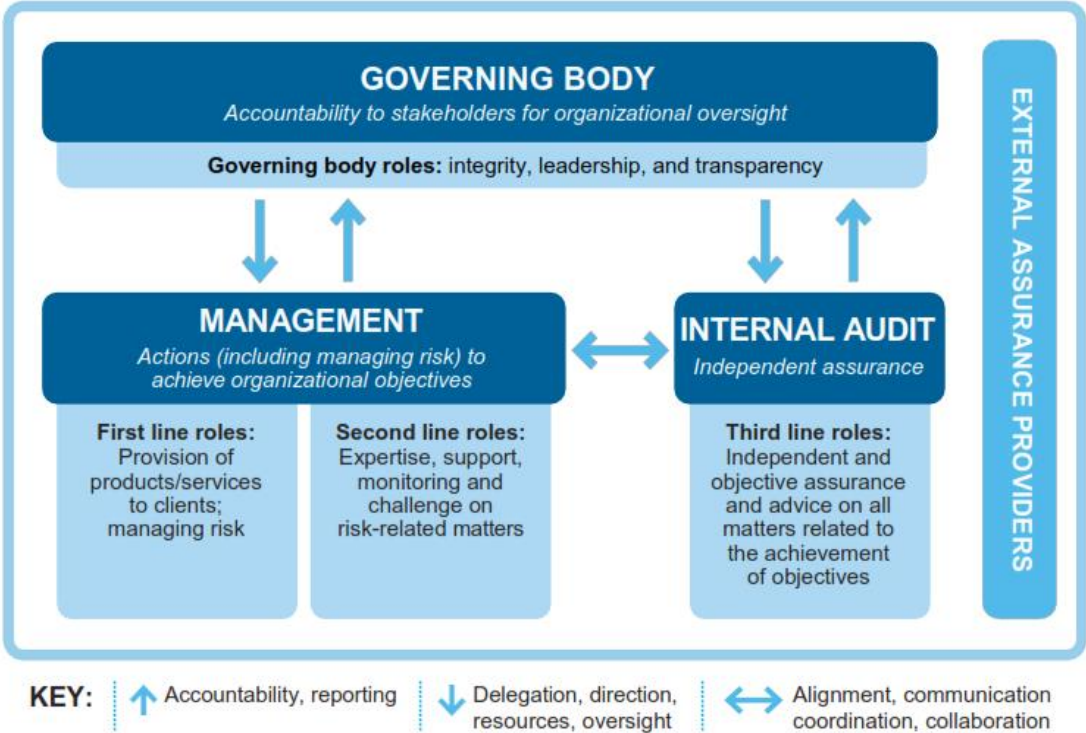
Liveable Exeter | Live & Move | NET / ZERO EXETER | Exeter City Council | EXETER LIVE BETTER

Council Risk

The Council has a clear framework and approach to risk management. The strategic risks contained in the Corporate Risk Register and assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation’s assurance needs and contributes to the achievement of their objectives. We will monitor the corporate risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

To ensure the effectiveness of an organisation’s risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation. The Institute of Internal Auditors endorses the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

The IIA’s Three Lines Model



LINE	FUNCTIONS/INDIVIDUALS	RESPONSIBILITY	ROLES
FIRST	Management – Operational functions and support functions such as HR and finance.	Action	<ul style="list-style-type: none"> to achieve organisational objectives to deliver services to manage risk to directly support activities of the organisation
SECOND	Management – e.g. legal, information security, quality assurance, health and safety, ERM/risk	Action	<ul style="list-style-type: none"> to achieve organisational objectives to provide assistance with managing risk to provide complementary expertise, support, monitoring and challenge to those in the first-line roles
First and second line roles may be blended or separate			
THIRD	Internal Audit	Assurance	<ul style="list-style-type: none"> to provide independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management
	Audit & Governance Committee	Accountability	<ul style="list-style-type: none"> ensures appropriate structures and processes are in place for effective governance (delegates responsibility and provides resource) ensures organisational objectives and activities are aligned with the prioritised interests of stakeholders establishes and oversees an independent, objective and competent internal audit function to provide clarity and confidence on progress toward the achievement of objectives

The role of the three lines of defence

Internal audit is uniquely positioned within the organisation to provide global assurance to the audit committee and senior management on the effectiveness of internal governance and risk processes. It is also well-placed to fulfil an advisory role on the coordination of assurance, effective ways of improving existing processes, and assisting management in implementing recommended improvements. In such a framework, internal audit is a cornerstone of an organisation's corporate governance.

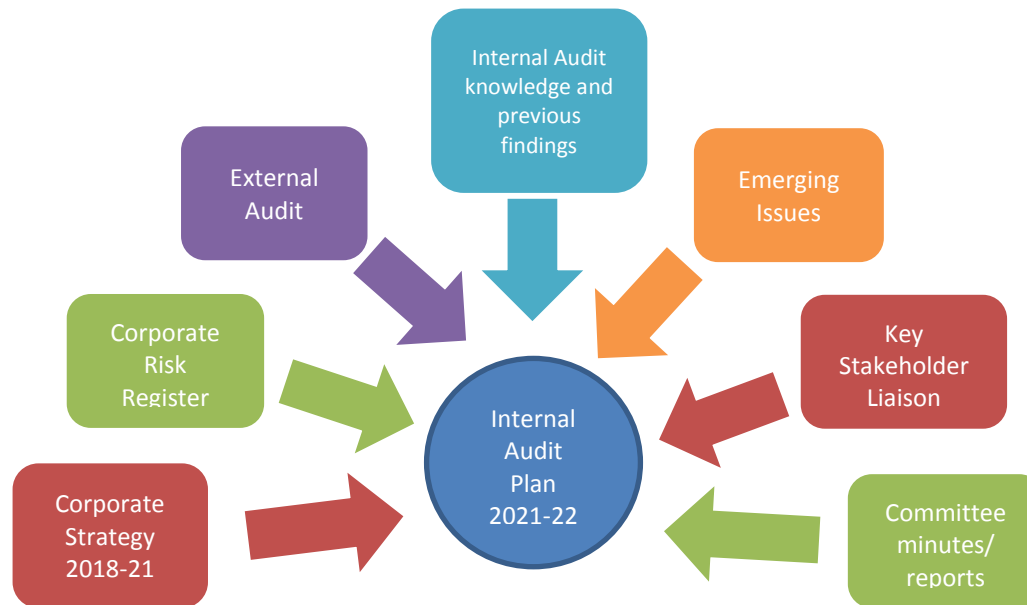
The use of the three lines of defence to understand the system of internal control and risk management should not be regarded as an automatic guarantee of success. All three lines need to work effectively with each other and with the audit committee in order to create the right conditions.

Developing the internal audit plan 2021/22

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation. The Council obtains assurance from a number of other sources as detailed in the Annual Governance Statement.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.

We have used various sources of information and discussed priorities for internal audit with the following groups:



Internal Audit Plan 2021/22

The Internal audit service has 472 days within the plan. Of those days, 144 are fixed days for audit planning and control, process mapping, general administration, follow-ups and other activities conducted by Internal Audit, such as National Fraud Initiative co-ordination, administration of RIPA, review of hospitality and disclosures and Disabled Facilities Grant audit (terms of grant conditions). A small amount of time is set aside as a contingency to allow for unplanned work such as frauds. The remaining 328 days will be used for the planned work as detailed below.

The audit risk ratings are calculated using a score against nine different criteria; Audit assurance/perception, reputation/sensitivity, complexity of system, finance, operational impact, inherent fraud risk, staff morale/turnover/change, volume of transactions and other assurance sources. This helps us to determine the frequency of audit and level of coverage required.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
Corporate Audits			
Corporate Governance	This refers to the rules, practices and processes used to direct and control the organisation. Risk – legislative risk. Damage to reputation of Council.	Medium	General assurance
Health and Safety	Health and Safety is a legislative requirement. Risk – legislative risk, risk of significant financial penalties	High	Brought forward from 20/21 General assurance on compliance taking into account current priorities and concerns raised by the Health and Safety Committee
Equalities and Diversity	Under the Equality Act 2010, public sector organisations have an equality duty. The Equality Duty ensures that public bodies consider the needs of all individuals in their day to day work – in shaping policy, in delivering services, and in relation to their own employees.	Medium	Brought forward from 20/21 General assurance work against the Equalities Framework.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
	Risk – legislative risk. Damage to reputation of Council.		
Risk Management	<p>Systems and processes to manage the Council’s risks that could prevent it from meeting its objectives</p> <p>Risk – financial risks. Failure to meet objectives and purpose</p>	High	General assurance work and continue to assist in establishing operational risk registers throughout the organisation to help embed risk management across the Council.
Information Governance	<p>The way in which the Council manages its information, including GDPR.</p> <p>Risk – legislative risk, information is not held securely or is misused.</p>	High	<p>Brought forward from 20/21</p> <p>Work with executive support to complete Information Commissioners Office self-assessment to provide a level of assurance in the following areas:</p> <ul style="list-style-type: none"> - Data Protection - Information security - Records management - Data sharing and subject access - CCTV
Counter Fraud	<p>The arrangements in place to fight fraud against the Council.</p> <p>Risk – financial risk increased risk of fraud against the Council.</p>	High	A review and update of the Fighting Fraud Locally checklist and to continue to work to find solutions to improve the Council’s resilience against fraud.
Partnerships	<p>The Council’s arrangements to work with other bodies to provide services or working solutions in a joint way.</p> <p>Risk – failure to meet objectives. Financial risk.</p>	Medium	General assurance work

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
Contract Management	<p>The way in which the Council manages its contracts.</p> <p>Risk – Contractors fail to deliver their obligations leading to poor value for money.</p>	High	We will be reviewing the contract management processes for a sample of existing contracts. This will include the Council’s Kitchen Replacement Program.
Commercialisation and Project Management	<p>The Council is embarking on a number of new commercial projects aimed at improving service delivery in a cost neutral way and in the long term looking at projects that could return a profit for the Council.</p> <p>Risk - Financial risks. Failure to meet objectives and purpose. Reputational risks.</p>	High	We will review a sample of projects to ensure compliance with the Council’s Commercialisation Strategy and provide advice and guidance as needed.
Climate Change/Carbon Neutral/Net Zero	<p>One of the Council’s priorities is to deliver Net Zero Exeter by 2030.</p> <p>Risk – Reputational and financial</p>	Medium	General assurance
Covid19 Pandemic related work/Business Grant Assurance work	<p>The Government has put in place a number of grants to support businesses through the Covid19 pandemic. Post payment assurance work is required to support payment of the grants.</p> <p>Other assurance may also be required for other support schemes e.g. fees and charges.</p>	High	Assurance as required by the Government
Director Finance			
Main Accounting	<p>The accounting function of the Council</p> <p>Risk - Financial risk, non-compliance with regulations</p>	High	Cyclical coverage of the core financial systems to meet regulatory requirements. We will work with external audit to co-ordinate work as far as possible and avoid duplication.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
Income Management	The management of income to the Council Risk – financial risk	High	As above. We anticipate that a new Income management system will be introduced in 2021/22 and therefore assurance around the new system will be required.
Creditors	Payment of the Councils suppliers of goods and services Risk – financial risk, risk of fraudulent transactions	High	Cyclical coverage of the core financial systems to meet regulatory requirements. Reviews of the use and management of the Corporate Credit cards.
VAT	Management of the Value Added Tax process Risk – non-compliance with regulations, risk of financial penalties	Medium	This had been due at the end of 19/20, however, due to staff changes this audit needed to be postponed. Review to provide assurance on the compliance with VAT regulations.
Insurance	Management of the Council’s Insurance Risk – fraudulent insurance claims, inappropriate or insufficient insurance cover, financial risk	Low	Brought forward from 20/21. This had been due at the end of 19/20, however, due to staff changes this audit needed to be postponed. Due to the low internal audit risk rating and continued staffing issues this was postponed to 21/22 following the plan changes required as a result of the Covid19 pandemic. General assurance work
Director Corporate Services			
People Management (including Payroll)	The management of the Council’s human resource, including Payroll. Risk – financial risk, risk of fraud	High	General assurance work, including assurance around Furlough payments.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
Members Expenses	<p>Members receive expenses related to conducting their official duties and reimbursement of out of pocket expenses.</p> <p>Risk - financial and reputational risk.</p>	Low	<p>Brought forward from 20/21</p> <p>Internal Audit have recently received a number of complaints from members of the public about member's expenses, which has prompted this review. Whilst we do not anticipate finding any issues we need to be able to satisfy ourselves that everything is in order.</p>
Director Transformation			
Sport England Project	<p>This project aims that Exeter and Cranbrook will be a pioneering place for leading an active lifestyle. Exeter will become the most active city in England and Cranbrook will be a model of best practice in encouraging families to be active together.</p> <p>The pilot will encourage 10,000 of Exeter & Cranbrook's least active residents to lead regular active lifestyles by:</p> <ul style="list-style-type: none"> • Narrowing stubborn health inequality by encouraging those least likely to take part in activity to lead active lifestyles. • Improved inclusivity and sense of community connectivity and belonging. • A reduction in congestion and improved air quality influenced by more people walking and cycling. 	Medium	<p>Brought Forward from 20/21</p> <p>To provide assurance that the project is meeting its objectives and that measures are being taken to reduce or control financial and reputational risks.</p>

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
	<ul style="list-style-type: none"> An embedded analytical approach, using integrated data to inform decisions and share learning. <p>Risk - financial and reputational risk</p>		
Director Net Zero Exeter and City Management			
Fleet Management	<p>Management of the Council's fleet of vehicles.</p> <p>Risk – financial, business continuity</p>	Medium	General assurance work
Car Parks	<p>Provision of car parks within Exeter.</p> <p>Risk – financial risk, loss of income</p>	Medium	General assurance work
Private Sector Landlord Services	<p>Services relating to private sector landlords. This includes finding tenants to support with grant applications for energy saving measures and necessary home improvements to assist people to be able to stay in their homes e.g. Disabled Facilities Grants.</p> <p>Risk - financial, fraudulent grant claims</p>	Medium	<p>Brought forward from 20/21</p> <p>To undertake a review of the administration of Houses in Multiple Occupation Licenses.</p>
Director Culture and Leisure Facilities			
Events, Arts and Culture	<p>The Council provides a number of arts and culture events across the City throughout the year.</p> <p>Risk - reputational and financial risk</p>	Medium	<p>Brought forward from 20/21</p> <p>A review of the service for general assurance following the Exeter Festival re-launch.</p>

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
Leisure Facilities	<p>The Council provides a number of Council run leisure facilities, including sports centres and the Corn Exchange entertainment venue.</p> <p>Risk - reputational and financial risk</p>	High	General assurance. This is a new area. The Council's Leisure facilities have recently been taken back in-house and the audit work will focus on general assurance around the control environment.
Director City Development, Housing and Supporting People			
NDR	<p>Collection of rates from business properties.</p> <p>Risk - financial risk, loss of income</p>	High	General assurance
Housing	<p>Provision of social housing, assessment of housing need, support for homelessness and the provision of good quality accommodation across the city.</p> <p>Risk - financial, legislative and reputational risk</p>	High	General assurance
City Development	<p>This covers the administration of planning, building control, new homes bonus, community infrastructure levy and section 106.</p> <p>Risk – financial, legislative and reputational</p>	Medium	General assurance

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REPORT TO AUDIT & GOVERNANCE

Date of Meeting: 10th MARCH 2021

Report of: AUDIT MANAGERS

Title: INTERNAL AUDIT PROGRESS REPORT 3RD QUARTER 1st OCTOBER TO 31st DECEMBER 2020

Is this a Key Decision?

No

Is this an Executive or Council Function?

COUNCIL

1. What is the report about?

- 1.1 To report on internal audit work carried out during the period 1st October to 31st December 2020, to advise on overall progress against the Audit Plan and to report any emerging issues requiring consideration.

2. Recommendations:

- 2.1 That the Internal Audit Progress Report for the third quarter of the year 2020/21 be noted.
- 2.2 That the amendments to the 20/21 Internal Audit Plan detailed in section 8.2 be approved.

3. Reasons for the recommendation:

- 3.1 One of the roles of this committee is to review quarterly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary.

4. What are the resource implications including non-financial resources:

None

5. Section 151 Officer comments:

The internal Audit Plan for 2020-21 continues to be affected by the pandemic. However, members should be assured that the team have focused their efforts on supporting new and often untested areas of control, which provides significant comfort, when the Council is required to transfer public money quickly. It is the section 151 Officers opinion that this has been the most effective use of the Internal Audit resource this year.

6. What are the legal aspects?

None identified.

7. Monitoring Officer Comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

- 8.1 This Committee is responsible for the implementation and active monitoring of audit processes and actions, which includes performance against the annual audit plan, reviewing quarterly internal audit progress reports and seeking responses and assurance from management where remedial action has not been agreed or implemented within a reasonable timescale. The 2020/21 Audit Plan was approved at this Committee on 11th March 2020. However, as a result of the response to the Covid19 pandemic, this plan was reviewed and updated by the Audit Manager and a revised plan was approved by this Committee on 16th September 2020 and again on the 25th November 2020.

The purpose of internal audit is to provide an independent, objective assurance and consulting service designed to add value and improve the Council's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit Service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. Each of the activities we audit are given an assurance rating as follows:

Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met
Satisfactory Assurance	Whilst there is a basically sound system of internal control there are weaknesses which put some of the objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the objectives at risk
Limited Assurance	Weaknesses in the system of internal controls are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No assurance	Control is generally weak leaving the system open to error or abuse or significant non-compliance with basic control processes leaves the processes/systems open to error or abuse

8.2 Work Undertaken

Internal Audit's objective is to examine the Council's financial and non-financial systems to check that there are adequate internal controls in place to prevent loss due to frauds, errors and inefficiency, and due attention is paid to corporate governance and risk management.

A summary of progress against the annual audit plan to date is shown at Appendix A, together with the current status of each area for review and the outcomes of the review, where completed.

I am pleased to report that agreed actions from previous audit reports are being progressed satisfactorily and that there are no instances where remedial action was not agreed by management during this quarter.

Progress against the revised annual audit plan is good, however, due to the ongoing Covid19 Pandemic, the Council has once again be required to administer further government business grants as a result of the second National lockdown and therefore more post-award compliance checking will need to be undertaken to minimise the risk of fraudulent claims. As a result of this and the significant additional work pressures on certain services of the Council from the pandemic, it will be necessary to postpone some of the planned audits to next year. Next year's audit plan is being presented to this meeting in a separate report.

Following a request by Director Net Zero Exeter and City Management and a review of the audit risk matrix the following areas are to be postponed to 21/22:

- Health and Safety
- Equalities and Diversity

In addition, the Insurance audit (low risk) will be postponed until 21/22.

8.3 Governance Issues

The Council's annual governance statement (AGS) includes some significant Governance issues and an action plan has been compiled which will be subject to regular monitoring by the Audit and Governance Committee.

The action plan of the issues identified has been included in Appendix B.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 Good governance contributes to the Council's purpose of a "Well Run Council".

10. What risks are there and how can they be reduced?

N/A

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only

12. Are there any other options?

N/A

**Helen Kelvey/Helen Putt
Audit Manager**

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

Contact for enquiries:
Democratic Services (Committees)
Room 2.3
01392 265115

**EXETER CITY COUNCIL
AUDIT AND GOVERNANCE COMMITTEE**

PROGRESS OF 2020/21 AUDIT PLAN TO DATE (3rd Quarter)

Please note that this is a summary of remedial action agreed, as to include all actions agreed from each audit report in detail would result in a lengthy document. Members may request a full copy of any report once finalised or alternatively meet with the Audit Manager to discuss specific audits further.

Audit Review	Report Status	Overall Opinion	Direction of travel since last audit	No. of Findings & Remedial Action Agreed (High Risk only)	Summary (where completed within this quarter)
IT / Strata	In progress				
Main Accounting	Final	N/A	N/A	N/A	Reported last quarter
Income Management	Final	Satisfactory Assurance	No previous audit	6 Medium	Reported last quarter
Procurement	Q3				
Creditors	Final	Satisfactory Assurance	No previous comparable audit	1 High 6 Medium 1 Low	Reported last quarter
Corporate Credit Cards	Final	Satisfactory Assurance	↓	3 Medium	Reported last quarter
Treasury Management	In progress				
Insurance	Q3				Postponed to 21/22
People Management	In progress				Postponed to 21/22
Health & Safety	Q4				Postponed to 21/22
Private Sector Landlord Services	Q3				Postponed to 21/22
Better Care Fund	Final	Substantial Assurance	↑	1 Medium	Reported last quarter
Sport England	Q3				Postponed to 21/22
Homecall	Q3/4				

Audit Review	Report Status	Overall Opinion	Direction of travel since last audit	No. of Findings & Remedial Action Agreed (High Risk only)	Summary (where completed within this quarter)
Corporate Property Assets	Final	Substantial assurance	↔	3 Medium 1 Low	<p>The Estates Services Team is part of the Corporate Property Unit and are responsible for the management of the Council's commercial and industrial property portfolio and a number of City Centre ground leases. Estates currently has more than 300 commercial properties in its portfolio. The Property Records part of the team hold the lease information and deeds of the Council's property ownership.</p> <p>In response to the Covid pandemic the Council offered commercial tenants a package of rent deferrals and concessions.</p> <p>The scope of this audit included a review of the following areas:</p> <ul style="list-style-type: none"> • Analysis on the level of income reduction for commercial rents since the start of the Covid crisis • Review of the strategies used for the collection of rent • Analysis of the effect the withdrawal of major rent grants from community/arts organisations has had on the collection of commercial rents <p>Remedial action has been agreed for all findings. The medium risk findings related to monitoring of arrears and the legal wording used on letters to tenants.</p>
Communications – social media	Q4				
Housing Benefits – student exemptions	Final	Substantial assurance	↔	0	No matters arising
Council Tax	Final	Satisfactory assurance	↔	7 Medium 3 Low	<p>Council tax is the system of local taxation used to part fund the services provided by local government. It was introduced in 1993 by the Local Government Finance Act 1992. Each residential property is allocated one of eight bands (A-H) on the basis of its assumed capital value. Each local authority sets a tax rate expressed as the annual levy on a band D property inhabited by two liable adults. This decision automatically sets the amounts levied on all types of households and dwellings.</p> <p>The scope of the audit included a review of the following areas:</p> <ul style="list-style-type: none"> • Out-of-date cheques process • Identification of new and amended properties (including completion notices) • Reconciliation of property control totals to the Valuation Office listings • Billing and liability system parameters

Audit Review	Report Status	Overall Opinion	Direction of travel since last audit	No. of Findings & Remedial Action Agreed (High Risk only)	Summary (where completed within this quarter)
					<ul style="list-style-type: none"> Eligibility for discounts and exemptions Bill suppressions System access rights <p>Remedial action has been agreed for all findings. The medium risk findings related to exemptions; empty properties and bill suppressions.</p>
Sundry Debtors	In progress				
Housing – Right to buy	In progress				
Corporate Governance	In progress				
Equalities and Diversity	Q4				Postponed to 21/22
Risk Management	In progress	N/A			Work has been ongoing to assist services with review of their operational risk registers
Business Continuity Management	In progress				
Contract Management	In progress				
Commercialisation and project management	In progress				
Review of hospitality/disclosures	Q4				
Disabled Facilities Grants	Final	Substantial Assurance	↔	2 Medium 1 Low	Reported last quarter
Unplanned Additional Audit Work 20/21 and loss of audit days					
<i>The following areas of additional work have been undertaken during the year by Internal Audit, which has required some of the amendments to the plan.</i>					
Gov't Covid Business Grants – administration and award of grants	Complete and ongoing	N/A		N/A	The Audit Managers are continuing to assist the business rates team in the administration of the Covid Business Grants. One member of the team is now also assisting with the processing of the business grants.

Audit Review	Report Status	Overall Opinion	Direction of travel since last audit	No. of Findings & Remedial Action Agreed (High Risk only)	Summary (where completed within this quarter)
Covid Business Grants – post award assurance	Complete and ongoing				<p>The Government requires post award checking of the Covid Business grants. As the Audit Managers were involved in the administration process this has been allocated to another member of the audit team to provide some independence.</p> <p>The assurance work on the first grant schemes has been completed and there were no significant matters arising. The Council has adopted an effective applications process to help prevent fraudulent applications.</p> <p>Further assurance work will be required for the numerous business grant schemes that have now been implemented.</p>
Support for Leisure Contract in-house	Complete				The Audit team undertook the inventory checks at the Leisure facilities to assist with the transfer of these facilities to be run in-house following the end of the current Leisure contract with Parkwood Leisure.
Re-deployment of staff to Exeter Community Hub	Complete				Two team members were deployed to the Exeter Community Hub for 12 hours per week for the total of 9 weeks.
Furlough of staff	Complete				One member of the team was furloughed for 6 weeks (24 days lost from audit plan)
Income Compensation Scheme for lost sales, fees and charges	In progress				At the request of the Director of Finance, Internal Audit will be auditing the claims submitted to government in respect of this scheme to ensure that the claim complies with the government guidelines. The time to undertake this audit is outside of the audit plan and will be resourced by a member of staff working overtime.

SIGNIFICANT GOVERNANCE ISSUES PROGRESS REPORT - FROM ANNUAL GOVERNANCE STATEMENT 2019-20

AGS Issue No.	Issue identified	Responsible Officer	Summary of action proposed	Update Sept 2020	Update December 2020	Update March 2021	Notes
3 (19-20)	Due to the Covid19 pandemic and the lockdown measures that were put in place in March 2020, the Council is facing increased cost and demand pressures at the same time as seeing a significant drop in income. Support from Central Government has mitigated some of the pressures, but the longer term impact could still be damaging to the Council's financial position.	Director Finance	~The Government have provided grants to cover expenditure pressures. ~The Government have committed to covering most of the losses from sales, fees and charges. ~The Council has taken an emergency budget to be considered on 21 July 2020, identifying ways to ensure a balanced budget.	~ Emergency Budget has been approved. ~ Government provided a small additional amount of Grant (£206k) to help towards expenditure pressures. ~ Monthly monitoring and returns to Government being maintained. ~ Extra £1m set aside to deal with additional pressures.	- Further Lockdown creating additional pressure on income budgets - Sales, Fees and Charges compensation has allowed the Council to protect its finances further and offset the worst elements of income loss - Further grant funding provided by Government to support additional expenditure	The final Local Government settlement has provided further financial support stretching into the first quarter of 2021-22. This appears to coincide with the Governments planned removal of restrictions over 4 steps.	
4 (19-20)	Due to the Covid19 pandemic and the lockdown measures that were put in place in March 2020, the Government has laid new regulations before Parliament to allow for virtual Council meetings to be held virtually.	Director Corporate Services / Monitoring Officer	The Council was the first to use the new regulations, holding a meeting of the Executive virtually, two days after the regulations came into force. Initial meetings were held via Skype for Business, but this has been replaced by Zoom. All meetings are streamed live via Facebook as they were previously to enable the public to view all Council business transparently. Members of the Public can also "attend" the meeting to ask questions using the normal notification procedure.	The virtual meetings are going well.	Meetings are continuing to be held virtually via Zoom, and are continuing to perform well. Members of the public regularly take up the opportunity to engage in these meetings via the normal public engagement aspects, with all public meetings also being broadcast via the Council's Facebook site. There are no plans at the moment to return to physical meetings."		
5 (19-20)	The move to an agile and flexible working environment as part of the Organisational Development Plan will impact on the control environment in some instances, which will require a review and in some cases adaptation of existing controls.	Audit Managers	Audit Plan will be updated to prioritise those services where the new working from home environment has resulted in a change to working practices and controls.	The current plan has been reprioritised to ensure control risks relating to working from home are promptly reviewed.	A revised Audit Plan was approved by A & G 16.09.20. Audit testing to date would indicate that staff have adapted well to the enforced home working and revised working processes and controls have been implemented and are working well.	Testing has indicated that revised working processes and controls have been implemented and are working well.	
6 (19-20)	The Covid19 pandemic has created a significant increase in fraud risk. The Council has already experienced at least one instance of a fraudster attempting to change a suppliers bank details. Grant schemes always attract individuals hoping to exploit the system and with the Government Covid19 grants schemes this risk has also further increased.	Audit Managers	Internal audit are currently undertaking a risk assessment on behalf of the Council, as required by the government, to assess the level of risk the Council may be exposed to as a result of administering the Small Business, Hospitality and Leisure and the Discretionary Grants. Internal Audit will also be undertaking post award checking following guidance issued by the government.	The risks assessment relating to the business grants has been completed and the prior award checks undertaken mean the risk is assessed as low. Fraud risk in general is being continually assessed and emerging fraud risks and trends are considered.	Internal Audit are currently in the process of undertaking post award assurance checking on the Small Business, Hospitality and Leisure and the Discretionary Grants as well as undertaking an audit of the Council's claim in respect of the Income Compensation Scheme for lost sales, fees and charges to ensure the claim meets government guidance. The Council is also participating in the National Fraud Initiative work programme which includes the mandation of additional data as part of the counter fraud response to the government Covid-19 relief programme. The pre-payment process for Test and Trace Support payments has been agreed with the Benefits and Welfare Lead. Pre-payment eligibility checks will be undertaken by the Quality Control Team with IA undertaking further independent sample testing at the year end to ensure payment complied with government guidance.	Audit testing has not identified any significant issues.	
No significant governance issues were identified for 2018/19, however, measures to improve Governance arrangements have been proposed and implementation of these measures should continue to be monitored as implementation has been delayed due to the Covid19 Pandemic							
1 (18-19)	The Council continues to make changes to its organisational structures and ways of working as it transforms the way in which services are delivered within the financial constraints of the current economic climate. This has kept the overall risk to the internal control environment high with changes in staff responsibilities and the reduction of available resources.	Audit Manager	This will continue to be monitored as part of the internal audit plan and any issues arising will be reported to the Audit and Governance Committee.	Internal Audit continue to deliver the audit plan and any issues arising relating to this risk will be reported to the A&G Committee.	As update for reference number 5 (19-20)	No change since last review.	

2 (18-19)	The Council now has a fully functioning Procurement Team in place which is effectively managing Council procurements. The next phase is to ensure that contract management is an integral part of the procurement cycle to ensure that it is undertaken effectively and consistently across the Council's contracts.	Director Finance	A contract management training plan to be implemented along with contract management guidance to assist contract managers to properly manage contracts by addressing transition management, performance monitoring and by helping to ensure that both parties fulfil their commercial and contractual commitments.	Need for training understood and accepted. Service Lead - Procurement is working to create a programme.	Contract management training delayed due to staff absence during Covid (furlough) and the Organisation Development Project task and finish group for Orders and Invoicing has taken a priority. Now scheduled for delivery in Jan-Mar 2021.		
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REPORT TO AUDIT & GOVERNANCE COMMITTEE

Date of Meeting: 10 March 2021

REPORT TO COUNCIL

Date of Meeting: 20 April 2021

Report of: The Monitoring Officer

Title: Model Code of Conduct

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report considers the model Code of Conduct as recently published by the Local Government Association, and seeks to establish whether the Council wishes to adopt it in part or in full, and with or without alterations.

2. Recommendations:

It is **RECOMMENDED THAT COUNCIL**

1. Approve the Model Code of Conduct appended to this report, with effect from the Annual General Meeting scheduled to take place on 18th May 2021;
2. Approve the inclusion of a section in the constitution which allows for the Monitoring Officer to grant dispensations to members as appropriate;
3. Authorises the Monitoring Officer to amend the following areas of the Constitution (if appropriate) where reference to the members' code of conduct is also made:-
 - a. The General Principle of Good Conduct (section 5(b) of the Constitution);
 - b. Protocol on Member/Officer Relations (section 5(e) of the Constitution);
 - c. Local Planning Code of Conduct (section 5i of the Constitution)

3. Reasons for the recommendation:

- 3.1 In accordance with Section 27 of the Localism Act 2011, each local authority has to adopt a Members' Code of Conduct which aims to promote and maintain high standards of behaviour by its members, and any co-opted members, whenever they conduct the business of the office to which they were elected or appointed, or when they claim to act or give the impression of acting as a representative of the Council.
- 3.2 The Local Government Association has recently undertaken a review of its model code of conduct, which, following a detailed consultation exercise, included the draft Code being presented to this Committee in 22 July 2020, has now been agreed for local authorities to consider for adoption.

3.3 The Monitoring Officer, and Deputies, have considered the Model Code and are recommending its adoption, as they feel the new model code helps to maintain the openness and accountability necessary to reinforce public confidence in the way members perform their public duties.

4. What are the resource implications including non-financial resources.

None.

5. Section 151 Officer comments:

There are no financial implications for Council to consider.

6. What are the legal aspects?

Section 27 of the Localism Act 2011, requires each local authority has to adopt a Members' Code of Conduct.

7. Monitoring Officer's comments:

Please see paragraph 3.3 above.

8. Report details:

8.1 The Local Government Association (LGA) recently consulted on a revised Model Code of Conduct, with that being presented to this Committee at its meeting on 22 July 2020 (minute 23 refers).

8.2 This Council submitted comments as part of the consultation exercise, basically welcoming the new Code of Conduct which it felt clearly identified the obligations placed on all councillors.

8.3 Following this consultation exercise, the LGA has now published its new model code of conduct and this is attached at Appendix A to this report.

8.4 The Monitoring Officer, and Deputies, have considered the Model Code and are recommending its adoption, as they feel the new model code helps to maintain the openness and accountability necessary to reinforce public confidence in the way members perform their public duties.

8.5 In particular, they raise the following points:-

- The new model code of conduct is much more user friendly than the existing, and very much through its wording, puts the onus on the Councillor themselves to understand what they are signing up for.
- This Council previously included "Part 2 interests (those which relate to the financial or well-being of the councillor, or a relative or close associate)" in its adopted code of conduct. This was not previously included in the model code. This forward thinking action of the Council has now been vindicated, as the new model code of conduct, does include reference for councillors to declare such interests – this is contained in paragraphs 6 and 7 of Appendix B of the attachment to this report.

- There is no reference within the model code to the previous ability for Members to ask the Monitoring Officer for a dispensation to participate in a discussion and vote thereon. Officers feel that this is an important element, and are suggesting that the following words are included in the Council's constitution alongside the model code of conduct:-

DISPENSATIONS

On a written request, the Council's Monitoring Officer may grant to a member a dispensation to participate in a discussion and vote on a matter at a meeting even if he/she has an interest, where the Monitoring Officer believes that:-

- the number of members otherwise prohibited from taking part in the meeting would impede the transaction of the business; or
- it is in the interests of the inhabitants in the Council's area to allow a member to take part; or
- it is otherwise appropriate to grant a dispensation.

- 8.5 In all cases of an interest being declared, the Member will be required to leave any meeting they are attending where such a matter is being discussed, before any discussion commences, as well as not taking part in any vote thereon.
- 8.6 It is intended that when the Council approves the new Code of Conduct, all councillors will submit a new declaration of interests form, and that such be updated on at least an annual basis, or within 28 days of the Member becoming aware of any new interest they may have.
- 8.7 The adoption of the new model code now, also ensures that all councillors elected in May 2021, will be bound by its contents.
- 8.8 Once Council approval has been given to adopt the new code, officers will also go through the existing Constitution and amend appropriately.

8.9 GIFTS and HOSPITALITY

Members' attention is also drawn to section 10 of the new model code, which introduces a new requirement upon them, with regards to the acceptance of gifts and hospitality that they may be offered (even if they have been refused in the case of one deemed of a significant value). Whilst there is the presumption that all such offers not be accepted, it accepts that this may not always be possible. This new section also sets a requirement that any such gift or hospitality which they accept, and is of at least £50 in value, must be registered with the Monitoring Officer.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 The new model code helps to maintain and indeed enhance the openness and accountability necessary to reinforce public confidence in the way members perform their public duties.

10. What risks are there and how can they be reduced?

- 11.1 There are no risks associated with this proposal.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: there are no equalities impacts that are identified.

12. Carbon Footprint (Environmental) Implications:

12.1 No direct carbon/environmental impacts arising from the recommendation.

13. Are there any other options?

13.1 The Council could agree to remain with its existing Code of Conduct, although it is felt that this could lead the Council open to criticism for not following national guidance.

Baan Al-Khafaji
Director - Corporate Services

Author: Monitoring Officer Exeter City Council

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when:

- you are acting in your capacity as a councillor and/or as a representative of your council
- you are claiming to act as a councillor and/or as a representative of your council
- you are giving the impression that you are acting as a councillor and/or as a representative of your council
- you refer publicly to your role as a councillor or use knowledge you could only obtain in your role as a councillor.

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. *Respect*

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. *Bullying, harassment and discrimination*

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. *Impartiality of officers of the council*

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - 3. I have consulted the Monitoring Officer prior to its release.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. *Complying with the Code of Conduct*

As a councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. *Interests*

As a councillor:

9.1 I register and declare my interests.

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be declared by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or declare a disclosable pecuniary (i.e. financial) interest is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and declaring interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.

10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.

10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the local authority or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests). Disclosable Pecuniary Interests means issues relating to money and finances.
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
3. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor/member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.
4. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Declaring interests

5. Where a matter arises at a meeting which directly relates one of your Disclosable Pecuniary Interests, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest, just that you have an interest.
6. Where a matter arises at a meeting which directly relates to one of your Other Registerable Interests, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', again you do not have to declare the nature of the interest.
7. Where a matter arises at a meeting which *directly relates* to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room

unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

8. Where a matter arises at a meeting which *affects* –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body included in those you need to declare under Disclosable Pecuniary Interests

you must disclose the interest.

9. Where the matter affects the financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licences	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body -	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

REPORT TO AUDIT & GOVERNANCE COMMITTEE

Date of Meeting: 10 March 2021

Report of: Director Finance

Title: CODE OF CORPORATE GOVERNANCE – 2021/22

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 The report sets out the proposed Code of Corporate Governance to reflect the updated principles of Delivering Good Governance in Local Government (CIPFA/Solace 2016).

2. Recommendations:

It is recommended that:

2.1 Audit and Governance Committee supports and Council approves the Code of Corporate Governance for 2021/22;

3. Reasons for the recommendation:

3.1 The Council is required to prepare and publish an Annual Governance Statement by Regulation 4 of the Accounts and Audit (England) Regulations 2011. It reports on the Council's performance against the Code of Corporate Governance. It is best practice to review and update the Code annually.

4. What are the resource implications including non financial resources.

4.1 There are no resource implications contained within the report.

5. Section 151 Officer comments:

5.1 The production of the Code of Corporate Governance is considered best practice. However the requirement to produce an Annual Governance Statement, which reports on the Council's performance with reference to the Code is a statutory requirement.

6. What are the legal aspects?

6.1 The Annual Governance Statement, which reports on performance against the Code of Corporate Governance complies with Regulation 4 of the Accounts and Audit (England) Regulations 2015.

7. Monitoring Officer's comments:

Corporate Governance is the term used to describe the system by which Local Authorities direct and control their functions and relate to their communities. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable

manner. The Code of Corporate Governance sets out the Governance Framework and illustrates the key documents and processes it has in place to support the delivery of good governance across the Council.

The Code of Corporate Governance sets out the principles of good governance and what arrangements it has in place to ensure that the Council conducts its business in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

8. Report details:

- 8.1 The Code of Corporate Governance is required to be updated annually. The updated Code is attached at Appendix A.
- 8.2 The code has been updated to reflect the new principles set by CIPFA/SOLACE and the opportunity has been taken to present it more in line with the Annual Governance Statement that reports on the Council's performance. There are no significant changes to the code this year.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 This is a statutory requirement and does not contribute directly to the Council's Corporate Plan.

10. What risks are there and how can they be reduced?

- 10.1 There are no direct risks associated with this report

EQUALITY ACT 2010 (THE ACT)

- 11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:
- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
 - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
 - foster good relations between people by tackling prejudice and promoting understanding.
- 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report sets out a framework that does not directly impact on people.

11.5 In recommending this proposal potential impact has been identified on people with protected characteristics as determined by the Act and an Equalities Impact Assessment has been included in the background papers for Member's attention.

CARBON FOOTPRINT (ENVIRONMENTAL) IMPLICATIONS:

12.1 No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

13.1 Not applicable

Director Finance

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 4.46
01392 265275

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Exeter City Council

Code of Corporate Governance

2021-22

Scope of Responsibility

Exeter City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In addition to meeting statutory obligations and organisational objectives, the Council's governance framework is required to meet the following seven principles of good governance:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social and environmental benefits
4. Determining interventions necessary to optimise the achievement of the intended outcomes
5. Developing the Council's capacity. Including the capability of its leadership and individuals within it
6. Managing risk and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability

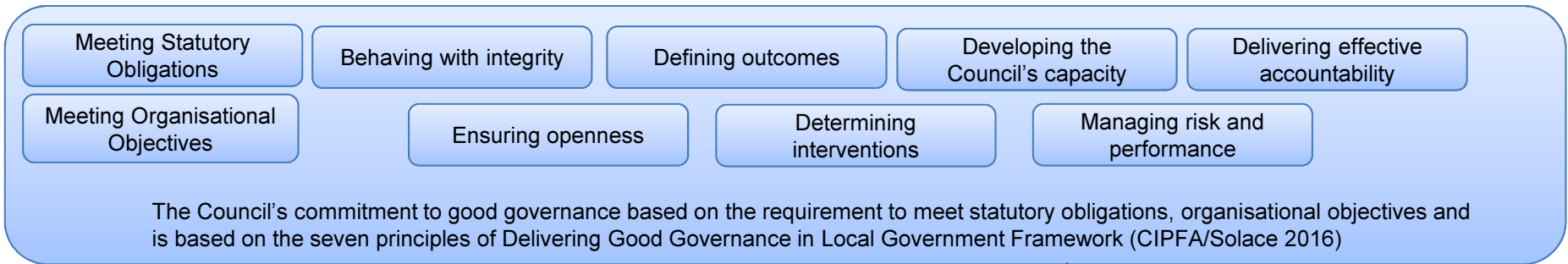
In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has approved and adopted this Code of Corporate Governance, which is consistent with the principles of Delivering Good Governance in Local Government (CIPFA/Solace 2016) and which identifies the systems, processes and documents that contribute to the Council's governance arrangements

The Purpose of the Governance Framework

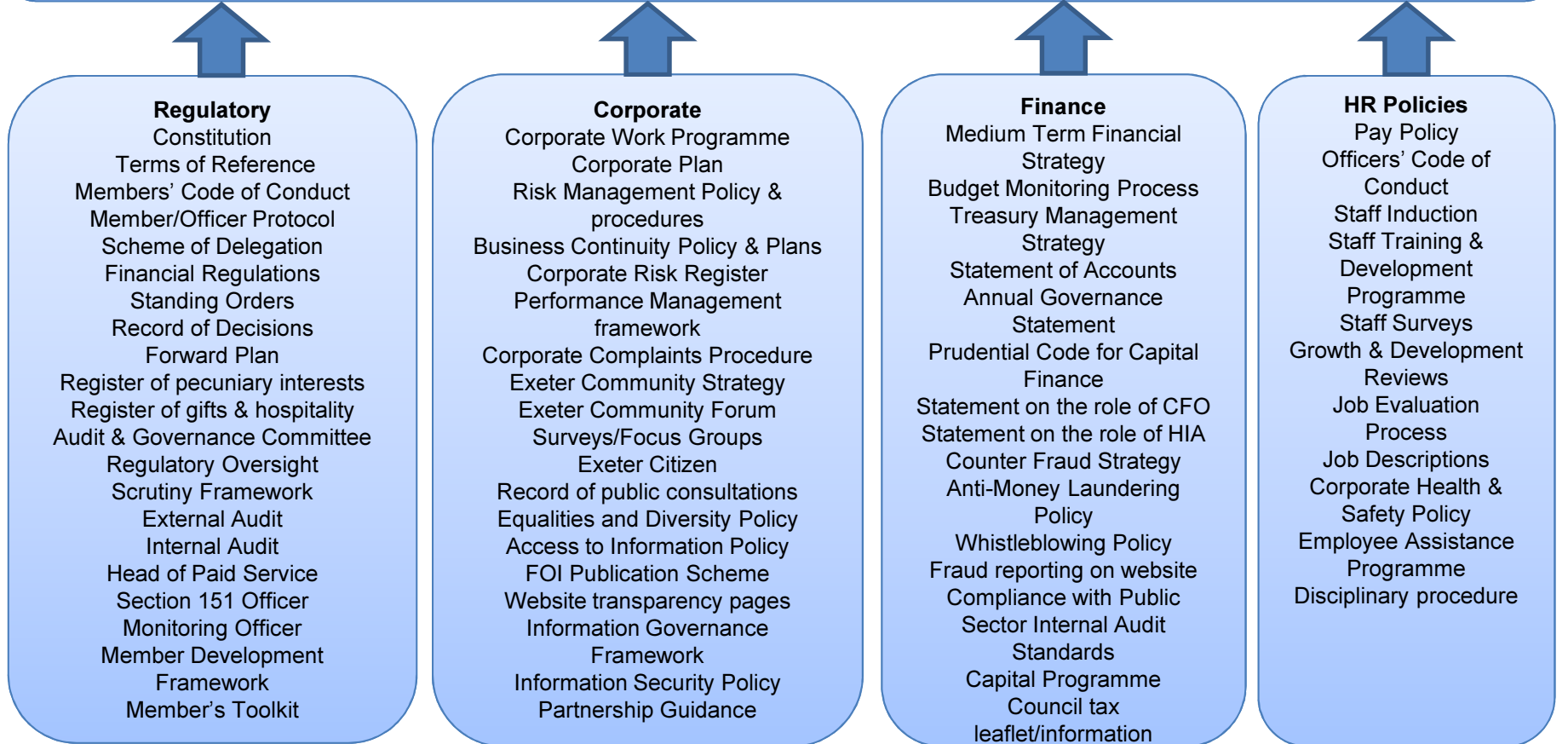
The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled together with activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its purposes and to consider whether those purposes have led to the delivery of appropriate, cost-effective services.

The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. There is an ongoing process designed to identify and prioritise risks to the achievement of Council policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

Corporate Governance Framework



Page 75



Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and also by comments made by the external auditors and other review agencies and inspectorates.

The processes for maintaining and reviewing the effectiveness of the governance framework are:

- Executive is responsible for considering overall financial and performance management and receives comprehensive reports throughout the year;
- Strategic Scrutiny Committee monitors the overall strategic financial position of the Council;
- Audit & Governance Committee monitors the effectiveness of risk management, Internal Audit and the system of internal control. Budget monitoring reports are also presented quarterly to the Customer Focus Scrutiny Committee;
- Annual reviews of the Council's key financial and non financial systems by Internal Audit against known and evolving risks and cyclical reviews by Internal Audit of internal controls in operation within each service area against known and evolving risks are reported on a quarterly basis to the Audit & Governance Committee;
- The Monitoring Officer provides assurance that the Council has complied with its statutory and regulatory obligations;
- Annual reviews of the Council's financial accounts and records by the External Auditors leading to their opinion as published in the year-end statements;
- Ongoing reviews of strategic and operational risks in each service area and the conduct of risk analysis and management in respect of major projects undertaken by the Council;
- Reviews and, where appropriate, updates of the Council's Financial Regulations and Standing Orders

Date of next review

The Code of Corporate Governance will be reviewed annually by the Section 151 Officer in consultation with the Executive Support Unit and presented to the meeting of the Audit & Governance Committee in March 2022.

REPORT TO AUDIT & GOVERNANCE COMMITTEE

Date of Meeting: 10 March 2021

Report of: Corporate Manager (Executive Support)

Title: Local Government Ombudsman's Annual Review of Complaints 2019-2020

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

- 1.1. The report explains the role of the Local Government & Social Care Ombudsman (LGO) in investigating and remedying complaints about councils. It also presents the LGO's annual review of complaints about Exeter City Council for the year ending 31 March 2020.

2. Recommendations:

- 2.1. That members note the report and highlight any issues with the complaints referred to in the LGO's annual review.

3. Reasons for the recommendation:

- 3.1. There is a legal duty to communicate to elected members the council's performance in relation to LGO investigations.

4. What are the resource implications including non-financial resources.

- 4.1. There are no resource implications.

5. Section 151 Officer comments:

- 5.1. There are no financial implications arising out of the report.

6. What are the legal aspects?

- 6.1. There is a duty under section 5(2) of the Local Government and Housing Act 1989 for the council's Monitoring Officer to prepare a formal report to the council (Audit and Governance Committee) on all Ombudsman complaint decisions.
- 6.2. The LGO considers that this duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period. This may be adequately addressed through an annual report on complaints to members. Hence this report.

Formal Public Reports issued by the LGO

- 6.3. If a local authority, or any part of it

- has acted or is likely to act in such a manner as to constitute maladministration or service failure perhaps because of the scale of the fault or injustice, or the number of people affected
- and where the LGO has conducted an investigation in relation to the matter

the LGO would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.

- 6.4. The duties set out above in relation to the Local Government and Housing Act 1989 are in addition to, not instead of, the pre-existing duties placed on all authorities in relation to Ombudsman reports under The Local Government Act 1974. Under those provisions, whenever the LGO issues a Formal Public Report the council is obliged to lay that report before the council for consideration and respond within three months setting out the action taken, or proposed to be taken, in response to the report.
- 6.5. In the unlikely event that an authority is minded not to comply with the LGO's recommendations following a finding of maladministration, she would always expect the Monitoring Officer to report this to members under section five of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.

7. Monitoring Officer's comments:

- 7.1. Please see the Monitoring Officers' duty set out in paragraph 6 above.

8. Report details:

- 8.1. The LGO is a service that investigates complaints from the public about councils and some other bodies providing public services in England. The LGO investigate alleged or apparent maladministration or service failure that have caused injustice to the complainant. Most council services can be investigated including planning, council tax and housing benefit and some areas of housing. Maladministration in broad terms might include:
- flaws in policies or decision making
 - poor administrative practice
 - failure to adhere to or consider properly statutory guidelines
 - failing to consider properly the exceptional circumstances of an individual or a situation
 - not properly considering statutory powers or duties
 - failing to give an adequate service
- 8.2. The LGO will usually only become involved after a council's complaints procedure has been exhausted. If the LGO finds the council acted with fault, which caused the person an injustice, it will recommend a remedy to put things right. The LGO's remedies are aimed at putting the person back in the position they would have been were it not for the fault. Where appropriate it also recommends action to avoid similar issues affecting other people - such as reviewing practice and procedure - and can recommend remedies for other persons affected by faults found in an individual complaint.
- 8.3. Details of the Exeter City Council complaints received and decisions made by the LGO for the year ending 31st March 2020 are set out below. This report was published on 22

July 2020, but due to the impact of Covid-19 the report was not submitted to the usual Audit and Governance Committee in the autumn.

8.4. The LGO has not issued any Formal Public Reports, as referred to in paragraphs 6.3 and 6.4 above.

Reference	Category	Decision Date	Decision	Decision Reason	LGO Remedy
18015151	Planning & Development	06/08/2019	Upheld	Maladministration no injustice	None
18017483	Environmental Services & Public Protection & Regulation	29/07/2019	Upheld	Maladministration and injustice	Apology (Issued 29 July 2019)
18018549	Corporate & Other Services	26/04/2019	Closed after initial enquiries	Other agency better placed to deal with	None
19010968	Highways & Transport	24/02/2020	Closed after initial enquiries	26(6)(c) court remedy	None
19000691	Environmental Services & Public Protection & Regulation	02/05/2019	Closed after initial enquiries	Sch 5.1 court proceedings	None
19002974	Environmental Services & Public Protection & Regulation	14/10/2019	Referred back for local resolution	Premature decision - advice given	None
19003965	Environmental Services & Public Protection & Regulation	21/08/2019	Closed after initial enquiries	Not warranted by alleged maladministration/ service failure	None
19006804	Planning & Development	04/10/2019	Closed after initial enquiries	Not warranted by alleged injustice	None
19013309	Benefits & Tax	07/11/2019	Referred back for local resolution	Premature decision - advice given	None
19019456	Housing	22/02/2020	Closed after initial enquiries	Sch 5.5A/5.5B Social housing landlord	None

8.5. Details of the LGO's findings on the two cases that were upheld are attached at Annex A.

Case 18015151 – In summary Mrs X complained about the Council's decision to approve a neighbour's application for development. The LGO found fault in the way the Council recorded its reasons for granting planning permission for the neighbour's development. But this fault did not cause Mrs X an injustice, so the LGO completed their investigation.

Case 18017483 - Ms X complained about the Council's investigation of her reports of noise and vibration. There was no fault in its investigation and how it made its decision to close the case. The LGO found that the Council should have summarised the outcome

of its investigation into her allegation about a member of staff. The council apologised to Ms X for this fault.

8.6. The LGO did not find fault in the substantive matters that were complained of in both cases.

9. How does the decision contribute to the Council's Corporate Plan?

9.1. Effective handling of complaints and following due process are facets of a well-run council.

10. What risks are there and how can they be reduced?

10.1. No risks identified.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs;
- and foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because:

11.4.1 The report does not set policy.

12. Carbon Footprint (Environmental) Implications:

12.1 No direct carbon/environmental impacts arising for the recommendations

13. Are there any other options?

13.1 Not applicable.

Bruce Luxton

Corporate Manager (Executive Support)

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:- None

The Ombudsman's final decision

Summary: Ms X complained about the Council's investigation of her reports of noise and vibration. There was no fault in its investigation and how it made its decision to close the case. It should have summarised the outcome of its investigation into her allegation about a member of staff. It agreed to apologise to Ms X for this fault.

The complaint

1. Ms X complains the Council failed to properly investigate and take action to prevent noise and vibration nuisance caused by her neighbour. She says it has not properly considered evidence she provided and removed noise monitoring equipment after only one attempt, despite promising to give several opportunities.
2. Ms X thinks the Council told her neighbour it was installing the monitoring equipment and therefore they stopped making the noise for two weeks. She says the Council has not properly investigated her complaint about an officer's behaviour. The noise and vibration continue to seriously affect Ms X's health and wellbeing.

The Ombudsman's role and powers

3. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)
4. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

How I considered this complaint

5. I spoke to Ms X about her complaint.
6. I asked the Council questions and considered its answers and case records.
7. I gave the Council and Ms X the opportunity to comment on my draft decision. I considered Ms X's comments before making my final decision.

What I found

Background

8. Councils must investigate complaints about noise and vibration that could be a statutory nuisance. For something to count as a statutory nuisance it must:
 - Unreasonably and substantially interfere with the use of enjoyment of a home or other premises and/or,
 - Injure health or be likely to injury health.
9. Usually the statutory nuisance needs to be witnessed by the council's Environmental Health Officer. They will make an independent judgement which can be quite subjective. Councils should consider the level, length, timing and location of the disturbance to make this decision.
10. Councils may gather evidence about nuisances by asking people to fill out diary sheets and giving them recording equipment. Specialist equipment is designed to give councils robust evidence, taking account of recording levels.
11. If an officer, having considered the evidence, decides a statutory nuisance is happening, or will happen in future, councils must serve an abatement notice. This requires the person responsible to stop or restrict the nuisance.
12. Councils can decide to take informal action if the nuisance complained about is causing a nuisance but is not a statutory nuisance. They may write to the person causing the nuisance or suggest mediation.
13. This Council's policy for investigating noise nuisance complaints is to make a site visit, use diary sheets and a phone based noise recording app. If, having reviewed this evidence the Council decides they might indicate a potential statutory nuisance it may undertake a further site visit and install noise monitoring and/or recording equipment at the home (called MATRON).

What happened

14. In January 2018 Ms X told the Council she was concerned about noise from her neighbour. She referred to disturbance affecting her, including a low frequency noise. Ms X's neighbour had an exercise machine that caused this noise and vibration. The Council took details and explained it could give Ms X diary sheets to complete and she could use a phone app to record what was happening. It gave her details of how to make recordings.
15. Ms X sent the Council records of noises and vibration and the effect these had on her. They record a range of household noises including doors slamming as well as vibration from the exercise machine. They cover January 2018 until January 2019 and are evidence of over 30 days of recordings. Ms X recorded most as having an intensity of 10/10. The Council says its case officer listened to all recordings in full. It says selected recordings were listened to by the Principal Environmental Health Officer. It decided none were evidence of statutory nuisance based on the level of noise, frequency, duration and time of day.
16. In February 2018 Ms X's neighbour contacted the Council as Ms X had written to them about the problem. The Council gave the neighbour advice about how it investigated noise complaints.
17. Council officers visited Ms X and the neighbour in February 2018. Notes of the visit say the officer could hear some noise and felt some vibration. The officer monitored in two parts of Ms X's house. Their notes record that the vibration was

-
- not at a level that was a statutory nuisance. The neighbour then installed mats to reduce vibration.
18. Ms X wrote to the Council later in February complaining about the conduct of officers at the visit. The Council wrote back in March to apologise if it had not previously explained officers visited in pairs. It explained it had spoken to Ms X's neighbour to try to mediate after Ms X sent the neighbour the letter in February. It had given the neighbour advice about reducing the vibration. It said its offer to keep monitoring and use the phone app was still open. It had not so far witnessed or had evidence of a statutory nuisance.
 19. Because of continued concerns from Ms X, the Council decided, in April, to install its own noise monitoring equipment (called MATRON) in Ms X's house. It says Ms X advised it the problem had reduced recently. The Council advised Ms X to report if this situation changed. It wrote to the neighbours to inform them it was continuing to investigate.
 20. It called her in May to check on the situation. Ms X said the exercise equipment was outside during the summer so less of a problem. Ms X continued to submit recordings using the App over this period. The Council case notes say it considered the recordings and decided they were not evidence of a statutory nuisance.
 21. In November 2018 the Council and Ms X agreed to install the MATRON equipment. It sent Ms X's neighbour a letter in late November, as it was required to by the law. It installed MATRON in early December. The equipment works by the person pressing "record" when they hear a noise. Ms X told the Council she was concerned the neighbour had seen delivery of the equipment. It rearranged bookings to allow the equipment to remain for a second week.
 22. After one week, the Council visited Ms X's property to check the MATRON equipment was working properly and change its memory card. The Council then took the equipment away after two weeks of operating in Ms X's home.
 23. Ms X completed log sheets for the period the equipment was installed referring to vibration from the exercise equipment and banging in the kitchen.
 24. The Council noise log for the MATRON installation records five instances over the two weeks where whirring was recorded at a moderate to low level. It also recorded thudding which the officer considered was the result of normal living noise. The officer decided the recordings were not evidence of a statutory nuisance. The Council decided to close the complaint based on insufficient evidence of statutory nuisance based on frequency, duration, noise and time of day.
 25. The Council wrote to Ms X in early January 2019 to say it had reviewed evidence including the diary sheets she had completed, phone app records she had provided and recordings from MATRON. This was not evidence of a statutory noise nuisance. It closed the case. The Council told Ms X if there was a change in circumstances such as the noise becoming more frequent, it might be able to look again. It said she had a right to take private action through the courts.
 26. Ms X wrote to the Council complaining about the decision to close her case. She said she was still submitting noise recordings so it should not have closed it. She thought officers had not behaved professionally with her and had tipped off her neighbours about the installation by calling them from outside her home, immediately before installing the equipment. That meant they stopped the noises while the MATRON equipment was there. The two weeks it had been installed

were the first peaceful period she had had for years. The noise and vibration had restarted as soon as the equipment had been taken away. Officers had previously said she could have the MATRON equipment on several occasions yet this had been withdrawn.

27. The Chief Executive replied to say they had passed the complaint about staff conduct to a Director to investigate, checking Ms X gave permission for this.
28. The Council replied to Ms X's complaint in February. It confirmed it had considered the evidence from its on-site observation, diary sheets and recordings. It was satisfied, based on consideration of this evidence, there was not a statutory nuisance. It had carried out a comprehensive investigation. It did not refer to the staff conduct complaint. It referred Ms X to the Ombudsman.
29. Ms X told me the vibration and noise was continuing causing her to have to leave home or suffer for most days. She said there was no other plausible explanation why the noise had stopped for the two weeks the MATRON equipment had been installed. She wanted an independent organisation to do more monitoring. She wanted the Council to install specialist equipment to monitor vibrations. She is sure the Council informed her neighbour it had installed the monitoring equipment.
30. In response to my enquiries the Council said it had considered Ms X's evidence and its own recordings. It did not consider there was any evidence of noise or vibration that met the threshold for statutory noise nuisance. It had given Ms X's neighbour advice on ways to reduce noise including new equipment and mats.
31. It had investigated Ms X's allegation about the member of staff tipping off the neighbour. It had found that the officer had, at the time in question, called a phone number not associated with the case. It had not disclosed this to Ms X because it considered it was personal and sensitive information.

My findings

32. The Council investigated Ms X's reports of nuisance by making officer visits, and by considering recordings made by Ms X on the phone app and from its noise recording equipment. The officer visits considered whether noise or vibration was a statutory nuisance. Council officers then used their professional judgment to decide this did not provide evidence of statutory nuisance. There was no fault in how the Council made this decision and so I cannot question that decision.
33. The Council told Ms X its investigation of her noise complaints was closed but it said if the noise increased or became more frequent it might be able to carry out a further investigation. It was entitled to decide, having considered Ms X's evidence for the past year that it could close the case. It correctly left open the option to consider new evidence from Ms X if this materially changed the situation. There was no fault in how it made this decision. It is open to Ms X to provide the Council with such evidence which it must properly consider before deciding whether to take further steps. The officer specifically considered whether vibration they experienced was at a level to be a statutory nuisance and did not consider this threshold was met.
34. The Council did not respond to the part of Ms X's complaint that she felt officers may have tipped off her neighbour when installing the MATRON equipment. It was concerned to avoid disclosing personal and sensitive information. It could have explained its actions to investigate and summarised its conclusion, that there was no evidence of inappropriate behaviour, without going into personal details.

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35. Its lack of response to this point was fault, causing Ms X frustration. It should apologise to Ms X for this omission. The Council acted appropriately at other times throughout the investigation to inform the neighbour about its actions and to give them advice about reducing noise.

Agreed Action

36. The Council agreed that within one month of my final decision it would apologise to Ms X for not responding to that part of her complaint that concerned her allegation about staff action.
37. Ms X, in response to my draft decision said she does not want it to do so. I am therefore satisfied it does not need to carry out this action.

Final decision

38. I have completed my investigation. There was no fault in the Council's actions to investigate Ms X's complaint of noise nuisance. There was some fault in its response to her complaint for which it agreed to apologise.

Investigator's decision on behalf of the Ombudsman

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The Ombudsman's final decision

Summary: Mrs X complains about the Council's decision to approve a neighbour's application for development. We found fault in the way the Council recorded its reasons for granting planning permission for the neighbour's development. But this fault did not cause Mrs X an injustice, so we have completed our investigation.

The complaint

1. The complainant whom I shall refer to as Mrs X complains the Council failed to consider its own planning policies when approving new housing on land next to her property. Ms X states the proposal conflicts with the Council's Local Plan policy LS1, the Council did not apply the sequential test needed for applications in flood zone areas. And the road access to the site was inadequate. Mrs X says this will have a detrimental impact onto her property and it increases the flood risk to her own land.
2. Mrs X also complains the Council encouraged her to progress a similar application on her own land. But refused it causing her to incur abortive fees which Mrs X wishes the Council to refund.

The Ombudsman's role and powers

3. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)
4. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

How I considered this complaint

5. I have read the papers submitted by Mrs X and spoken to her about the complaint. I considered the Council's comments about the complaint and the supporting documents it provided. I have explained my draft decision to Mrs X and the Council and considered the comments received.

What I found

Development in Flood zones, the Sequential test and Exception test

6. Councils need to consider the flood risk vulnerability of land uses when considering applications for development in Flood zones. Flood zones are referred to in the Strategic Flood Risk Assessment for the area. The government issued guidance for Councils when considering applications in flood zones by using the sequential test. The aim of the sequential test is to ensure that areas at little or no risk of flooding (Flood zone 1) from any source are developed. This is in preference to areas at higher risk (Flood zones 2 and 3).
7. Where it is not possible to apply the sequential test and for the development to be in zones with a lower risk of flooding, the Exception test allows a method of managing flood risk while still allowing development to happen. This test needs to include a Flood Risk Assessment (FRA) and demonstrate the site will be safe for its lifetime without increasing flood risk elsewhere.

Council policy LS1

8. The Council has a planning policy for planning applications submitted in the Landscape Setting area (LS1) in its Local Plan Review 1995-2011. This aims to protect open land in the area from development due to its intrinsic merit and contribution to the distinctive landscape setting of the City. LS1 says that development which would harm the landscape setting of the City will not be permitted unless it maintains local distinctiveness and character.

Events leading to the complaint

9. Mrs X lives in a property in a development of three houses. The houses share an access road which runs alongside a stream. There is a bridge across the stream near the access road.
10. In 2016 Mr and Mrs X's planning agent asked the Council about building one or two houses on land behind their property. The Council gave detailed pre-planning advice in 2017 at a site meeting. It said due to the various physical and policy constraints it could not support a proposal for new houses on the site.
11. In 2017 Mrs X's neighbour submitted an outline planning application to build three new houses on land adjacent to his property and so next to Mrs X's land. The planning case officer prepared a report. It described the proposal and relevant planning policy guidance including Council policy AP2 - Sequential Approach. The officer said the applicant submitted supporting information including an FRA. The report noted the proposed plots were in located in a Flood Zone 2/3 due to a risk of fluvial flooding from the stream during severe rainfall. There was also a risk of the nearby bridge becoming blocked with debris causing flood water to back up. The officer recommended raising the finished floor levels of the new houses up above ground level and building them to be resilient to damage from flood water.
12. The report said the proposed development was within a designated park and a conservation area so needed to ensure the landscape was protected from inappropriate development. The officer referred to the local plan saying development in such areas would not be permitted unless it maintained local distinctiveness and character. But considered the raised floor levels would not make the development any more prominent in the area. The report acknowledged the application site needed car access to it because of its location.

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13. The report noted two letters of objection, so the application went to a Delegation Briefing held with Planning Committee members. They confirmed officers could approve the application under delegated powers.

Reserved Matters application

14. Mrs X's neighbour submitted a reserved matters application for the proposal in 2017 for layout, scale, landscaping and appearance. Mrs X objected and expressed concerns about the width of the existing access road to support more cars. And building houses could have a damaging effect on to her property through increased flood risk from the nearby stream.
15. The planning case officer's report on the application explained the proposal and representations received including those from Mrs X. The report confirmed consultation with the Environment Agency who had no objection to the proposal. Although it commented the Council needed to be 'satisfied the flood risk Sequential test had been satisfied' according to government guidance. If it failed the test it was enough to justify refusing the application.
16. The planning officer's report assessed the proposal and said the outline application had been approved knowing the new houses needed to be raised up to address the flood risk. The officer considered the scale of the properties were not unreasonable with acceptable landscaping of the site. The report noted the objections about highway issues and flood risk, and these were considered with outline application. So, could not be reassessed or reopened with the reserved matters application. The officer recommended approving the application and Members approved it at a Delegation Briefing.
17. Mr X contacted the Council's Planning team in January 2018. He asked officers to reconsider their previous advice given to him and Mrs X due to the Council approving a similar application from his neighbour. Planning officers provided Mr X with more information about the issues needing to be addressed. The officers explained the neighbour's approval was an unusual situation and outcome and a major departure from the Council's policies. The Council considered it on information and argument submitted it was an exceptional case where the landscaping setting value was not as much as elsewhere.
18. The officer confirmed the Council considered the main issue of flood risk and landscape setting, but these were not insurmountable in that case. The officer advised that any new proposal from Mr and Mrs X needed to mitigate flood risk.
19. Mr X met a planning officer on site in February 2018. The officer explained to Mr X most of the site lay within a designated flood area of flood risk. And according to designated flood zone areas the flood risk lowered moving eastwards in the site (so towards the neighbour's land). The officer said even if Mr and Mrs X could mitigate the flood risk there were other key planning issues to consider. The Council says the officer advised Mr X any application would be a 'high risk' and that 'approval cannot be guaranteed'. The Council says there are no written notes of the site meeting.
20. Mr and Mrs X submitted a formal application to build three houses on the land in August 2018 but withdrew it after discussions with officers.

The Council's response to Mrs X's complaints

21. The Council says it has issued planning consent for several sites located within the LS1 (Landscape Setting) area. And the designation does not mean an absolute restriction on development. Rather it must consider it alongside other relevant national and local policies and all other material planning considerations.

The policy is one of the Council's saved policies from the 2005 Local Plan and forms only part of its approach to landscape and setting in the city. The Council has a more recent policy in the 2016 Core Strategy.

22. The Council says it acknowledged during a recent planning appeal policy LS1 was outdated so had limited weight when deciding planning applications. The Council is preparing a new strategic plan to include updated landscape policies. But the plan is currently given no weight in planning decisions due to being at draft stage.
23. The Council says Mrs X's neighbour submitted an FRA by a reputable company with the outline application and correspondence with the Environment Agency. The FRA says the development would be safe for a lifetime and not increase flood risk to others. The Council says the officer's report comments on flood issues and the officer marked the FRA showing it had been considered. The officer included the mitigation measures referred to in the FRA as conditions in the planning permission. So, the Council was satisfied it had been considered by the officer. But accepts the report does not refer to passing the Exception test as part of the Sequential test as required by government guidance.
24. The Council recognises this was a weakness in recording its consideration of the application. But does not consider it resulted in a flawed decision about flooding issues. The Council confirms it has acted to ensure reports refer to the sequential test when necessary.
25. The Council confirms it consulted the Highway Authority about the application and it raised no objection to the proposed access. So, the Council considers it would have been unreasonable if it refused the application due to the access being unsuitable as Mrs X alleges.
26. The Council has explained the enquiries made by Mr and Mrs X about developing their land for housing. The Council says at site meetings while officers advised Mr and Mrs X they did not encourage or express support for the proposal. Rather officers advised it was high risk. So, does not consider Mrs X's request to refund her abortive fees justified. However, it does accept that some of the officer advice given in 2018 after Mrs X's neighbour gained planning permission could have been clearer. And explain the difference between Mrs X's proposal and their neighbour. But says Mrs X would have been aware her application only ever had a small chance of success.
27. In commenting on the draft decision Mrs X says officers were very positive about their re-submitted proposal in 2018 and they only pursued it due to this.

My assessment

28. The planning officer's report on the outline application does refer to the site being in a designated area as a valley park and conservation area. It refers to the need to protect landscape merit. The Council considers Policy LS1 now outdated so has less weight when deciding planning applications. While the report does not specifically mention Policy LS1 I consider there is reference to landscape merit and impact on the local area in the officer assessment.
29. The report also refers to the need for car access to the site. The documents show the Council consulted the Highways Authority on the proposal who had no objection. So, I do not consider there is evidence of fault by the Council in the way it considered the issues of landscaping setting and the highway impact of the development.

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30. The documents I have seen show the neighbour submitted an FRA with the application. The planning report referred to the FRA with Council policies on flood risk and sequential approach. The FRA showed a sequential test carried out by a reputable firm. The planning report explains the proposal is in a flood risk zone and the houses should have raised floor levels. The planning permission refers to conditions to mitigate flood risk. So, I consider there is evidence to show the Council considered the sequential and exception tests and the issues of the site being in a flood zone. Because of this I am satisfied the Council's decision to approve the application is a merits one it is entitled to make.
 31. But Councils do need to give clear reason for decisions to approve planning applications. And so, I consider it fault the Council did not refer to the sequential test in the planning report as part of its explanation for granting planning permission. This would make it clearer why it granted the permission.
 32. While I consider there was fault in the Council's recording of the decision, I do not consider it caused an injustice to Mr and Mrs X. This is because there is sufficient evidence to show the Council considered the issue of flooding and the sequential test when considering the planning application. The Council has acted to ensure the sequential test is referred to when necessary in reports which I consider is suitable action for it to take.
 33. The documents show Mr and Mrs X made pre-application enquiries of the Council. The Council explained its view of the proposal and highlighted some risks associated with the proposal. This included the likely issue of flooding. It was for Mr and Mrs X to decide whether they wished to continue with an application. Mr and Mrs X chose to approach the Council again after their neighbour gained planning permission for development. The Council does not have notes of the site meeting at which it says the officer advised the proposal was 'high risk'. But I am satisfied the Council documents show Mr and Mrs X were advised of the risks with the application. It was for Mr and Mrs X to decide whether to continue and there is always an element of risk an application may not be approved when being formally determined.
 34. It was at Mr and Mrs X's own risk and cost when they chose to submit an application to the Council with professional help which they later withdrew. If Mr and Mrs X decided to continue with the application and the Council had refused it, then Mr and Mrs X could have exercised a right of appeal to the Planning Inspectorate.

Final decision

35. I am completing my investigation. There was fault by the Council in the way it recorded its consideration of a planning application. But this did not cause an injustice to Mrs X.

Investigator's decision on behalf of the Ombudsman

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REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 10 MARCH 2021

Report of: Chief Executive & Growth Director

Title: Corporate Risk Register

Is this a Key Decision?

No

Is this an Executive or council function?

Risk management is a council function.

Risk Management is an important element of the council's Code of Corporate Governance. Regular monitoring of the council's corporate risks helps to ensure that the council's business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

1. What is the report about?

- 1.1 The report advises the committee of the council's risk management progress and presents the updated Corporate Risk Register (Appendix A).

2. Recommendations:

- 2.1 That the committee reviews and notes Corporate Risk Register

3. Reasons for the recommendation:

- 3.1 To comply with the council's Risk Management Policy which states that this committee is responsible for monitoring and reviewing the Council's risks and reporting all new and updated risks to the Chief Executive and Growth Director.

4. What are the resource implications including non-financial resources.

- 4.1 Directors and Senior Managers, as appropriate, are asked to update the Corporate Risk Register on a quarterly basis. The register is reviewed regularly by the Chief Executive and Growth Director, the Strategic Management Board and the Health and Safety Board. This process is currently facilitated by Internal Audit.

5. Section 151 Officer comments:

- 5.1 The key financial risks facing the Council are addressed in this report. Members should note the mitigations in place and review their effectiveness.

6. What are the legal aspects?

- 6.1 None identified.

7. Monitoring Officer's comments:

- 7.1 This report is essential because it highlights the key strategic risks facing the council, the controls in place to respond to those risks and any further action required to effectively manage those risks. It identifies those risks that could materially threaten the business, future performance or prospects, solvency or reputation, or which could prevent delivery of our strategic objectives.

8. Report details:

- 8.1 The Corporate Risk Register (Appendix A) has been reviewed and updated by members of SMB as follows:
- 8.2 Counter Terrorism and Community Cohesion and safety (*risk ref 2*)
This risk has been managed to low risk and will now be removed from the corporate risk register and monitored at service level.
- 8.3 Delivery of Sport England Local Delivery Pilot Outcomes (*risk ref 3*)
This risk has been managed to low risk and will now be removed from the corporate risk register and monitored at service level.
- 8.4 Lack of proactive and preventative investment and maintenance of assets (*risk ref 4*)
This risk has been managed to low risk and will now be removed from the corporate risk register and monitored at service level.
- 8.5 Information Governance failure (incl. Council experiencing a Cyber-attack) (*risk ref 5*)
This risk has been managed to low risk and will now be removed from the corporate risk register and monitored at service level.
Strata have confirmed they have appropriate protections in place relevant to the type of organisation and data held. These risks are continually monitored by Strata.
- 8.6 Lack of leadership capacity to effectively deliver additional Council objectives and priorities (*risk ref 7*)
The ownership of this risk has been moved to the Council's Executive
- 8.7 Inability to deliver carbon neutral aspirations for Exeter by 2030 (*risk ref 8*)
This risk has increased from medium to high. Funding for ECF finishes at the end of this financial year.
Devon County Council has published its draft net zero carbon plan and it is explicit that Net Zero cannot be achieved by 2030, rather it aims for a 50% reduction by 2030, and net zero by 2050. This is a fair reflection of the technical and financial challenges ahead. A 50% reduction in greenhouse gasses would be an incredible achievement by 2030.
Members may wish to reflect upon this in responding to this particular risk.
- 8.8 Inability to manage and respond to COVID-19 pandemic (*risk ref 13*)
This risk has changed from high to low. This risk has, and is, being managed effectively within the Council, however, the focus must now move to recovery.
- 8.9 The two risks that remain high risks are:
- Maintaining the financial stability of the Council (*risk ref 11*)
 - Increased cost of St Sidwell's Point and Bus & Coach Station (*risk ref 14*)
- 8.2 An update on each risk can be found in the notes column of the Corporate Risk Register (Appendix A)

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 This decision helps to ensure the delivery of the council's purpose 'Well Run Council'.

10. What risks are there and how can they be reduced?

- 10.1 Any risks should be captured in either this document or the operational risk register.

11. Equality Act 2010 (The Act)

- 11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:
- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
 - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs;
 - and foster good relations between people by tackling prejudice and promoting understanding.
- 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.
- 11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because:

11.4.1 The report does not set policy.

12. Carbon Footprint (Environmental) Implications:

12.1 Not applicable

13. Are there any other options?

13.1 Not applicable.

Chief Executive and Growth Director

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

Contact for enquires: Democratic Services (Committees)

01392 265275

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Corporate Risk Register

Review Month:										February 2021		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Existing Mitigations & Controls (What has been done to control the risk?)	Residual Risk			Further Mitigations & Controls to be put into place	Target Implementation Date	Notes
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score			
1	Failure to deliver anticipated benefits of major projects (St Sidwell's Point and Bus & Coach Station)											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Failure to procure appropriate operator for leisure centre - Adverse weather / other delays typical of such projects <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Increased costs to Council from project overspends or overruns - Not realising financial and cultural benefits anticipated from project delivery - Damage to Council's reputation and reduced credibility to deliver major projects in future 											
Page 97	October 2017	Jo Yelland - Director	3	3	9	<ul style="list-style-type: none"> - Recruited experienced Project Manager, Quantity Surveyor and delivery team - Established high level Programme Board to oversee progress and delivery - Contractor appointed to build the facility, following a 2 stage collaborative approach in procurement. - Fixed price Design & Build Contract, with a limited amount of Provisional Sums. 	2	3	6	<ul style="list-style-type: none"> - Ongoing reporting of progress and potential issues to Client lead. - Technical Assurance & Audit team being procured to monitor compliance with the Contract, review ongoing performance and positively challenge the build team to help promote the identification and resolution of potential issues / problems. 	Ongoing October 2020	<p>Feb 2021:</p> <p>The St Sidwells Point and bus/coach station development has demonstrated that the city can deliver exemplary development and has paved the way for the promotion and delivery of the wider City Point scheme to support the continued economic success of the city centre and high street. The City Point scheme now features the flagship scheme within the City's "Building Exeter Back Better" Covid-19 recovery plan.</p>

Corporate Risk Register

Review Month:										February 2021		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Existing Mitigations & Controls (What has been done to control the risk?)	Residual Risk			Further Mitigations & Controls to be put into place	Target Implementation Date	Notes
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score			
2	Counter Terrorism and Community Cohesion & Safety											
	<p><u>Potential Causes:</u> - Brexit and the continued political uncertainty and growing divides in the country has increased likelihood of radicalisation and violent extremism across the UK. Whilst the risk level in Devon and Exeter in traditionally low, like all other areas in the country our own local risk level has heightened particularly in relation of extreme right –wing activism.</p> <p><u>Potential Impacts:</u> - Community unrest and extreme anti-social behaviour incidents commence and escalate leading to public unrest</p>											
Page 98	June 2019	Jo Yelland - Director	3	4	12	- Active leadership within the Exeter Community Safety Partnership at Executive and Senior Manager level - Director participation in Counter Terrorism Briefings - SMB informal relationships with key Community Leaders	1	3	3	Adoption of Safer Devon Prevent Toolkit and associated of staff training	Jun-20	Feb 2021: Exeter Place Board now provides forum for leaders of City's institutions can discuss matters. Risk fully mitigated and managed.

Corporate Risk Register

Review Month:										February 2021		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Existing Mitigations & Controls (What has been done to control the risk?)	Residual Risk			Further Mitigations & Controls to be put into place	Target Implementation Date	Notes
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score			
3	Delivery of Sport England Local Delivery Pilot Outcomes											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Not demonstrating year 1 outcomes (such as improving street scenes, increasing number of residents using cycling and walking routes, active school clubs etc.) - Not having appropriate programme management and focus on delivery - Council or main strategic partners restricted by existing policies (H&S etc.) or lack of appetite for certain outcomes - Not achieving alignment with key partners (Devon CC, Exeter City Future, CCG etc.) - Program delivery dependent upon key individuals (Jo, James, Karime) - Relative inexperience of Council of delivering such programs <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Significant reputational damage due to national and regional interest in success of program which could damage Exeter CC's status and credibility and undermine future grant / funding opportunities - Gap in health inequalities doesn't get addressed - leading to increased demands on council, and wider public sector, services. 											
Page 99	June 2019	Jo Yelland - Director	3	4	12	<ul style="list-style-type: none"> - A Commissioning Model has been adopted for programme delivery with local partners such as Active Devon leading on the implementation of key programmes which integrates into the local system and also promotes sustainability. - Annual outcomes clearly articulated within the programme plan. - Preparations made for 6 monthly assessments with Sport England including external evaluation partner secured to undertake bi-annual process evaluations. - Regular governance reviews to be undertaken to ensure continued engagement and buy-in from critical partners. - Communication strategy covering all stakeholders (especially local communities) being commissioned. 	1	3	3	<ul style="list-style-type: none"> - Pro-active 6 monthly assessments with Sport England - Review of governance and in particular strengthening the role of the Executive Group - Communication strategy covering all stakeholders (especially local communities) being developed 	Oct 2019 Oct 2019 Dec 2019	<p>Feb 2021:</p> <p>This risk has now been managed to low risk and will be removed from the Corporate Risk Register and transferred to the service risk register for monitoring.</p>

Corporate Risk Register

Review Month:										February 2021		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Existing Mitigations & Controls (What has been done to control the risk?)	Residual Risk			Further Mitigations & Controls to be put into place	Target Implementation Date	Notes
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score			
4	Lack of proactive and preventative investment and maintenance of assets											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Historic budget savings led to under inspection of assets, increased inspections now identifying issues - Asset Maintenance resources removed as budget savings to prevent front line service cuts - Not following asset management best practice by cutting back on routine preventative maintenance and only dealing with the most urgent maintenance cases. <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Deterioration of assets to unsafe levels leading to closure - Under utilisation (lost income) of both car parks and sports centres - Increased costs in long run (potential need to demolish certain assets) rather than refurbish / redevelop - Current approach is not efficient value for money in long term - Reducing attractiveness of city centre to commerce and tourism 											
	June 2019	Dave Bartram - Director	4	3	12	<ul style="list-style-type: none"> - All urgent H&S related repairs prioritised and completed as soon as possible - Fire risk assessments undertaken with additional resource in place - Asset Condition Surveys underway to identify maintenance requirements to ensure compliance and to devise work programmes to inform decision making - SMB and Members (incl. new leader) engaged on challenges - Digitised asset registers allowing improved analysis 	2	2	4	<ul style="list-style-type: none"> - Business case being drawn up to articulate challenges. - Development of Asset Management Strategy including funded asset program of inspection and divesting assets that aren't needed. 	Ongoing	<p>Feb 2021:</p> <p>This risk has now been managed to low risk and will be removed from the Corporate Risk Register and transferred to the service risk register for monitoring.</p>

Corporate Risk Register

Review Month:										February 2021		
Ref	Date Risk Identified	Risk Owner	Inherent Risk			Existing Mitigations & Controls (What has been done to control the risk?)	Residual Risk			Further Mitigations & Controls to be put into place	Target Implementation Date	Notes
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score			
5	Information Governance failure (including Council experiencing a cyber attack)											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Lack of appropriate policies and processes - Staff awareness and understanding of requirements and best practice for managing data effectively - Inadequate cyber defences <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Disruption to IT systems could result in inability to deliver key services - Sensitive personal, corporate or financial information could be accessed/released unlawfully - Council may not be permitted to access the PSN secure connection - Non-compliance with the General Data Protection Act (GDPR) potentially leading to significant fines 											
	April 2017	Karime Hassan - Chief Executive	3	4	12	<ul style="list-style-type: none"> - Information Security Policy and Information Security Forum in place - Training for existing staff complete and schedule for new staff in place - Disaster recovery and business continuity policies in place - Regular staff reminders on this issue - Comprehensive IT service from STRATA (company owned by three local authorities) including range of mitigations (firewalls, penetration testing, email and web filtering, anti virus software etc.) - Regular, timely software updating to mitigate new vulnerabilities. 	1	3	3	<ul style="list-style-type: none"> - Consider lessons learnt from Council incidents - Review compliance with automated updates - Review use of third party data storage and security arrangements. - Consider optimal frequency and method for providing assurance to SMB (potential inclusion of monthly STRATA report) - Reconvene Information Governance Group to maintain corporate oversight of information governance issues. 	Ongoing Ongoing Ongoing October 2020 October 2020	<p>Feb 21:</p> <p>Strata have appropriate protections in place relevant to the type of organisation and data held. Strata advised that from comments received from assessors (PSN and IT Health Check) they are in the top quartile compared to other LAs and similar. Other protections are always available, however, the cost and usability needs to be weighed up against the benefits that could be gained.</p> <p>In view of Stata's comments the likelihood of the risk has been reduced and this risk is now low.</p>

Corporate Risk Register

Review Month:										February 2021		
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6	Insufficient business continuity arrangements to recover critical services effectively											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Critical services not identified - Insufficient plans in place to recover critical services - Lack of testing of plans to ensure arrangements suitable <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Essential services not recovered in timely fashion - Adverse media and public criticism leading to lack of trust in council - Non compliance with Civil Contingency Plan 											
Page 102	April 2013	Karime Hassan - Chief Executive	3	4	12	<ul style="list-style-type: none"> - List of critical services agreed with SMB - Corporate Business Continuity Plan approved by SMB which sets out roles and responses to certain events (loss of building, loss of ICT etc.) - IT Disaster Recovery Plan in place - Business Continuity plans developed for all L10Critical services - Business Continuity Test Exercise to be carried out 	2	3	6	<ul style="list-style-type: none"> - Regularly review business continuity plans to ensure they are fit for purpose - Internal Audit to undertake review of Business Continuity Management 	Ongoing Sept 2020	<p>Feb 2021 : Review of BCM is in progress following implementation of plans in response to the Covid19 pandemic. Review focuses on what worked well and what didn't work so well with a view to ensuring the plan is fit for purpose moving forward.</p> <p>With regards to ICT recovery, we have a dual data centre arrangement, which meets the agreed requirements of the Business Continuity Plan agreed with ECC,EDDC & TDC, that provides a priority recovery plan with Recovery Time Objectives. However, some issues still remain around connections between the data centres and ECC remote sites.</p>

Corporate Risk Register

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7	Lack of leadership capacity to effectively deliver additional Council objectives and priorities											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Significant draw on management resources following unanticipated new commitments or changes in political expectations - Medium Term Financial Plan will be under strain because of national decisions on New Homes Bonus and re-setting business rates <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Higher likelihood of potential governance and performance failures due to stretched resources - Limited capacity for leading and delivering change activity impacting upon achievement of councils strategic priorities - Staff morale and burnout if over prolonged period 											
Page 103	June 2019	ECC Executive Karime Hassan - Chief Executive & Growth Director	4	4	16	<ul style="list-style-type: none"> - Experienced and resilient senior management team - Sufficient resourcing in place to deliver existing commitments and corporate plan. - Organisational culture with values set up to deliver - Succession planning / effective deputies - Strong record of bringing in funding to support new initiatives / agenda and additional agenda. - Director appointed for Liveable Exeter housing programme - Place Board give visibility to broader programme and access to national funding routes 	3	4	12	<ul style="list-style-type: none"> - Support development of political discipline regarding understanding of challenges when embarking on new initiatives and recognition of resourcing levels within the Council. - Encourage more robust peer challenge amongst Members - Review method of celebrating achievements of council - Consider leadership development of tier 3/4 managers to develop strategic capability 	TBC	<p>Feb 2021:</p> <p>The Medium Term Financial Plan will need to address a £6.1 million gap in funding, this figure excludes any costs associated with delivering Net Zero aspirations.</p>

Corporate Risk Register

Review Month:

February 2021

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8	Inability to deliver carbon neutral aspirations for Exeter by 2030 <u>Potential Causes:</u> - Financial pressure and economics of carbon reduction - Behavioural challenges over influencing businesses and public - Technical capability to deliver - Lack of control over all stakeholders (businesses, visitors etc.) - Political environment and acceptance of policy changes required - Misalignment with Devon Climate Plan - Failure to engage with resident and business of Exeter to ensure solutions proposed meet real need <u>Potential Impacts:</u> - Reputational - Failure to deliver inclusive growth and retain vibrancy of Exeter as a great place to live - Conflict within Region - Short term changes may not be sustainable											
	08.11.19	Karime Hassan - Chief Executive	4	3	12	- Strategic partnerships - Appointment of programme director for Exeter City Futures to form collaborative city governance focussed on carbon neutral - 12 Goals defined for the city to provide framework for carbon neutral. Goals reflect priorities of business and residents - Plans in place to develop roadmap for carbon neutral 2030 - Other major public sector organisations have already committed to becoming carbon neutral (e.g. University of Exeter, Devon County Council)	4	3	12	- Continue to invest in supporting ECF as a partner organisation to ensure that the ambition to be net-zero is continually communicated and residents and businesses are engaged; ensuring all voices are heard and the solution being developed are benefitting the residents and business. - Improve national communication positioning Exeter as a leading sustainable City highlighting what we are doing - through ECF and Livable Exeter activities - Ensure clear alignment with DERG and national climate action plans to ensure Exeter's plan is incorporated	Apr-20	Feb 2021: See mitigation note that SWEEG have been appointed. Funding for ECF finishes at the end of this financial year. Devon County Council has published its draft net zero carbon plan and it is explicit that Net Zero cannot be achieved by 2030, rather it aims for a 50% reduction by 2030, and net zero by 2050. This is a fair reflection of the technical and financial challenges ahead. A 50% reduction in greenhouse gasses would be an incredible achievement by 2030. Members may wish to reflect upon this in responding to this particular risk.

Corporate Risk Register

Review Month:

February 2021

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9	Failure to meet Exeter's Housing supply needs as a planning authority and meet strategic 5 years ambitions											
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> - Inadequate Land supply - Not granted enough planning permissions - Student development cannot be included in housing supply figures - House builders drip feeding - Political / community buy in to developments - GESP and/or Exeter Development Delivery DPD not progressing as quickly as possible. Political changes at neighboring boroughs leaving an unclear position <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> - Financial risks with increased appeals, and potentially lost income - Social outcomes - inequality, rising social service costs - significant waiting list - Reputational impact if development on not appropriate location - Risk of losing planning appeals on sites where there are objections in principle. - Vulnerable to developers - not able to protect areas that are identified as residents priorities 											
	June 2013	Bindu Arjoon - Director	4	3	12	- Brownfield opportunities identified and developed into the Liveable Exeter strategy. - Higher density developments being encouraged within the city centre. - Social Housing being developed following the lifting of borrowing cap- ambition for 500 homes over 10 years' - Appropriately briefing members to ensure robust decision making processes	3	2	6	- Greater Exeter Strategic Plan being developed. Subject to approval by the relevant Committees of the four Greater Exeter local authorities, the GESP will be publically consulted on during September-November 2020. Further rounds of consultation will follow. Adoption of the GESP is currently timetabled for 2023. - Local plan for Exeter CC also being developed as plan B. Scoping underway. - Selling positive image of high quality high density brownfield developments - continuing consultations. Future Place commission has developed an urban design toolkit to support higher density developments.	Ongoing	Feb 2021: A Lead officer for the Local Plans team has been appointed as agreed by Council. A report to members on the timescale and scope of the Local Plan will be presented to Executive and Council before the end of the financial year. There has also been agreement between the former GESP authorities to develop a non-statutory joint plan, the scope of which is currently being finalised. Work is continuing on the Liveable Exeter programme, we are awaiting the outcome of funding bids to Homes England and One Public Estate. The Council's Housebuilding Programme has paused awaiting the outcome of deliberations on the use of Exeter City Living as the council's development agent.

Corporate Risk Register

Review Month:

February 2021

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10	Failure to adapt council workforce to ensure appropriate skills and experience <u>Potential Causes:</u> - Ageing workforce (half of staff over 50, considerable enough) - Difficulty to recruit into key areas - professional areas (planners, lawyers) - Empowerment, skills and engagement of managers to enable this change <u>Potential Impacts:</u> - Loss of experience - Increased spending on agency workers - Not having cost effective council services delivering the right outcomes - Service disruption - Cost of appeals / challenges across the council services - Increased stress / pressure on workforce											
June 2019	Baan Al-Khafaji	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.	2	3	6	- Effective use of metrics utilising new system (within 12 months) - Ensure robust implementation of new workforce planning process (local mgmt team led) - Utilising agile program to compliment modernisation of work environment - Review of progress against GDR.	TBC	Feb 21: This risk is being monitored. No further updates.	

Corporate Risk Register

Review Month:

February 2021

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11	Maintaining the Financial Sustainability of the Council <u>Potential Causes:</u> - Fair funding review from central government involving rebaselining of business rates (income loss of £1.8m per annum) and determination of a new formula which could have funding implications. - Inability to deliver £2.4m savings target over two year period, £6m over three years - Move to 75% business rate retention rather than government grant increases volatility of income and dependence upon growing local economy and business rates. - Inability to grow Exeter city centre and associated business rates etc. - Policy, regulatory or legislative changes which are not fully funded from central govt. - Failure to realise commercial ambitions of council <u>Potential Impacts:</u> - unable to balance budget - reduced income for council services - larger than anticipated cuts (in year or over longer term) - reduction in reserves - impacts on council services and therefore resident outcomes											
January 2018	Dave Hodgson - Chief Finance Officer	4	4	16	- Detailed MTFP assessed and agreed with Members - 5 point savings plan agreed and being implemented with suitable governance arrangements in place. - Budget report in new year and recommendations to members briefing in December 2019. - 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 - New Business Development manager appointed to identify and grow commercial opportunities - Strong level of unringfenced general fund reserves to protect against shocks	3	4	12	- Continue to respond to consultations making case for council - Lobby government for relaxation of council tax increase restrictions - Further development of role and scope of business development manager position	Dec-21	Feb 2021: An emergency budget has been developed and approved.	

Corporate Risk Register

Review Month:

February 2021

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12	Inability to deliver carbon neutral operations for Exeter City Council by 2022											
	The Council have committed to make their own operations carbon neutral ahead of 2030 in order to lead the City by example. There is a risk that this is not achieved.											
	<u>Potential Causes:</u>											
	<ul style="list-style-type: none"> - Failure to establish a clear target and trajectory to reduce carbon impact from Council operations - Failure to communicate and engage with staff at all levels to understand the changes required and to identify solutions - Inability to establish baseline and indicators that can measure progress - Unclear ownership of cross-directorship activity and failure to identify/deliver efficient action - Conflicts between carbon reduction and other strategic priorities e.g. cost savings - Failure to balance need for immediate practical action with need for analysis of baseline - Failure to understand the scale of resources (human and financial) required to deliver change - Financial pressures mean resources are not available 											
	<u>Potential Impacts:</u>											
	<ul style="list-style-type: none"> - Reputational - Carbon reduction targets will become harder as we approach 2030 which mean the financial investment will increase - Central government may mandate changes that are costly to implement and dont meet local needs 											
	08.11.19	Karime Hassan - Chief Executive	4	3	12	<p>Full Council have agreed to make operations of Exeter City Council carbon neutral</p> <p>Corporate Energy team has already delivered impactful projects linked to energy reduction and renewal energy generation.</p> <p>Passive Haus projects demonstrating commitment to energy efficient council housing stock.</p>	3	3	9	<ul style="list-style-type: none"> - Develop cross-directorship sustainability plan that incudes: 1.energy (reduction and generation); 2. mobility (Council fleet and staff travel); 3.Sustianability (air quality, biodiversity, resource management); 4. capability (skills, data, operational processes) - Appointment of Director/Senior Officer to assess cross-directorship sustainability performance and identify areas for improvement as well as tracking and reporting progress on carbon performance - Undertake full review of internal policies and processes that are in conflict with carbon neutral aspirations and highlight opportunities for change - Improve communications of Council activities to make own operations carbon 	Apr-20	<p>Feb 21:</p> <p>The Council officers are focused on supporting both the city aspiration to be net zero by 2030 as well as focused on the city council's own operations. In practice officers are working on both agenda and strategic and operational capacity is therefore challenged. Significant work is being undertaken but one has to acknowledge the scale of this agenda for a district council is extraordinary. The County's acknowledgment that it cannot achieve net zero until 2050 is something that members ought to reflect upon.</p>

Corporate Risk Register

Review Month:
February 2021

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13	Inability to manage and respond to COVID-19 pandemic <u>Potential Causes:</u> Due to a loss of income from business rates, commercial rents and car parking charges, the council is unable to put measures in place to manage and support its staff and stakeholders during and after the pandemic <u>Potential Impacts:</u> - - Loss of staff due to illness - Loss of income for the council - Closure of Civic Centre - Negative impact on economy for Exeter and wider region - Unable to support Exeter Community Wellbeing - Adverse impact on service delivery											
	March 2020	CX	4	4	16	- All office based staff are working agile and flexibly and can work from home - All services have business continuity plans in place which are reviewed regularly - Sickness levels regularly reviewed - Regular SMB meetings to review and manage the council's response - Exeter Wellbeing Hub established - Wellbeing guidance for staff and managers published on intranet - Further digitalisation of services - Exeter Recovery Plan has been prepared - Emergency budget has been prepared	2	2	4	-Finalise and approve the Exeter Recovery Plan -Work with partners to deliver the Exeter Recovery Plan -Executive to agree the Emergency Budget -Continue to communicate with staff and provide additional wellbeing support as needed	TBC Ongoing July 20 Ongoing	Feb 2021: This risk has been managed to low risk. The focus now must move to the risk associated with recovery.

Corporate Risk Register

Review Month:
February 2021

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14	Increased cost of St Sidwell's Point and Bus & Coach Station <u>Potential Causes:</u> - There will be increased costs as a direct result of actions required to manage the new risks associated with COVID 19 risk <u>Potential Impacts:</u> - Increased costs to Council - Not realising financial and cultural benefits anticipated from project delivery - Damage to Council's reputation and reduced credibility to deliver major projects in future											
Page 110	October 2020	Jo Yelland - Director	4	4	16	- commissioned expert legal advice - Agreed a set of principles with the contractor - Agreed a risk share ratio against each principle - Agreed a negotiation process and timeline	4	3	12	- accepted the time extension to the contract - Agree more frequent payments to enable supply chain		Feb 2021: This remains a significant risk due to the continuing impacts of Covid