

## **AUDIT AND GOVERNANCE COMMITTEE**

Date: Wednesday 1 December 2021  
Time: 5.30 pm  
Venue: The Customer Service Centre, Civic Centre Exeter

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

Due to the current social distancing restrictions brought about by the Corona Virus outbreak, any members of the public wishing to attend the meeting please contact the Democratic Services Team [committee.services@exeter.gov.uk](mailto:committee.services@exeter.gov.uk) in advance as there is limited capacity for public attendance. 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), Begley, Hannaford, Jobson, Mitchell, M, Martin, A, Moore, D, Pearce, Quance, Sparkes 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 10 November 2021.

(Pages 3 -  
6)

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 this agenda, but if it should wish to do 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 item(s) of business on the grounds that it (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 a verbal update of the Council's External Auditor Grant Thornton.

**6 Internal Audit Progress Report**

To consider the report of the Audit Managers.

(Pages 7 -  
16)

**7 Decision to Opt In to to the National External Audit Tender**

To consider the report of the Director Finance.

(Pages 17  
- 20)

**8 Extension of the Appointment of the Council' two Independent Persons**

To consider the report of the Director Corporate Services.

(Pages 21  
- 24)

**9 Review of Corporate Governance Risk Register**

To consider the report of the Chief Executive & Growth Director.

(Pages 25  
- 38)

**Date of Next Meeting**

The next **Audit and Governance Committee** will be held on Wednesday 9 March 2022 at 5.30 pm

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## AUDIT AND GOVERNANCE COMMITTEE

Wednesday 10 November 2021

### Present:-

Councillor Tony Wardle (Chair)  
Councillors Atkinson, Hannaford, Jobson, Mitchell, M, Moore, D, Pearce, Sparkes and Warwick

### Also Present

Director Finance, Deputy Chief Finance Officer and Democratic Services Officer (SLS)

Julie Masci – Engagement Lead, Grant Thornton  
Katie Whybray – Senior Manager Audit, Grant Thornton

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### MINUTES

The minutes of the meeting held on 29 September 2021 were taken as read, approved and signed by the Chair as correct, subject to the following substitution of two sentences below in relation to Minute 63.

*Original wording* - A Member referred to (Risk Ref 8) which was also a goal set out in a previous Corporate Plan, and statement from a report by Exeter City Futures relating to a Carbon Plan 2017 to 2022. She suggested a further discussion on this matter would be appropriate as the resolution by the Council in July 2020, which approved the Net Zero 2030 plan, needed to inform all of the work of the Council.

*To be substituted with*

A Member referred to (Risk Ref 8). She highlighted that this risk has had probably been conflated with the targets set out in the 'Energy Strategy 2017-2022 An Energy Neutral Council' adopted by Council to achieve a carbon neutral council for its energy used by 2022. This risk should be reconsidered in the light of the target set in that strategy.

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### DECLARATION OF INTERESTS

No declarations of disclosable pecuniary interests were made.

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### AUDIT FINDINGS REPORT (ISA 260)

Julie Masci, Engagement Lead, and Katie Whybray, Senior Manager Audit, for the Council's External Auditors, Grant Thornton presented the Audit Findings report, which included the audit of the 2020/21 Financial Statements and an update on the Value for Money work.

The Engagement Lead advised that although their work on the audit of the financial statements was substantially completed, the certification for the closure of the 2020/21 audit of Exeter City Council would be delayed, as a number of audit areas were outstanding. It was intended that the audit would be concluded by the end of November. Any concerns relating to the outstanding work would be communicated to the Committee before completion of the Audit. It was important to highlight that the Council's officers had fully cooperated throughout the course of the audit. The work on the Value for Money requirement would be completed within a prescribed

three month timeframe, and the outcome would be reported to a subsequent Audit and Governance Committee meeting.

The Engagement Lead gave the following responses to Members' questions and confirmed that

- the audit was substantially complete and there was no reason to delay in advising that an unqualified opinion would be given. The practice of audits not being concluded when presented to Members was not uncommon. Although a formality, the date of the management letter, setting out the representation could be updated to mirror the completion of the Final Statement of Accounts.
- the Council's approach to holding debts included consideration of the age profile of debts and making a provision for non-collection. The Director Finance stated that where possible the Council generally take a conservative approach and for sundry debtors a provision was made at 90% for debts aged over five years. Grant Thornton consider the Council's approach as part of the audit and whether the provisions are considered prudent. A judgement of significant debtors was made on a case by case basis and the statement of audit was a snapshot at a point in time. A significant amount of work went into the management of bad debt provision.
- the audit in relation to officer declarations of interest included the recording of a whole raft of additional checks such as employment with related partners. The request for further information did not relate to the remit of the policy but to a lack of return for each officer. The Director Finance agreed with the findings which had been an oversight and would be rectified.
- the Council's group accounts are included in the audit work. Detailed account information was obtained from Exeter City Living's own auditors to ensure it met the recommended audit standard for the Council albeit under a separate audit process.
- the focus of a value for money approach for third party entities is to ensure there were the appropriate governance arrangements in place to ensure the service could be delivered. It also included the financial monitoring and the company arrangements and how they impact on the Council.
- the Value for Money work reflected the challenging environment and financial position across the Council as a whole. It was important to consider the scale of the challenge and how the financial plan was delivered.

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

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### **STATEMENT OF ACCOUNTS 2020/21**

The Deputy Chief Finance Officer presented the report on the Council's Statement of Accounts for 2020/21. It was 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 the Group Financial Statement as at 31 March 2021. The ongoing challenges brought about by the coronavirus pandemic had continued, and the statutory deadline for publishing the audited accounts remained at 30 November 2021. She referred to the External Auditors report that the completion of the audit had been delayed, and that nevertheless it was anticipated that an unqualified audit opinion would be issued. 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. At the time of writing the report there were no key audit findings to draw to Members' attention other than the recommendations reported as part of the Audit Findings report.

The Director Finance referred to the Annual Governance Statement (AGS) that had been approved at the Audit & Governance Statement in July and would accompany the final Statement of Accounts. He requested the following further statement be added to comply with the CIPFA guidance -

“To the best of our knowledge, the governance arrangements, as outlined in this AGS have been operating effectively during the year with the exception of those areas identified as significant issues. We propose over the coming year to take steps to address these issues in order to enhance our governance arrangements and are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness. Progress against the action plan will be monitored quarterly by the Audit & Governance Committee”.

The following responses were given to Members:-

- Members would be made aware of any issues of concern in relation to the completion of the final statement.
- the accounts of all companies that Exeter has a material interest in are available at Companies House which can be made available to Members if requested. The full list of entities controlled or significantly influenced by the authority was included on page 85 of the report.

A Member sought further information on the narrative report into Building Great Neighbourhoods and a Government grant for £600,000 for the retrofit of 120 properties to improve their energy performance rating. She sought clarification as a £1.1m Government grant was also referenced in the narrative report to tackle fuel poverty and if this was the same grant. The Deputy Finance Officer would reply to the Member.

**RESOLVED** that the Audit and Governance Committee approve the audited Statement of Accounts for 2020/21, subject to the following additional recommendations that:-

- (1) a revised statement be inserted, replacing the final approval comment of the Annual Governance Statement (AGS), which will now read:-

“To the best of our knowledge, the governance arrangements, as outlined in this AGS have been operating effectively during the year with the exception of those areas identified as significant issues. We propose over the coming year to take steps to address these issues in order to enhance our governance arrangements and are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness. Progress against the action plan will be monitored quarterly by the Audit and Governance Committee”; and

- (2) any additional material changes to the accounts be delegated to the Director Finance and the Chair of the Audit & Governance Committee to be agreed and other Members of the Audit & Governance Committee subsequently informed.

The Director Finance submitted the letter to the External Auditor, Grant Thornton in respect of the 2020/21 Statement of Accounts as an audit requirement to produce the letter, which gave a financial assurance as well as complying with the following

International Reporting Standards and the Chartered Institute of Public Finance and accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC ) Code of Practice on Local Authority Accounting in the UK 2020/21 and applicable law.

**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.

(The meeting commenced at 5.30 pm and closed at 6.25 pm)

Chair

DRAFT

## REPORT TO AUDIT & GOVERNANCE

Date of Meeting: 1<sup>st</sup> DECEMBER 2021

Report of: AUDIT MANAGERS

Title: INTERNAL AUDIT PROGRESS REPORT 2<sup>ND</sup> QUARTER 1<sup>st</sup> JULY TO 30<sup>th</sup> SEPTEMBER 2021

### 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 1<sup>st</sup> July to 30<sup>th</sup> September 2021, 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 second quarter of the year 2021/22 be noted.

#### 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:

- 4.1 None.

#### 5. Section 151 Officer comments:

- 5.1 Members should note with some comfort that the outcome of two of the three reports issued in the quarter resulted in substantial assurance being assessed by Audit. The other area also received a positive direction of travel.

#### 6. What are the legal aspects?

- 6.1 None identified.

#### 7. Monitoring Officer Comments:

- 7.1 Internal audit provide independent assurance that Exeter City Council's risk management, governance and internal control processes are operating effectively. Where they are not, their advice on how to improve the Council's systems, procedures and processes is invaluable in supporting the Council in its activities and the aim of continual improvement in the delivery of its services, aims and objectives.

#### 8. Report details:

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 2021/22 Audit Plan was approved at this Committee on 10th March 2021.

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

### 8.1 Work Undertaken and Amendment to the Audit Plan

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 within the reporting quarter.

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.

Due to the significant amount of Covid19 related post award assurance work required to be undertaken by the team, some amendments to the plan are necessary. Therefore the following amendments have been made:

- Main Accounting - Due to delay in implementation of new system this work is deferred to 21/22. Control assurance to be provided by work of External Audit to avoid duplication of work.

- Arts, Events and Culture - Due to the Covid19 pandemic all events have been postponed for 2021, and none took place in 2020, therefore, there are no events to audit. This work will be put on hold until such events have resumed.

## 8.2 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 Carbon Footprint (Environmental) Implications:

12.1 There are no direct carbon/environmental impacts arising from the recommendations.

**13. 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:  
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**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**PROGRESS OF 2021/22 AUDIT PLAN TO DATE**

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.

<b>Audit Review</b>	<b>Report Status</b>	<b>Overall Opinion</b>	<b>Direction of travel since last audit</b>	<b>No. of Findings &amp; Remedial Action Agreed (High Risk only)</b>	<b>Summary (where completed within this quarter)</b>
Main Accounting	Deferred to 2022/23				To be deferred to 2022-23 due to the delay in implementing the upgrade to the accounting system.
Income Management					
Creditors	In progress				
VAT					
Insurance	Final	Substantial Assurance	N/A	4 Medium 3 Low	<p>The Council's current insurance provider is Zurich Municipal (total contract value £876,800) and was due to be re-tendered with effect from April 2021. However, a procurement exemption until the end of 31 March 2022 was authorised. This was due to uncertainty in the insurance market due to the effects of Covid-19 and a potential opportunity to work collaboratively with neighbouring Councils in procuring an insurance provider from April 2022.</p> <p>It was subsequently not feasible to work with the other councils as it was not possible to synchronise ECC's re-tender plans as the other Councils had extended their contracts for a further year, which ECC were unable to do. The Council have therefore started their own tendering process with the intention of having a contract in place with the selected Insurance Company from 1 April 2022.</p> <p>The scope of the audit included a review of the following:</p> <ul style="list-style-type: none"> <li>• Controls in place to ensure that assets, risks and liabilities are adequately insured</li> <li>• Processes to ensure that third parties provide adequate insurance where required</li> <li>• Recharge of premiums where the Council pays the premium on behalf of a third party</li> <li>• Management and monitoring of claims</li> </ul>

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"> <li>Action take to identify and rectify problems for re-occurring patterns of claims</li> <li>Contract tendering</li> </ul> <p>Remedial action was agreed with management for all issues arising.</p>
People Management					
Members Expenses	Final	Substantial Assurance	N/A	None	Reported Quarter 1.
Health & Safety					
Private Sector Landlord Services					
Sport England					
Events, Arts & Culture	Deferred to 2022-23				As a result of the pandemic the number of events planned for this financial year is limited. This audit has therefore been deferred to 2022-23.
Fleet Management	In progress				
Car Parks	Final	Substantial Assurance	N/A	3 Low	<p>The Council allows individuals or businesses to purchase permits to park in the councils' car parks or to lease parking bays. There are different terms and conditions, depending upon the type of permit required;</p> <p>Season Tickets - are purchased on-line for periods of 1 to 12 months. The permit is issued in the name of the individual/business and can only be used in a nominated car park. Parking is on a space available basis and a parking space is not guaranteed.</p> <p>Residential permits - There are a small number of properties which are entitled to apply for a reduced rate parking permit that allows the holder to park in a nominated car park.</p> <p>Ad-hoc permits - are normally requested by event organisers or contractors. The location and duration are tailored to the requesters requirements, unless a concession has been agreed, the cost will be as per the standard daily rate for the car park in question.</p>

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)
					<p>Parking bays – there are a number of parking bays throughout the City which are leased out to businesses on behalf of the Car Parks Service Area by the Corporate Property Asset Team.</p> <p>The overall objective of this audit was to review the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to the issuing of parking permits and the collection of income for the leased parking bays.</p>
Leisure Facilities					
NDR	In progress				
Housing – Repairs and Void Works	Final	Satisfactory Assurance	↑	<p>9 Medium 3 Low</p>	<p>The Housing Asset Management team provides a responsive repairs service to the tenants of the Council's approximately 5,500 rented properties. In addition, when a property is vacated by a tenant and classified as void, the team is responsible for ensuring that:</p> <ul style="list-style-type: none"> <li>• a property inspection is carried out to identify any works that need to be undertaken in order to bring it up to the Council's Lettable Standard of repair and cleanliness</li> <li>• the work is carried out satisfactorily by the third party contractor, Mears.</li> </ul> <p>A new contract for Integrated Asset Management Services was recently signed with Mears (1 December 2020). Under this contract Mears supplies planned, responsive and void works. With regards to repairs and voids a Price per Property (PPP) and a price per void (PPV) model has been adopted.</p> <p>The objective of the audit was to review the operation of the new Integrated Asset Management Services contract with Mears and included a review of:</p> <ul style="list-style-type: none"> <li>• Policies &amp; procedures</li> <li>• Property records</li> <li>• Works</li> <li>• Post Inspections</li> <li>• Recharges</li> <li>• Performance monitoring of contractors</li> </ul> <p>Remedial action was agreed with management for all issues identified.</p>
Planning					

<b>Audit Review</b>	<b>Report Status</b>	<b>Overall Opinion</b>	<b>Direction of travel since last audit</b>	<b>No. of Findings &amp; Remedial Action Agreed (High Risk only)</b>	<b>Summary (where completed within this quarter)</b>
Corporate Governance	Draft Report				
Equalities and Diversity	Draft Report				
Risk Management	In progress				
Information Governance					
Counter Fraud	In progress				
Partnerships	In progress				
Contract Management					
Community Grants Awarded	Draft report				
Commercialisation and project management	In progress				
Climate change/Carbon Neutral					
Pandemic related issues/grants post assurance etc.	In progress	N/A	N/A		Seven reports have been issued to date covering 6 business grants schemes and the Loss of Income grant claim 3. No issues of concern identified to date
Review of hospitality/disclosures					
Disabled Facilities Grants	Final	Substantial	↔	2 Medium 2 Low	Reported Quarter 1.

**PROGRESS REPORT ON SIGNIFICANT GOVERNANCE ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT 2020-21**

AGS Issue No.	Issue identified	Responsible Officer	Summary of action proposed	Update Sept 2021	Update December 2021	Update March 2022	Notes
1	Financial position - 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. The Council is setting aside funds to mitigate ongoing impacts on income to protect against a further emergency budget being required in 2021-22.	The first quarter budget monitoring report will be presented to Executive and Council in October. At this stage, it is projected that the income shortfall will be well within the amount set aside to protect the Council's financial position.	The actions taken to mitigate the risk are assessed as being adequate. The Council is on track to maintain a balanced budget in 2021-22, whilst using only part of the funds set aside to protect the Council's financial position.		
2	Information security in the expanded work environment - The rapid widespread shift to homeworking amid national lockdowns in 2020 brought with it a unique data security challenge. Lacking personal interaction, staff can be more susceptible to social engineering ploys as they cannot immediately sense-check emails with nearby co-workers. Given that the Council is likely to keep a greater degree of remote and flexible working arrangements in place going forward, it is more important than ever that information security culture is promoted throughout every level of the organisation to raise awareness and ensure the integrity of staff behaviour.	Information Security Forum	Information Security Forum to look at: <ul style="list-style-type: none"> <li>• how the newly expanded work environment has impacted information security controls in different parts of the organisation and update the Information Security Risk Register accordingly</li> <li>• how best to raise staff awareness of key information security threats and provide guidance on what staff should look out for</li> <li>• whether staff information security training needs to be updated in light of changes to the working environment and IT infrastructure.</li> </ul>	Audit Manager is due to meet with Corporate Manager Executive Support as the Council's Senior Information Risk Owner (SIRO) to discuss and agree an action plan for this issue	The Council's insurer, Zurich Municipal to undertake an Information Governance Health Check with a focus on the usage, treatment and storage of data across the Council.		
	Change Management – the current scale and pace of change due to a number of factors presents a risk to achieving objectives and may impact the extent to which the organisation is capable of maintaining acceptable levels of compliance amid the shake up of operations and control systems. These factors include the following: <ul style="list-style-type: none"> <li>• response to the global pandemic</li> <li>• recovery from the global pandemic</li> <li>• external factors e.g. regulatory change and compliance, climate change</li> <li>• internal factors e.g. Organisational Development plan to deliver the digitalisation/transformation of service delivery, bringing Leisure in-house</li> </ul>	Audit Managers	The Audit Plan 2021/22 approved by Audit & Governance in March 2021 will continue to be flexible with updates/changes to the plan reported quarterly to enable the Audit Manager to respond to emerging issues. Audit Manager to provide advice and guidance/support to the Organisational Development Project Group to ensure that an adequate control environment continues to be in place throughout the transformation period. The Audit Plan 2021/22 includes time for a review of the new in-house leisure service. The Deputy Chief Executive has been tasked with leading the transformation Programme and has set up a dedicated team to address the ambitious program.	No further updates at this stage.	The Organisational Change Programme, One Exeter, has identified a number of strands of work including: <ul style="list-style-type: none"> <li>- Customer Process</li> <li>- Workforce Plan</li> <li>- Wellbeing</li> <li>- Workplace</li> <li>- Organisation Structure</li> <li>- Culture and Leadership</li> </ul> As part of OMB, the Audit Manager will be involved in a number of these workstreams to ensure that an adequate control environment is maintained throughout this lifetime of this programme.		

AGS Issue No.	Issue identified	Responsible Officer	Summary of action proposed	Update Sept 2021	Update December 2021	Update March 2022	Notes
4	<p>Increase in commercial activity – Councils have both a legal and a moral duty to manage scarce resources responsibly. With the uncertainty surrounding Brexit and ongoing funding struggles, councils need to take a place based approach to choosing the most prudent commercial options and ensure that appropriate checks and balances are in place to manage the associated risks. High profile public interest reports and recent organisational reviews show some common themes and issues among councils undertaking commercial activities . The potential for issues can generally be linked to organisational governance, leadership, capacity, financial stability, and culture, including:</p> <ul style="list-style-type: none"> <li>• a lack of understanding of roles and responsibilities</li> <li>• a lack of skills around commercial decision making</li> <li>• an optimism bias that does not reflect the true position</li> <li>• a lack of strategic rationale surrounding the creation of companies</li> <li>• a reluctance to listen to challenges.</li> </ul> <p>Whilst the issues detailed above have not specifically been identified by this Council, it is important that the potential risks are fully understood at the outset when entering into any new commercial activity and that the Council's commercialisation policies and procedures both recognise these risks and ensures put effective controls in place to minimise them.</p>	Audit Managers	<p>Internal Audit are in the process of conducting a review of the commercialisation process and will be issuing a report, identifying areas for improvement, in the near future. Additional guidance on council-owned companies will be issued by CIPFA in the autumn. The Audit Manager will review this guidance and, where necessary, make recommendations on how the current process may be improved.</p>	<p>An audit report has been issued and some areas of improvement identified. Remedial action has been agreed for all findings and the Commercialisation Manager will be taking action to implement the agreed changes. Internal Audit will conduct a follow-up in 2022.</p>	<p>No further update at this time.</p>		
5	<p>Bribery, fraud and other financial crime – The global pandemic resulted in a reduction to the planned audit programme during 2020/21 due to the redeployment and furloughing of staff and the prioritisation of the payment of business support grants. This reduction in the compliance resource increases the risk of both internal and external fraud. In addition, historically, grant schemes always attract individuals hoping to exploit the system and with numerous government Business Support grants schemes which were introduced and paid out 'at pace' this risk has also further increased.</p>	Audit Managers	<p>Audit Manager worked with Directors and Service Leads to identify and prioritise high risk audits within the plan with the remaining audits deferred to the 20221/22 plan. This prioritisation has enabled the Audit Manager to provide some assurance on the control environment in place throughout this period. The Audit Plan 2021/22 approved by Audit &amp; Governance in March 2021 will continue to be flexible with updates/changes to the plan report quarterly to enable the Audit Manager to respond to emerging issues. Audit Manager has completed a risk assessment on behalf of the Council, to assess the level of risk the Council may be exposed to as a result of administering all of the business support grants, which has been submitted to government. Based on the risk assessment submitted, the government requested the necessary evidence to support the payment of a sample of grants as required by the Post Payment Assurance – Verification process. Internal Audit are in the process of undertaking post award assurance checking, following guidance issued by the government, for each scheme type.</p>	<p>The audit plan will continue to be reviewed to ensure that it meets the assurance needs of the Council. Post assurance work for the Covid business grants continues.</p>	<p>The majority of post award assurance work has now been completed on the 8 different business grant schemes open to businesses as a result of the global pandemic, with 1 schemes still outstanding.</p>		

## REPORT TO AUDIT & GOVERNANCE

Date of Meeting: 1<sup>st</sup> DECEMBER 2021

Report of: DIRECTOR FINANCE

Title: DECISION TO OPT IN TO NATIONAL EXTERNAL AUDIT TENDER

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

COUNCIL

#### 1. What is the report about?

- 1.1 To recommend that the Council opts in to the national scheme for auditor appointments from April 2023 using Public Sector Auditor Appointments Limited (PSAA).

#### 2. Recommendations:

- 2.1 That Audit & Governance Committee recommend and Council approve that Exeter City Council opts in to the national scheme for auditor appointments from April 2023 using Public Sector Audit Appointments Limited (PSAA).

#### 3. Reasons for the recommendation:

- 3.1 The relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept the invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent.

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

- 4.1 There are no resource implications arising from opting in. Indeed it will save staff time if the Council does not choose to tender itself for External Audit services. The cost of the tender is likely to be significantly higher than the current contract owing to the well documented challenges the Local Government External Audit sector faces.

#### 5. Section 151 Officer comments:

- 5.1 The section 151 Officer has considered this carefully. The current contract has had significant problems, with the Council paying close to 50% more than the original tender price and the Accounts having failed to be audited and approved in line with the statutory deadline for two of the last three years, through no fault of the Council or its Officers.
- 5.2 However, the problems with the Local Authority External Audit market remain the same, in that there is a limited pool of Audit firms able to undertake External Audit and the regulator of External Audit continues to require Audit firms to focus the Audit in line with private sector audits, in spite of the fact that for many of the material figures in the accounts (Pensions, Property, Plant & Equipment), there are statutory overrides in place to protect the local taxpayer, meaning their relevance to the overall financial standing of the Council is lower than a number of other areas.

5.3 Reluctantly, therefore, the section 151 Officer is recommending opting in as it is unlikely that the Council will be able to generate a significantly different outcome by tendering itself. It will also almost certainly have to pay more than by being part of a national scheme.

## **6. What are the legal aspects?**

6.1 The provisions for appointing an External Auditor are set out within the Local Audit and Accountability Act 2014. The ability to use national appointing person arrangements are set out in the Local Audit (Appointing Person) Regulations 2015.

## **7. Monitoring Officer Comments:**

7.1 Subject to paragraph 6.1 above, this report raises no issues for the Monitoring Officer.

## **8. Report details:**

8.1 The Local Audit and Accountability Act 2014 signalled the demise of the Audit Commission and allowed Local Authorities to appoint their own External Auditors. Regardless of individual's thoughts on the Audit Commission, it was clear that having a national tendering process for appointing auditors was successful in that it held costs down and enabled the Audit Commission to rotate auditors regularly.

8.2 In order to attempt to retain this benefit, the Local Government Association established PSAA a company limited by guarantee and the Government specified PSAA as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. This means that PSAA can make auditor appointments for audits of the accounts of principal authorities where they choose to opt into its arrangements.

8.3 Exeter City Council chose to opt in to the arrangement for the first tender back in 2016 and subsequently Grant Thornton were appointed the Council's External Auditor for the following five years. This tender is now due for renewal and the Council have again been invited to opt in to a tender for the award of a contract over the next five years.

8.4 It is fair to say, the contract has not been a success. External Auditors are governed by the Financial Reporting Council (FRC), who have, in response to some high profile issues in private sector audit, increased the requirements for all External Audit. This, along with resource pressures and increasingly complex accounts, has caused significant delays in External Audits across the Country. Indeed, Exeter has suffered delays to two of the last three years audits, in spite of the accounts being prepared on time by the finance team and no significant issues being identified. As the contract is between PSAA and the audit firms, the Council has no direct comeback on the Auditor. There appear to be no penalty clauses in the contract and additional fees are agreed between the auditor and PSAA with little input from the Council.

8.5 However, undertaking a tender on our own will not address the problems with the FRC overseeing the Local Government audit regime. The Government have recognised the problems with the audit market and are taking steps to address this. It is also likely that the Council would not benefit from economies of scale if tendering alone and there is no appetite in the rest of Devon. There are no major firms based in the City and if the rest of the South West is awarded to one audit firm, the other firms are unlikely to base a team in the area to cover one Council.

8.6 Therefore reluctantly, on balance, it is in the Council's best interests to opt in to the tender process and hope that the Government review yields some real, positive progress.

8.7 To be clear to Members, this is not a criticism of our current External Auditors. There are issues across the board with:

- the oversight of External Audit focusing on the wrong things;
- the contract itself and
- the contract management.

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

9.1 External Audit contributes to the Council's purpose of a "Well Run Council".

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

10.1 The risks are that the Contract is not well managed and is outside of the direct control over the Council. Currently additional fees are agreed between PSAA and the External Auditor, and whilst the Council may be able to express its views, it is not clear to what extent this is taken into account. There also seems to be no penalty for failure of the External Audit firm to deliver the audit on time, in spite of the challenges that this presents to the Council Officers.

## **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:

- 11.4.1 The report is focused on delivering a tender External Audit Services. It is expected that the tender process will cover these matters.

**12. Carbon Footprint (Environmental) Implications:**

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

**13. Are there any other options?**

13.1 The Council could choose to tender itself. This would probably require some external support and would likely lead to a similar outcome at a higher cost.

**Dave Hodgson  
Director Finance**

**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

## REPORT TO AUDIT & GOVERNANCE COMMITTEE

Date of Meeting: 1 December 2021

## REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Corporate Services (in the capacity as the Monitoring Officer)

Title: **Extension of the Appointment of the Council's two Independent Persons**

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

#### 1. What is the report about?

- 1.1 To invite Members to consider the extension of the current term of office of the Council's Independent Persons, Professor Brian Kirby and Mr Ian Brooking to comply with the principles set out in the Regulatory Framework of the Audit and Governance Committee.

#### 2. Recommendations:

- 2.1 It is recommended that Council approve that the term of office for Professor Brian Kirby and Mr Ian Brooking as the Council's Independent Persons be extended for a further period of four years until the Meeting of Council on 24 February 2026, pursuant to section 28 of the Localism Act 2011.

#### 3. Reasons for the recommendation:

- 3.1 S.28 of the Localism Act 2011 ("the Act") imposes a statutory duty upon the Council to ensure that high standards of conduct are maintained by its Members and Co-opted Members.
- 3.2 In order to comply with the provisions of S.28(7) of the Act there is a continuing obligation for the appointment of at least one 'Independent Person' whose views are to be sought in the event of an investigation pertaining to the Members' Code of Conduct.

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

- 4.1 An Independent Person is entitled to an annual allowance, currently set at the sum of £50 be paid to the Independent Persons affiliated to the Audit and Governance Committee for up to four hours work, and £100 for four hours and over, payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year).

## **5 Section 151 Officer comments:**

- 5.1 There are no additional financial implications for Council to consider contained within this report.

## **6 What are the legal aspects?**

- 6.1 The Council is obliged to appoint at least one 'Independent Person'. Members should note that the Independent Person is also required to assist any Member who has received a complaint about them. Without them, the Council would be failing in its statutory obligations.

## **7. Monitoring Officer Comments:**

- 7.1 Members should be clear that the Council must appoint at least one Independent Person as set out in paragraphs 3 above. The recommendation to extend the terms of both existing Independent Persons is because:
1. Both existing Independent Persons have received extensive training over the years and are now very seasoned and experienced in that role.
  2. When recruiting previously, the Monitoring Officer's experience was that there was a shortage of suitable candidates.

## **8. Report details:**

- 8.1 Section 28(7) of the Localism Act 2011 requires a relevant local authority, which includes district councils, to appoint at least one Independent Person whose views are to be sought and taken into account before the Council makes any decision on an allegation under the Members' Code of Conduct that it has decided to investigate.
- 8.2 At the meeting of Council on 20 February 2018, Professor Kirby and Mr Ian Brooking were appointed to the office as an 'Independent Person', for a period of four years. They both have the experience to offer valuable support and advice, having the relevant knowledge and experience in this field.
- 8.3 The Audit and Governance Committee and Council is asked to consider this report, as Professor Kirby and Mr Brookings' current term of office runs until 20 February 2022, and Council sits on 22 February 2022. The resulting gap, albeit brief, may have a detrimental effect on the continuation and/or determination of any current investigation pertaining to the Members' Code of Conduct.
- 8.4 Professor Kirby and Mr Brooking have been contacted and are aware of the proposals and have both expressed their willingness to continue in office should Members of the Council wish to extend their period.
- 8.5 If the continuation of their appointments is deemed acceptable Audit and Governance Committee is asked to recommend to Council that the extension of their term of office in the roles of 'Independent Person' for the Audit and Governance Committee be confirmed with effect from 14 December 2021 to ensure continuity of their availability to the needs of the service.

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

- 9.1 The need for an Independent Person ensures that the Council supports the democratic process 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 There are no risks with what is being proposed. The Council could operate with only one Independent Person, rather than two, but the Monitoring Officer finds it very useful to have two persons as this helps to strengthen and enrich the decision-making process.

## **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 significant equality and diversity impacts with this decision.

## **12 Carbon Footprint (Environmental) Implications:**

12.1 There are no direct carbon/environmental impacts arising from the recommendations.

## **13 Are there any other options?**

13.1 To re-advertise the vacancy and seek applications from others wishing to fulfil this role, however the experience of the two current Independent Members is considered invaluable.

**Baan AL-Khafaji**

**Director of Corporate Services**

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees)  
Room 4.36,01392 265115

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## **REPORT TO AUDIT AND GOVERNANCE COMMITTEE**

**Date of Meeting: 01 DECEMBER 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. The financial position risk has been updated to reflect the recent Comprehensive Spending Review, although in reality little further information was forthcoming. The risk will be reassessed once the financial settlement is received in December.

### **6. What are the legal aspects?**

- 6.1 None identified.

### **7. Monitoring Officer's comments:**

- 7.1 The Corporate Risk Register provides key management and Members with significant information on the main risks faced by the organisation. It is important that Members scrutinise it carefully.

### **8. Report details:**

8.1 The Corporate Risk Register (Appendix A) has been reviewed and updated by members of SMB as follows:

8.2 **NEW RISK** – Failure to deliver the Liveable Exeter Programme (Risk ref 8)

The Liveable Exeter Programme is a key corporate priority and this new risk is a reflection of the funding challenge that encompasses staffing resources for the team to undertake the work, the nature of the challenge of a regeneration programme that has to address complex land assembly and infrastructure challenges, as well as significant abnormal costs associated with the delivery of this type of programme.

8.3 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.

**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:

December 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	<p><b>Failure to deliver anticipated benefits of major projects (St Sidwell's Point and Bus &amp; Coach Station)</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>- Failure to procure appropriate operator for leisure centre</li> <li>- Adverse weather / other delays typical of such projects</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>- Increased costs to Council from project overspends or overruns</li> <li>- Not realising financial and cultural benefits anticipated from project delivery</li> <li>- Damage to Council's reputation and reduced credibility to deliver major projects in future</li> </ul>											
	October 2017	JP Hedge - Director Culture, Leisure and Tourism	3	3	9	<ul style="list-style-type: none"> <li>- Recruited experienced Project Manager, Quantity Surveyor and delivery team</li> <li>- Established high level Programme Board to oversee progress and delivery</li> <li>- Contractor appointed to build the facility, following a 2 stage collaborative approach in procurement.</li> <li>- Fixed price Design &amp; Build Contract, with a limited amount of Provisional Sums.</li> <li>- Technical Assurance &amp; Audit team has been 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.</li> </ul>	2	3	6	- Ongoing reporting of progress and potential issues to Client lead.	Ongoing	Dec 2021 - no further update

# Corporate Risk Register

Review Month:

December 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	<p><b>Insufficient business continuity arrangements to recover critical services effectively</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>- Critical services not identified</li> <li>- Insufficient plans in place to recover critical services</li> <li>- Lack of testing of plans to ensure arrangements suitable</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>- Essential services not recovered in timely fashion</li> <li>- Adverse media and public criticism leading to lack of trust in council</li> <li>- Noncompliance with Civil Contingency Plan</li> </ul>											
Page 30	April 2013	Karime Hassan - Chief Executive	3	4	12	<ul style="list-style-type: none"> <li>- List of critical services agreed with SMB</li> <li>- Corporate Business Continuity Plan approved by SMB which sets out roles and responses to certain events (loss of building, loss of ICT etc.)</li> <li>- IT Disaster Recovery Plan in place</li> <li>- Business Continuity plans developed for all L10Critical services</li> <li>- Review of BCM undertaken by Internal Audit following implementation of plans in response to the Covid19 pandemic. Review focused on what worked well and what didn't work so well with a view to ensuring the plan is fit for purpose moving forward. This report is with SMB.</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>- Regularly review business continuity plans to ensure they are fit for purpose</li> <li>- Business continuity testing to be carried out in line with corporate policy.</li> </ul>	Ongoing  March 2022	<p><b>December 2021:</b></p> <p>Business Continuity Plans have generally worked well throughout the Covid-19 pandemic and have been a vital part of our response. One potential area of weakness is our over reliance on the enthusiasm and goodwill of our staff to respond to emergency incidents. Whilst they have always been willing to step up, a more formal system of standby and call out would ensure consistent coverage and allow for relieving key staff when they've worked a full shift. A full review of our emergency procedures which will identify the roles required for a formal standby rota will be completed when resources allow in the new year.</p>

# Corporate Risk Register

Review Month:

December 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	<p><b>Inability to deliver carbon neutral aspirations for Exeter by 2030</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>- Financial pressure and economics of carbon reduction</li> <li>- Behavioral challenges over influencing businesses and public</li> <li>- Technical capability to deliver</li> <li>- Lack of control over all stakeholders (businesses, visitors etc.)</li> <li>- Political environment and acceptance of policy changes required</li> <li>- Misalignment with Devon Climate Plan</li> <li>- Failure to engage with resident and business of Exeter to ensure solutions proposed meet real need</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>- Reputational</li> <li>- Failure to deliver inclusive growth and retain vibrancy of Exeter as a great place to live</li> <li>- Conflict within Region</li> <li>- Short term changes may not be sustainable</li> </ul>											
	08.11.19	Executive  Updates to be provided by David Bartram - Director Net Zero Exeter & City Management	4	3	12	- Strategic partnerships - 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)- - SWEEG have been appointed to start work on the City Council Carbon Action Plan following on from the successful carbon baseline study. This will examine our carbon production at a service level and provide practical actions and measures to reduce our production to net zero by changing the way we work or offsetting. Work is continuing on bringing forward proposals for resources to deliver the carbon net zero programme.	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-30	<b>December 2021 :</b>  Please see update below.

**December 2021 update:**

A committee report to develop a new team to focus on delivering net zero for the City Council has been approved by Executive and Council. A one off budget of £1million has been earmarked for delivering net zero within the City Council, with some budget being allocated to two temporary positions and some budget for project delivery - which will be informed by the Carbon Plan. Volunteers are in the process of being recruited for the new City Council Net Zero Ambassadors. These volunteers will be City Council employees from across the organisation and at all levels. They will undergo carbon literacy training to support the development and delivery of the City Council's carbon plan. Work has commenced on the City Council's Carbon Plan, working with the Centre for Energy & Environment from the University of Exeter, to develop our carbon baseline and subsequent carbon action plan. The carbon plan is due March 2022 and will be presented to Executive and Council for adoption. The Carbon Plan will provide a data led, bottom-up, granular analysis of how and when carbon emission reduction can take place in each of the City Council's activities to deliver a net zero Council. This carbon plan will focus on our own services and processes, with the Citywide element of the Net Zero Exeter continuing to be led by Exeter City Futures. The City Council has representation on both the Response and Tactical Groups, established to progress with and deliver the Devon Carbon Plan. The City Council have been successful in a £9m consortium bid with other Devon Local Authorities. This will provide energy efficiency improvements for around 200 properties in Exeter (owner occupied and privately rented). The allocation for Exeter is approximately £2m. The City Council have also been successful in achieving external funding of £70k from the Department for Business Energy and Industrial Strategy (BEIS) to help stop landlords renting out homes with poor energy efficiency. Ongoing projects that will assist the City Council to achieve net zero include the ERDF funded Water Lane Smart Grid and Battery Storage Project. A total of four renewable energy and battery storage projects are being built including a City Solar Farm in Exeter made up of over 3,700 solar panels. The site in Marsh Barton will create a 1.2MW solar farm producing green energy for the city, including a direct supply to the Council's Cleansing depot to support charging of its electric fleet, and future use of Electric Refuse Collection Vehicles. The Council also received a total of £661,000 from the Public sector De-carbonisation Scheme, which has fully funded a mix of new and upgraded Building Management System across our services and new Energy Management Information System software for all building managers. Future work will include a new EV Charging Strategy for the City.

The ambition for the City to become Carbon Net Zero by 2030, when the County have acknowledged that this is unrealistic, should be something that members should reflect upon. Net zero Exeter as defined by the city of Exeter will require investment of over £750m. Much of this will need to come from the private sector but there will be significant asks of the public sector both in terms of direct investment and leadership. The leadership role of the city council is to act as municipal entrepreneur, ring master and story teller building a collective endeavour in pursuit of this goal. It would be possible to break down this strategic ambition into bite sized measures of success and this would look very different in terms of the risk register. Currently this risk is framed specially in relation to strategic leadership in support of the councils stated ambition not the achievement of the goals. This is felt to be appropriate in relation to Net Zero Exeter.

# Corporate Risk Register

Review Month:

December 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	<p><b>Failure to meet Exeter's Housing supply needs as a planning authority and meet strategic 5 years ambitions</b></p> <p>Potential Causes:</p> <ul style="list-style-type: none"> <li>- Inadequate Land supply</li> <li>- Not granted enough planning permissions</li> <li>- Student development cannot be included in housing supply figures</li> <li>- House builders drip feeding</li> <li>- Political / community buy in to developments</li> <li>- Exeter Local Plan not progressing quickly enough, encounters delays in programme, or is delayed by external factors such as changes to the Planning system or though protracted discussions with neighbouring authorities re region wide issues.</li> </ul> <p>Potential Impacts:</p> <ul style="list-style-type: none"> <li>- Vulnerability to development coming forwards/gaining consent which is not in keeping with the character of the city and which may be contrary to strategic ambitions - such as the 2040 Vision or net-zero commitment.</li> <li>- Financial risks with increased appeals, and potentially lost income</li> <li>- Social outcomes - inequality, rising social service costs - significant waiting list</li> <li>- Reputational impact if development on not appropriate location</li> </ul>											
	June 2013	Bindu Arjoon - Director	4	3	12	<ul style="list-style-type: none"> <li>- Brownfield opportunities identified and developed into the Liveable Exeter strategy</li> <li>- The Liveable Exeter programme has secured further funding to support work on the Liveable programme</li> <li>- Higher density developments being encouraged within the city centre.</li> <li>-Social Housing being developed following the lifting of borrowing cap- ambition for 500 homes over 10 years'</li> <li>- Appropriately briefing members to ensure robust decision making processes</li> <li>- The 5 year land supply position has further improved with land supply currently at 4 years and 7 months.</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>- The Local plan is continuing to progress with a timetable now established and the statement of community involvement developing.</li> <li>- Selling positive image of high quality high density brownfield developments through the Liveable Exeter programme.</li> <li>- using existing planning policy to resist inappropriate development proposals in order to continue to protect the character and beauty of the city.</li> <li>- regular updating of the 5 year land supply position in order to closely monitor land supply in the city</li> </ul>	Ongoing	<p><b>December 2021:</b></p> <p>Council has published a statement confirming it has a 5yr HLS. Planning decisions can now be stronger and scrutinise proposals so that the Council can ensure they best fit the adopted vision for the future of the city.</p> <p>It should be noted the Council's 5yr HLS position will be challenged; a recent appeal (land adjacent to IKEA) questioned the position and another appeal at Pennsylvania Road (hearing to be held on 03/11/21) will also see the Council's position questioned formally. Decisions after these two appeals will give more clarity on the solidity of the Council's position.</p>

# Corporate Risk Register

Review Month:

December 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
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5	<p><b>Failure to adapt council workforce to ensure appropriate skills and experience</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>- Ageing workforce (half of staff over 50, considerable enough)</li> <li>- Difficulty to recruit into key areas - professional areas (planners, lawyers)</li> <li>- Empowerment, skills and engagement of managers to enable this change</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>- Loss of experience</li> <li>- Increased spending on agency workers</li> <li>- Not having cost effective council services delivering the right outcomes</li> <li>- Service disruption</li> <li>- Cost of appeals / challenges across the council services</li> <li>- Increased stress / pressure on workforce</li> </ul>											
Page 34	June 2019	Baan Al-Khafaji	3	3	9	<ul style="list-style-type: none"> <li>- Market supplement scheme in place</li> <li>- Apprenticeship opportunities for new and existing staff</li> <li>- Employing part qualified staff and training them (internal and external) - procurement, planning etc.</li> <li>- Improvements in metric tracking (age, gender, skills profiles)</li> <li>- Business Partnering model allowing for greater collaboration between service areas and HR</li> <li>- Metrics reported to SMB</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>- Ensure robust implementation of new workforce planning process (local mgmt team led)</li> <li>- Utilising agile program to compliment modernisation of work environment</li> <li>- Review of progress against GDR.</li> </ul>	Ongoing	December 2021: No further update

# Corporate Risk Register

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6	<b>Maintaining the Financial Sustainability of the Council</b>											
	<p>Potential Causes:</p> <ul style="list-style-type: none"> <li>- Fair funding review from central government involving rebaselining of business rates (income loss of £2.5m per annum) and determination of a new formula which could have funding implications.</li> <li>- Inability to deliver £6m savings target over three year period</li> <li>- Move to 75% business rate retention rather than government grant increases volatility of income and dependence upon growing local economy and business rates.</li> <li>- Inability to grow Exeter city centre and associated business rates etc.</li> <li>- Policy, regulatory or legislative changes which are not fully funded from central govt.</li> <li>- Failure to realise commercial ambitions of council</li> </ul> <p>Potential Impacts:</p> <ul style="list-style-type: none"> <li>- unable to balance budget</li> <li>- reduced income for council services</li> <li>- larger than anticipated cuts (in year or over longer term)</li> <li>- reduction in reserves</li> <li>- impacts on council services and therefore resident outcomes</li> </ul>											
	January 2018	Dave Hodgson - Director Finance	4	4	16	<ul style="list-style-type: none"> <li>- Detailed MTFP assessed and agreed with Members</li> <li>- savings plan agreed and being implemented with suitable governance arrangements in place.</li> <li>- Budget for 2021-22 agreed with significant reserves to protect against Covid related income losses.</li> <li>- Significant investment in city centre regeneration (st sidewall's point &amp; bus station) including developing a new vision for the rest of the site which includes mixed use</li> <li>- Business Development manager extended to continue to identify and grow commercial opportunities</li> <li>- Strong level of unringfenced general fund reserves to protect against shocks</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>- Continue to respond to consultations making case for council</li> <li>- Lobby government for relaxation of council tax increase restrictions</li> <li>- Further development of role and scope of business development manager position</li> </ul>	Feb-22	<p><b>December 2021:</b></p> <p>The Comprehensive Spending Review and subsequent communication from DLUHC (formerly MHCLG) indicates that there will be a one year rollover settlement for Councils in 2022-23 with the review of funding then taking place. This is in line with the expectations currently being worked to in response to the shortfall indicated in the MTFP.</p>

# Corporate Risk Register

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7	<p><b>Increased cost of all capital building Projects</b></p> <p>Potential Causes:</p> <ul style="list-style-type: none"> <li>- There will be increased costs as a direct result of actions required to manage the new risks associated with COVID 19 risk</li> <li>- Shortages of materials and labour causing delay and increased costs across the capital programme.</li> </ul> <p>Potential impacts</p> <ul style="list-style-type: none"> <li>- Increased costs to Council</li> <li>- Delay in all projects, predominantly St Sidwell's Point and the resulting loss of income and also the condition survey projects, leading to prolonged periods of buildings being below the standard the Council is aiming for.</li> </ul>											
Page 36	August 2021	Dave Hodgson Director Finance	4	4	16	The global economic impacts are difficult to mitigate. Members may need to reprioritise, accept higher tender costs or delay the capital programme. Those projects already underway will see additional costs	4	4	16	Review timing of existing capital programme	Feb-22	<p><b>September 2021:</b></p> <p>As has been widely reported, cost inflation has grown significantly in construction. In addition to the specific challenges facing St Sidwell's Point and the Bus Station, this pressure is applying to the wider capital programme, particularly, but not limited to, the £37 million condition survey programme. As the financial impact is potentially significant, the risk previously reported in respect of St Sidwell's Point is being expanded to include the whole capital programme.</p>

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8	<b>Failure to deliver the Liveable Exeter Programme</b>											
	<p>Potential Causes:</p> <ul style="list-style-type: none"> <li>- a challenge to the viability of development</li> <li>- inadequate funding for brownfield land regeneration</li> <li>- lack of staff resources to support the work</li> <li>- inability to address complex land assembly and infrastructure challenges</li> <li>- significant abnormal costs associated with this type of programme</li> </ul> <p>Potential impacts</p> <ul style="list-style-type: none"> <li>- increased costs to the Council</li> <li>- carbon neutral not achieved by 2030</li> <li>- city housing needs not met by 2040</li> <li>- new communities not created</li> <li>- active and accessible city aspirations not met</li> <li>- new homes do not meet Garden City principles</li> <li>- housing built in locations the Council is seeking to avoid</li> </ul>											
	November 2021	Karime Hassan - Chief Executive & Growth Director	4	4	16	- brownfield land release fund in place - examples of the strategic investment required are the housing infrastructure fund (HIF) and other strategic investment funds such as administered by One Public Estate and the Department for Levelling Up, Housing and Communities - some funding has been secured on an annual basis from Homes England	3	3	16	- work to be undertaken with One Public Estate on the Exeter City Fund concept - there needs to be a willingness to acquire land and property to move forward in a sensible phased programme including a willingness to compulsory purchase land - need to step up the support commensurate with the scale and pace of development required - new local plan that includes the vision and principles as part of the formal planning policy - the Council adopts an enabling culture rather than relying on a regulatory culture - Exeter City Living to lead by example - Exeter Place Board to bring together the city's institutions to take ownership of the vision and aspirations and to work collectively on obstacles to delivery	Nov-24	<b>Note on target date:</b>  The first milestone in what is a 20 year programme is to secure the local plan. The first draft of this plan should be completed within 12months with the adoption of the final plan within 3 years.

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