

## **AUDIT AND GOVERNANCE COMMITTEE**

Date: Wednesday 8 March 2023  
Time: 5.30 pm  
Venue: Rennes Room, Civic Centre, Paris Street, Exeter

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

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

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

### *Membership -*

Councillors Wardle (Chair), Moore, D (Deputy Chair), Allcock, Branston, Ellis-Jones, Leadbetter, Mitchell, M, Packham, Rees, Snow, Sutton 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 30 November 2022.

(Pages 5 -  
12)

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  | <b>External Audit Progress Report and Sector Update</b><br>To consider the report of the Council's External Auditors.                                  | (Pages 13<br>- 28)   |
| 6  | <b>Internal Annual Audit Plan 2023/24</b><br>To consider the report of the Audit Managers.   | (Pages 29<br>- 46)   |
| 7  | <b>Internal Audit Progress Report</b><br>To consider the report of the Audit Managers.   | (Pages 47<br>- 58)   |
| 8  | <b>Code of Corporate Governance 2023/24</b><br>To consider the report of the Director Finance.   | (Pages 59<br>- 66)   |
| 9  | <b>Members' Code of Conduct</b><br>To consider the report of the Director Corporate Services and Monitoring Officer.                                   | (Pages 67<br>- 94)   |
| 10 | <b>General Dispensations to Members</b><br>To consider the report of the Director Corporate Services and Monitoring Officer.                           | (Pages 95<br>- 100)  |
| 11 | <b>Amendments to the Constitution - Officers' Code of Conduct</b><br>To consider the report of the Director Corporate Services and Monitoring Officer. | (Pages<br>101 - 116) |
| 12 | <b>Freedom of Information and Data Protection</b><br>To consider the report of the Corporate Manager (Executive Support)                               | (Pages<br>117 - 128) |
| 13 | <b>Anti-Money Laundering Policy</b><br>To consider the report of the Director Finance.   | (Pages<br>129 - 140) |
| 14 | <b>Review of Corporate Risk Register</b><br>To consider the report of the Deputy Chief Executive.  | (Pages<br>141 - 154) |
| 15 | <b>City Council Net Zero Risk Register</b><br>To consider the report of the Director Net Zero and City Management.                                     | (Pages<br>155 - 160) |

### **Date of Next Meeting**

The next **Audit and Governance Committee** will be held on Wednesday 26 July 2023 at 5.30 pm

Find out more about Exeter City Council by looking at our website <http://www.exeter.gov.uk> . This will give you the dates of all future Committee meetings and tell you how you can ask a question at a

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## **AUDIT AND GOVERNANCE COMMITTEE**

Wednesday 30 November 2022

### Present:-

Councillor Wardle (Chair)

Councillors Moore, D, Allcock, Branston, Ellis-Jones, Mitchell, M, Packham, Rees, Snow and Warwick

### Apologies

Councillors Leadbetter and Sutton

### Also Present

Director Finance, Corporate Manager – Executive Support and Democratic Services Officer (SLS)

Julie Masci, Director Audit, External Auditors (Grant Thornton)

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### **MINUTES**

The minutes of the meeting held 28 September 2022 were taken as read, approved and signed by the Chair as correct.

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### **DECLARATION OF INTERESTS**

No declarations of disclosable pecuniary interests were made.

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### **EXTERNAL AUDIT PROGRESS REPORT**

The Director, External Audit, Grant Thornton presented a verbal update and advised Members of the progress in respect of the Audit of the Financial Statement of Accounts. The Audit Manager had provided an update at the last meeting. The audit had commenced slightly later than planned in the middle of October due to the team's commitment to a prior audit and a delay in transitioning to the Exeter audit. However the audit was now underway and progressing well and they acknowledged the increased demands on the Director Finance and his team. There was good cooperation with no specific issue or concerns raised so far and the intention was to bring forward the report to the next meeting.

Members noted the report.

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### **EXTERNAL AUDITOR'S ANNUAL AUDIT REPORT ON EXETER CITY COUNCIL 2020/21**

The Director External Audit (Grant Thornton) referred to the new approach to the value for money assessment which changed in 2021 introduced by the National Audit Office to a much broader scope of work using the three pillars of

- Financial sustainability
- Governance
- Arrangements for improving economy, efficiency and effectiveness.

She advised that, rather than report by exception, they now had to offer a more detailed narrative statement giving positive assurances as well as those areas which require attention and scope for improvement. She also referred to the three classifications and recommendations that could arise from the work that they undertake as part of the assessment including:-

- Improvement - with more value added and improved recommendations to help improve and strengthening the Council's existing arrangements;
- Key recommendations - if a significant weakness in arrangements was found, a key recommendation was required to be issued, and to formally follow up any such recommendations as part of the following year's assessment and report on progress; and
- Statutory recommendation – this was limited to the most serious of weaknesses and requires Council to sit to receive the recommendation, debate and respond with a plan of action to address.

On that basis, she drew Members' attention to the Executive summary of the report and identified three possible areas with scope for further improvement of the existing arrangements. It was not uncommon in this first year of the new regime to have a baseline assessment where there are a number of recommendations and it is consistent from findings from many other local authorities. She referred to one area of significant weakness relating to the governance arrangements of Exeter City Living. The recommendation was set out which included along with the potential impact on the authority, the management response and action being taken to address that particular matter.

The Director Audit responded to the following Members' comments –

- in terms of a comparison, there was still some 2020/21 work to complete on the national picture. They were aware of a number of authorities where a key recommendation had been identified, with an escalation to a higher level of a statutory recommendation for a small number. The National Audit Office published all the Auditor's data on the reports.
- the audit had commenced with Exeter City Living in the context of it being the most significant entity in the Group Accounts, but the team also considered the arrangements for other group entities where the activity was significant in the context of the Council's operations. They also consider other entities in varying stages of formation, as risks can be more prevalent in the set up phase and it was important to identify risk and exposure as early as possible.
- in respect of dormant and new companies, External Audit also make a determination before a Value for Money (VFM) assessment is conducted. If they are aware of a significant group entity in the process of being established they will pick that up as part of that process through a review of papers, discussion with officers and engagement with the Audit and Governance Committee.
- a view on considering what is deemed to be commercially sensitive information should be given close legal consideration by the Council's Monitoring Officer. It was not appropriate for her, as External Auditor to comment on documents that were deemed commercially sensitive for the authority. They had noted the scope to improve the visibility of operation and performance of an external company to the authority to see how the performance was being reported in terms of holding the company to

account.

- establishing a shareholder board was a mechanism that could be used to manage governance of the Councils' external companies, but it was important to consider the most appropriate model of governance for the individual authority
- company directors had a specific legal duty to act in the best interest of that company, and there may be an issue for officers in that position who may be expected to hold and challenge the company to account. She had no concerns over Member representation. The Director Finance contributed to this discussion and confirmed that he along with the Corporate Director were no longer Directors of one of the Council's companies, Exeter City Living.

The Director Finance confirmed that the review of the governance of external companies was underway and he would enquire on the timeframe for the process from the Leader and the Chief Executive & Growth Director. Following some discussion, a proposal to ensure the Chartered Institute Public Finance and Accountancy (CIPFA) Guidance was taken into consideration in the review of governance arrangements for Exeter City Council was made. It was anticipated that the report on the outcome of the review would be made to the Executive and then Council before coming back to the Audit and Governance Committee.

The Director External Audit stated that their report had included a factual interpretation of the current regulations relating to what should be included in the Minimum Revenue Provision (MRP) calculation, which has an element of interpretation by some authorities. The proposed consultation should make this clearer. Capital loans to third parties should be in the spirit of what they were intended, and incorporated as part of the MRP calculation. The Director Finance had met with the Government's Capital Financing team and discussed this issue. He understood the challenge that the Government has in relation to ensuring all Councils were properly addressing this issue and protecting future taxpayers.

The Director External Audit stated that when delivering value for the tax payer it was important to focus on the important risk areas, identifying the lowest level of tolerance. The starting point was an authority's Risk Register and reviewing the significance of the risk to the organisation of the high value areas which often support the Council's strategic objectives. She invited Members to make a case for any areas of key risk for future focus of their value for money assessment.

The Audit and Governance Committee noted the report and added two further recommendations:

- (1) to ensure the options as set out in the Chartered Institute Public Finance and Accountancy (CIPFA) Guidance are taken into consideration in the review of governance arrangements for Exeter City Council companies; and
- (2) Audit and Governance Committee to receive a report on the approved Governance arrangements once adopted by Council.

The Director Finance explained that the Audit Manager had unexpectedly been unable to attend the meeting. He presented the report on the internal audit work carried out during the period 1st July to 30th September 2022, to advise on overall

progress against the Audit Plan and to report any emerging issues requiring consideration. It was important to note that there were no significant weaknesses identified but there were weaknesses that had been identified in the Debtors system which was being addressed. He provided an update on the terms of reference of the Greater Exeter Building Partnership and that recommendation had been addressed and would be taken off future reports and two high risk issues identified would continue to be reported until the appropriate action has been taken to address them.

In response to Members' questions, the Director Finance advised the following:-

- Internal Audit were satisfied that the terms of reference for the Greater Exeter Building Partnership have been updated, but that did not mean they had been signed off on behalf of the Council, Audit had advised that the weakness identified had now been addressed. He would update the Member in terms of the sign off status.
- in respect of the raising of purchase orders and invoicing, a new system has just been introduced so that the majority of invoices will require a purchase order to be raised, so there is a much stronger process and management tool in place. This area would continue to be checked by audit as part of their creditor and debtors work carried out every year and be reported to the Audit and Governance Committee. Should Audit identify an issue with a particular service, the finance team would work with that service to ensure that the Council are operating efficiently. Some work had already been identified to be carried out on the income side. Audit have also just completed a piece of work on sundry debtors.

The Audit and Governance Committee noted the second quarter of the year 2022/23.

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### **COUNTER FRAUD STRATEGY**

The Director Finance presented an update of the Council's Counter Fraud Strategy and the requirement for a Counter Fraud Strategy to be considered by the Audit and Governance Committee and adopted every two years. At the last review there had been no changes to the policy, but the External Auditors, Grant Thornton recommended that the Audit and Governance Committee should review the document and recommend adoption to Council in line with the policy.

The Audit and Governance Committee approved the updated Counter Fraud Strategy which was circulated with the report as an Appendix.

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### **LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW OF COMPLAINTS 2021-22**

The Corporate Manager (Executive Support) presented the report, and explained the role of the Local Government Ombudsman (LGO) in investigating and resolving complaints about councils. There was a legal duty to communicate the LGO's annual review and details of complaints to Members. He explained the two stage complaints process operating in the Council which, if the complainant was not satisfied and all other avenues were exhausted then the complainant can refer their complaints to the LGO seeking an independent investigation. This report set out the details of the complaints received by Exeter City Council and the decisions made by the LGO for the year ending 31 March 2022 which were set out in Annex A of the report presented to the Committee.



In paragraph 8.3 of the report, the complaints and decisions made by the LGO numbered 12 cases in that period, which included seven cases completed after initial enquiries, two being not upheld, with advice given to the complainant in two and one, referred back to the Council for resolution. Significantly, the LGO did not propose a remedy or recommend service improvements for any of the 12 cases. He added that this period covered the Covid pandemic when many of the Council's services were under significant pressure and for no decisions to be upheld was a positive outcome.

The Corporate Manager (Executive Support) responded to the following Members' comments:-

- in relation to including historic and comparative data in future reports, the reports for all councils are published by the LGO and future reports to Audit and Governance would include comparative figures for other Devon councils, councils in Exeter's 'family group' and historic data to see any trends.
- although this report focused on non-housing, formal complaints, he would pass the Member's comments to the Housing team about the definition of complaints for housing repairs and the point at which they become formal complaints. The Member also suggested the Council Housing and Development Advisory Board may find this matter of interest.

The Audit and Governance Committee noted the report for the Local Government Ombudsman's Annual Review of Complaints 2021/22.

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### **REVIEW OF CORPORATE RISK REGISTER**

The Director Finance presented the report, which advised the Audit and Governance Committee of the Council's risk management process and presented the updated Corporate Risk Register, which the Committee was responsible for the monitoring and reviewing of the council's risks.

It was noted that the Strategic Management Board (SMB) were currently working with Zurich Municipal to refresh the Risk Register and look at the wider landscape and ensure all of the risks that are potentially impacting on the Council were included. It was anticipated that the updated Risk Register format would be presented to the next Audit and Governance meeting in March. He did not expect any of the current risks to be removed, but it was about identifying any other matters that should be on the agenda going forward. The first meeting had taken place with further work anticipated over the next few months with a revised Risk Register being available to consider at the next Audit and Governance meeting in March.

The Director Finance would report back the following comments to SMB and Zurich Municipal:—

- whether to request the Executive to reconsider the achievability of the challenge of the delivery of achieving the carbon neutral aspirations by 2030 for the Exeter area. The reliance, interrelationship and cooperation of other bodies such as Devon County Council was needed and they have set a different timetable. The Member found the separate register for the Council's own aspirations to be acceptable as that target can hopefully be reached.

- there should be more specific detail of the targets being set and the narrative in relation to the mitigation controls offered, as there was no detail on the measures and targets, or whether any controls or mitigations were on target or effective.
- that an assessment of progress including over what period of time with a reference to the carbon budget included.
- although the Risk Register was not the Roadmap or the Net Zero Plan for implementation, the risks that might be encountered in implementation should still be noted. Measurable outputs and indicators were needed for the Net Zero Plan with reports back to the Scrutiny Committee. The Risk Register set out the potential barriers that could impact the delivery and the mitigation column could be refined to include those barriers, rather than set out the actual roadmap objectives.

The Director Finance responded to a Member's comment on Risk 6 – in relation to the Brownfield Release Fund, One Public Estate and the Department for Levelling Up, Housing and Communities (DLUHC) which will have time limits on their availability, but which may be negotiable. He explained the funding process, and stated it was important to mitigate any risk of how the funds used would be repaid. He would raise a point with the risk owner relating to the Exeter Development Fund, where an inability to offer funding for the infrastructure had not been identified as a risk.

The Director Finance also provided, as an invitation to the Strategic Management Board to provide further information on individual risks under their area of responsibility. He explained the financial risks associated with Risk 4, *maintaining the financial sustainability of the Council* and Risk 5, *increased costs of all capital building projects*, in more detail.

In respect of Risk 4 there were factors mainly outside of the Council's control that could have a significant impact on the funding available to deliver Council services. Most funding was set by Central Government, which limited the Council's ability to increase income streams and manage service levels. Mitigation included a professionally qualified finance team to guide and support Members as the decision makers. External Audit also had a role in providing assurance and monitoring the financial position of the Council.

Reference was also made to the Medium Term Financial Plan (MTFP), Capital Programme and borrowing requirement, and the Council's spending pressures of inflation and in particular energy costs. An independent assessment from the Local Government Association has been made of the Council's MTFP as the impact was likely to be so great and the feedback reflected as an adjustment. He further explained the financial position for the coming year and referred to the One Exeter Programme which had identified changes to a number of work streams for consideration to help balance the Council's budget.

He responded to the following Members' questions:-

- a number of local authorities have significant financial challenges.
- there has been a pause in a review of the funding formula being undertaken, but they await any opportunity to feed back the comments made by a Member over the unfairness of inadequate restitution from Government in respect of council tax exemptions.

- a review of commercialisation opportunities for the Council will be undertaken. Some of the elements in the initial Commercial Strategy have either not been successful or were not progressing for a variety of reasons. Opportunities to deliver additional income to the Council were still being explored and some will come forward as proposals for balancing the budget and future ideas through a different mechanism. The Commercial Strategy did need a refresh in the light of some of the recent challenges, and he assured Members that work was ongoing to identify income opportunities which were now more often at a service level.

In respect of Risk 5 which relates to the Capital Programme. It was acknowledged that much of the risk lay outside of the Council's control and following the end of Covid and the current volatility of the economy particularly, has resulted in a shortage of materials and labour in the country to deliver construction projects. Mitigation was limited due to the global economic conditions and labour challenges, but the Council's Capital Programme will be reprioritised to make it more affordable. The approach to borrowing had changed with the Council's own internal resources used where appropriate over the next two to three years until the interest rates reduce to a reasonable level.

The Council's current borrowing was all for a long term period of 25 and 50 years, with no short term refinancing needed. There was, however, also a tranche of borrowing with the assets financed through using the Council's own internal cash resources, which remained manageable.

The following responses were given to Members' questions:-

- the condition survey was being reviewed and prioritised. The Member's suggestion for an internal company to carry out the Capital Programme works was not needed, as the Council could legitimately maintain a work force but finding the necessary labour remained a challenge. A number of sectors, particularly property and engineering, were facing challenges in recruitment.
- a pipeline of sales of assets was in place with the sales receipts financing shorter dated assets, such as vehicles, and borrowing against longer term assets was more appropriate to offer the best financial outcome for the council tax payer.

The Audit and Governance Committee reviewed and noted the updated Corporate Risk Register and presentation by the Director of Finance.

(The meeting commenced at 5.30 pm and closed at 7.50 pm)

Chair

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# Exeter City Council Audit Progress Report and Sector Update

Year ending 31 March 2022

February 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

## Your key Grant Thornton team members are:

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This paper provides the Audit & 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; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit & 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 <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

# Progress at February 2023

## Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in January 2022, and interim audit in June and July. We began our work on your draft financial statements in November 2022.

The significant risks we identified within our plan were as follows:

- Management override of control
- Valuation of land and buildings
- Valuation of investment properties
- Valuation of net pension fund liability

The results of our work to date are included in this report.

We have presented a detailed audit plan to this Committee, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

In our plan we noted that DLUHC has set an indicative date of 30 November 2022 for audited local authority accounts (two months later than last year). Given the system-wide pressures previously discussed, we believed this unrealistic for 2021/22 audits (but as a firm we are fully supportive of this in a 'normal' year).

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment)

The Council are facing a unique and unprecedented set of challenges linked to the cost of living and the increase in inflation and interest rates. This has required the finance team to concentrate on ensuring that estimates for the 2023/24 budget are calculated on a realistic basis which has meant management have not been able to fully support the audit process. In agreement with management we paused the audit in January 2023 and have resumed our work in February 2023.

We initially proposed a target completion date for our audit fieldwork by January 2023, however, due to the level of work required to ensure our audit responsibilities are fully met, coupled with the additional time required by finance officers to focus on their budgetary responsibilities, our work will continue beyond the March 2023 Audit and Governance Committee date.

Our audit is currently in progress and we continue to work with the Council to determine a realistic and achievable timetable for providing an audit opinion on the 2021/22 statements which will subsequently be communicated to members. An update on the latest position with our significant risks is on the following pages.



# Progress against significant risks

## Significant risk (from audit plan)

## Progress to date

### Management override of control

Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Authority face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Council, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals, including undertaking a walkthrough of the process and controls. No issues were identified from completion of this
- obtained a full download of the general ledger alongside the trial balance and uploaded these onto our data analysis software, Inflo.
- Inflo undertakes a number of checks on the data such as unbalanced transactions, unbalanced user IDs and transactions with blank account descriptions. Where any differences were noted by Inflo, we followed these up with the Council and obtained sufficient explanations and corroborations for these.
- we have reviewed the manual journals within inflo to identify those deemed to be high risk to be selected for testing. We selected and shared the sample of journals with the Council for them to provide us with evidence to support the entries and will complete our testing upon receipt of the supporting documentation.

### Valuation of land and buildings

The group revalue its land and buildings, including HRA properties, on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Management use the services of an internal valuer to estimate the current value as at 31 March 2022.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation expert and the scope of their work.
- evaluated the competence, capabilities and objectivity of the valuation expert.
- written to the valuer to confirm the basis on which the valuations were carried out.
- reviewed the fixed asset register and valuation reports to identify a sample of land and buildings which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2022 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation
- for each item within our sample we have requested detailed calculation sheets for the 2022 revaluation exercise to support and evidence the assumptions used to calculate the updated valuations. We continue to discuss this requirement with the Council.
- We have identified and shared our sample of other land and building assets and have been provided with evidence as to how these values have been calculated.

# Progress against significant risks

## Significant risk (from audit plan)

### Valuation of land and buildings (Council Dwellings)

The group revalue its land and buildings, including HRA properties, on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Management use the services of an internal valuer to estimate the current value as at 31 March 2021.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

## Progress to date

Council dwellings represent a significant proportion (£264m) of the Council's asset base and in accordance with the CIPFA code, these assets are valued in line with the Stock valuation resource accounting 2016:guidance for valuers which has been provided by Central Government. We have reviewed the Council's approach to valuing these assets and we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation expert and the scope of their work.
- Reviewed the classification of beacon properties to ensure that these have been assigned in line with the stock valuation resource accounting guidance and that properties have been assigned to the appropriate beacon categories.
- evaluated the competence, capabilities and objectivity of the valuation expert.
- written to the valuer to confirm the basis on which the valuations were carried out.
- reviewed the fixed asset register and valuation reports to identify a sample of Council Dwellings which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2022 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation
- for each item within our sample we have requested detailed calculation sheets for the 2022 revaluation exercise to support and evidence the assumptions used to calculate the updated valuations.
- For sample testing we have compared beacon valuations with similar properties to ensure that valuations are in line with market conditions and where variances outside of our parameters are identified we will request further information and support from management and the valuer.

Our work in this area is ongoing and we continue to discuss the above with Council Officers and will report any findings back to members upon completion of this work.

# Progress against significant risks

## Significant risk (from audit plan)

## Progress to date

### Valuation of Investment Property

The Council revalue Investment Properties annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£56m) and the sensitivity of this estimate to changes in key assumptions.

We therefore identified valuation of Investment Properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation expert and the scope of their work.
- evaluated the competence, capabilities and objectivity of the valuation expert.
- written to the valuer to confirm the basis on which the valuations were carried out.
- reviewed the fixed asset register and valuation reports to identify a sample of investment properties which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2022 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation
- for each item within our sample we have requested detailed calculation sheets for the 2022 revaluation exercise to support and evidence the assumptions used to calculate the updated valuations.

### Valuation of net pension fund liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£123m in its balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls. No issues were identified from completion of this.

Our remaining work in this area is outstanding at this stage.

# Progress against other areas

## Other Area

## Progress to date

### Group Accounts

Risks identified in the group accounts:

- Risk of management override of control is a non rebuttable risk for all organisations
- Risk of fraud in revenue recognition
- There is one line items within the components financial statements which is material to the group: Pension Fund net Liability.

We have:

- Discussed with the auditors of Exeter City Living the information we require in order to give us the assurances required for our group opinion
- as part of our work we are required to review the audit file of the Exeter City Living auditors and we are in the process of organising this to be undertaken.
- Considered the other subsidiaries within the group accounts to ensure that these are appropriately disclosed in the statement of accounts.
- We have identified that two assets, one relating to 2020-21 and one relating to 2021-22, which have been incorrectly consolidated in the group statements. Management have incorrectly netted these assets out of the balance sheet and therefore the group balance sheet is understated. We continue to discuss with management the correction needed for these disclosures.

### Other balances within the financial statements

On receipt of the draft accounts we undertook a scoping review where we determined which items of the financial statements are within scope for the audit and the level of required work for each of these.

- we have made good progress working through the other areas of the financial statements and have selected and shared within the Council the majority of our samples selected for testing.
- all queries and information requests are being dealt with quickly by the Council.
- we have completed our work in a number of areas including cash flow, PPE additions, cash, borrowings, leases, housing benefits and depreciation.

# Progress at February 2023 (cont.)

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor’s Annual Report in January 2023.

We also certify the Authority’s annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). The certification work for the 2020/21 return was completed on 3 February 2022. The certification work for the 2021/22 return is due to begin in October.

## Other areas

### Statutory Audit Powers

Under the Local Audit and Accountability act 2014 a local elector has rights to inspect the accounts and the books and records of the Council and can write to the external auditors to ask further questions about the accounts. They may also make an objection to the account asking that the auditor issue a report in the public interest or apply for a declaration that an item in the accounts is contrary to law.

We have received two objections during the public inspection period in relation to the 2021-22 accounts. Our work to consider these objections is currently in progress as part of our wider work on the financial statements. We will provide a further update to the Committee once our work has been concluded.

### Certification of claims and returns

We certify the Authority’s annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). This work is ongoing and we have continued to discuss delivery dates with DWP. We will update the Committee members on any updates.

### Meetings

We met with Finance Officers as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2023, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

# Audit Deliverables

## 2021/22 Deliverables

### Audit Plan

We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.

**Planned Date**

July 2022

**Status**

Completed

### Interim Audit Findings

We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.

September 2022

Completed

### Audit Findings Report

The Audit Findings Report will be reported to the Audit and Governance Committee upon completion of our work.

March 2023

Not yet due

### Auditors Report

This includes the opinion on your financial statements.

March 2023

Not yet due

### Auditor's Annual Report

This Report communicates the key issues arising from our Value for Money work.

April 2023

Not yet due

## 2021/22 Audit-related Deliverables

### Housing Benefit Subsidy – certification

This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.

**Planned Date**

March 2023

**Status**

Not yet due

### Pooling of housing capital receipts - certification

This is the report we submit to the Department for Levelling Up, Housing and Communities (“DLUHC”). based upon the mandated agreed upon procedures we are required to perform.

March 2023

Not yet due

# Sector Update

Authorities 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

# Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

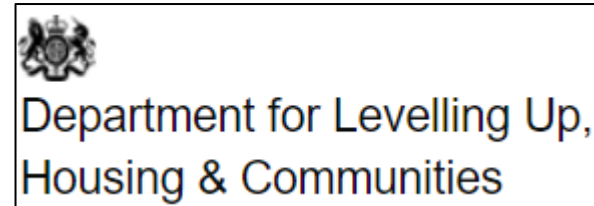
Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)





# Levelling up White Paper – Department for Levelling Up, Housing and Communities (“DLUHC”)

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

The paper states “Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six “capitals”:

- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability.”

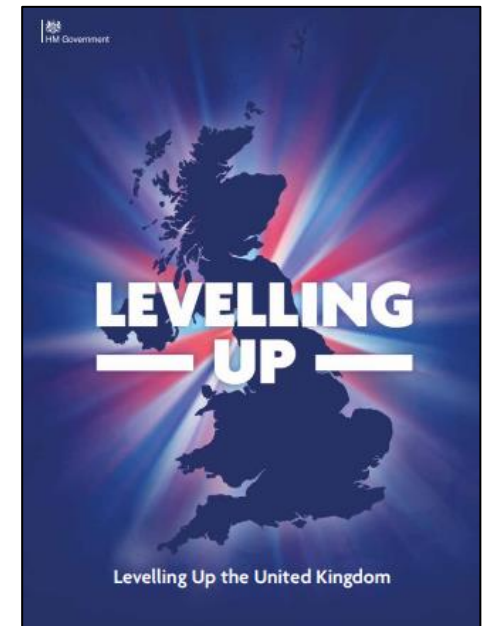
The paper also states “This new policy regime is based on five mutually reinforcing pillars.” These are set out and explained as:

- 1) The UK Government is setting clear and ambitious medium-term missions to provide consistency and clarity over levelling up policy objectives.
- 2) Central government decision-making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.

- 3) The UK Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need.
- 4) The UK Government will transform its approach to data and evaluation to improve local decision-making.
- 5) The UK Government will create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.

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[Levelling Up the United Kingdom - GOV.UK](https://www.gov.uk/levelling-up)  
([www.gov.uk](https://www.gov.uk))



# Grant Thornton – reaction to Levelling up White Paper

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

Commenting on the release of the government’s Levelling up White Paper plans, Phil Woolley, Head of Public Sector Consulting, Grant Thornton UK LLP, said:

“The publication of today’s White Paper plans is a welcome first step and it is reassuring to see the government recognise the need for systemic changes in order to deliver its central aim of Levelling up. The ‘12 missions’ can be seen as an attempt to consolidate existing elements of government activity behind a singular banner and now provides a clearer picture of the levelling up opportunity.

“Following a decade of successful regional devolution and mayors, the White Paper marks the next stage of the country’s devolution journey. With government now offering a clear framework of devolved powers and accountability, local leaders will need to embrace the opportunity and collaborate across the public and private sector to ensure they negotiate and then deliver the best deal for their communities. Grant Thornton’s Levelling Up Index shows that the economies of the 10 worst performing local authorities in England are on average over five times smaller than their best performing counterparts - highlighting the scale of the challenge ahead.

“To level up, these areas would need to grow their economies by £12billion, increase employment rates by 6 percentage points, create 1,700 new businesses a year and increase average weekly pay by £200. It is too early to determine whether the measures announced today will be sufficient, but it is a start. Success will ultimately depend on the ability and willingness of local and national government to translate these new frameworks into meaningful change in people’s lives.

“The Spending Review offers the next opportunity for government to show its commitment by realigning departmental objectives behind these new goals.”

# Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

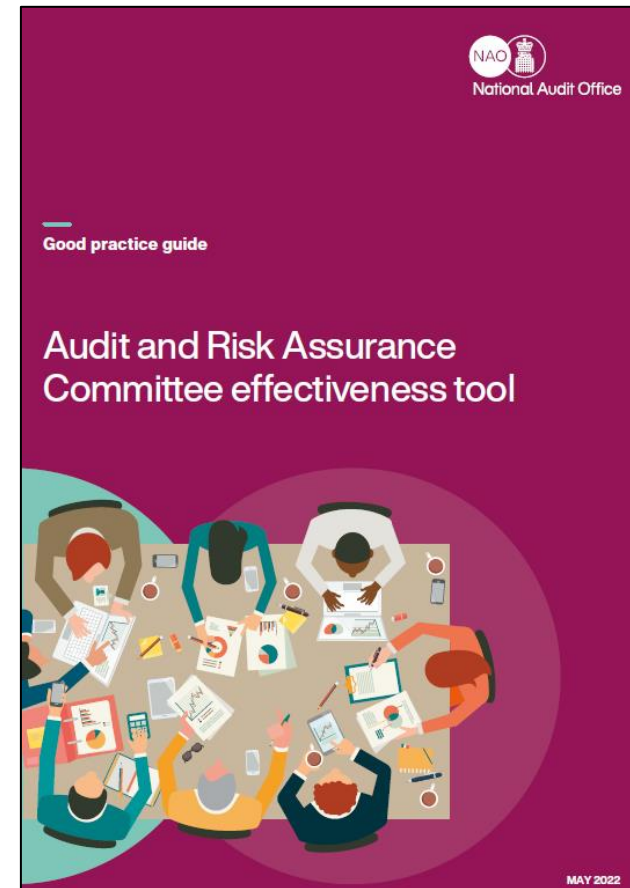
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)



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## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8<sup>th</sup> MARCH 2023

Report of: **AUDIT MANAGERS**

Title: **INTERNAL AUDIT ANNUAL PLAN 2023/24**

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

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

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 2023/24 year.

#### 2. Recommendations:

That the 2023/24 Internal Audit Plan be approved.

#### 3. Reasons for the recommendation:

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

No additional resources implications

#### 5. Section 151 Officer comments:

The audit plan is based on a logical, risk based methodology and there has been consultation with Service Leads and SMB. The proposed plan raises no concerns for the section 151 Officer.

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

The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972 which states, inter alia, that authorities shall 'make arrangements for the property administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs'. Internal audit is a statutory service in accordance with the Accounts and Audit (England) Regulations 2015. Members will note the reasons for the internal audit process and the process for managing risk as set out in this report together with the internal audit plan for 2023-25. Further details on the internal audit function are set out in Exeter City Council's Internal Audit Charter.

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

Members will note the reasons for the internal audit function as set out above under 'legal aspects'.

This report raises no issues for the Deputy Monitoring Officer.

Simon Copper – Deputy 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.

8.3 The detailed plan is at Appendix A

## **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 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 is for information only

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

No direct carbon/environmental impacts arising from the recommendations.

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

N/A

Director Finance, David Hodgson

Author: Audit Managers, Helen Putt and Helen Kelvey

**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 265275

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# Annual Audit Plan 2023-24

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## 1. 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.

Page 35 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.

## 2. 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.

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Helen Kelvey, Audit Manager



Helen Putt, Audit Manager



Davina Blanchard, Auditor



Sandra Please, Auditor

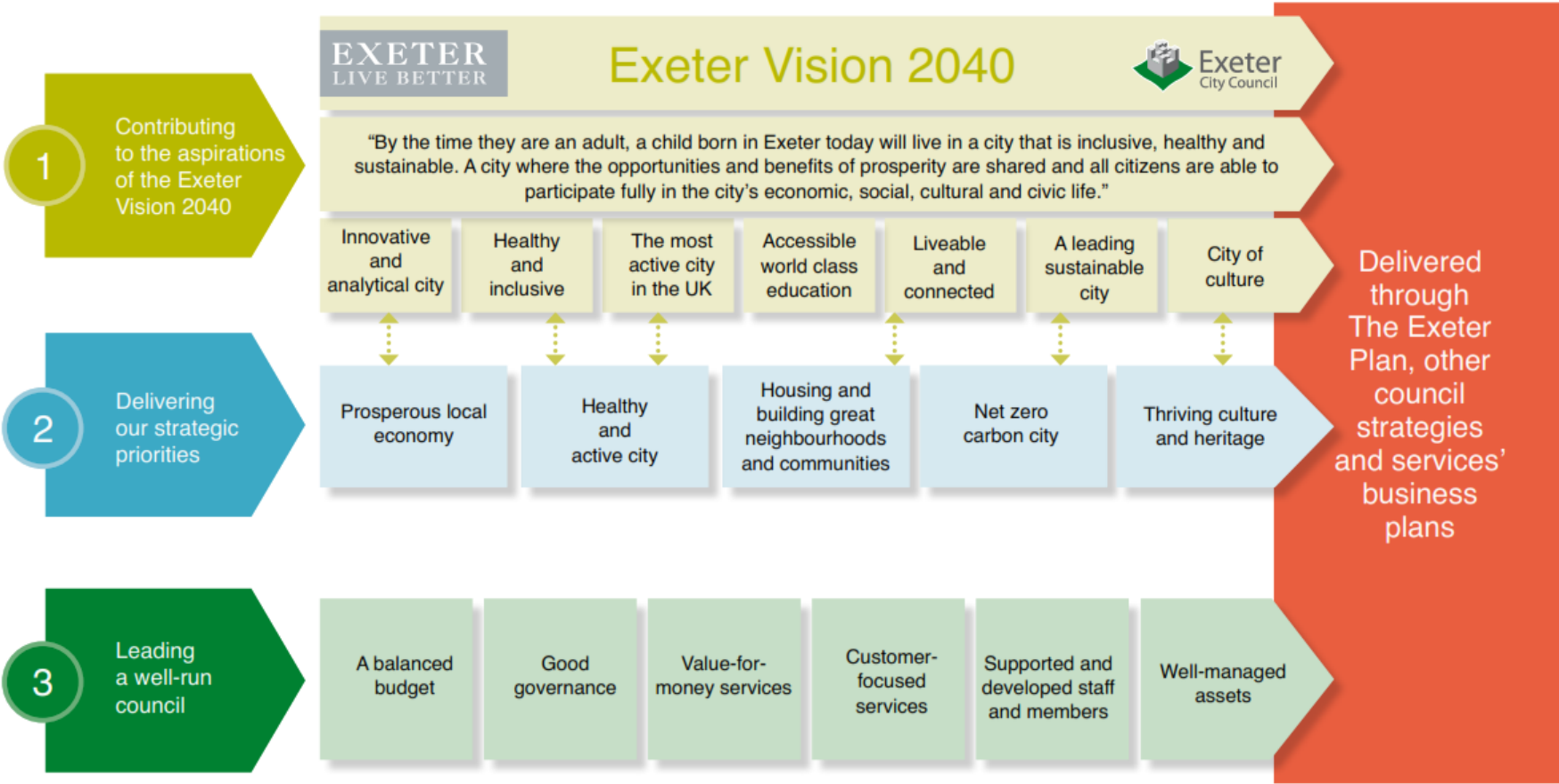
## 3. Conformance with internal auditing Standards

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

4. Council' Corporate Plan

Our plan on a page



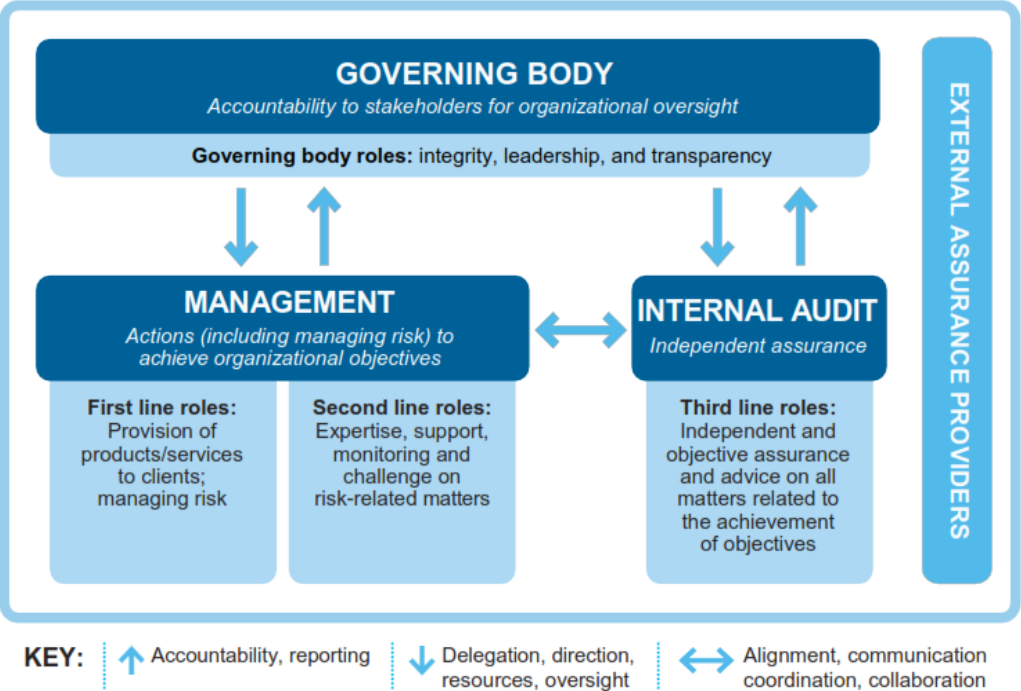
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## 5. Council Risk

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

### 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.

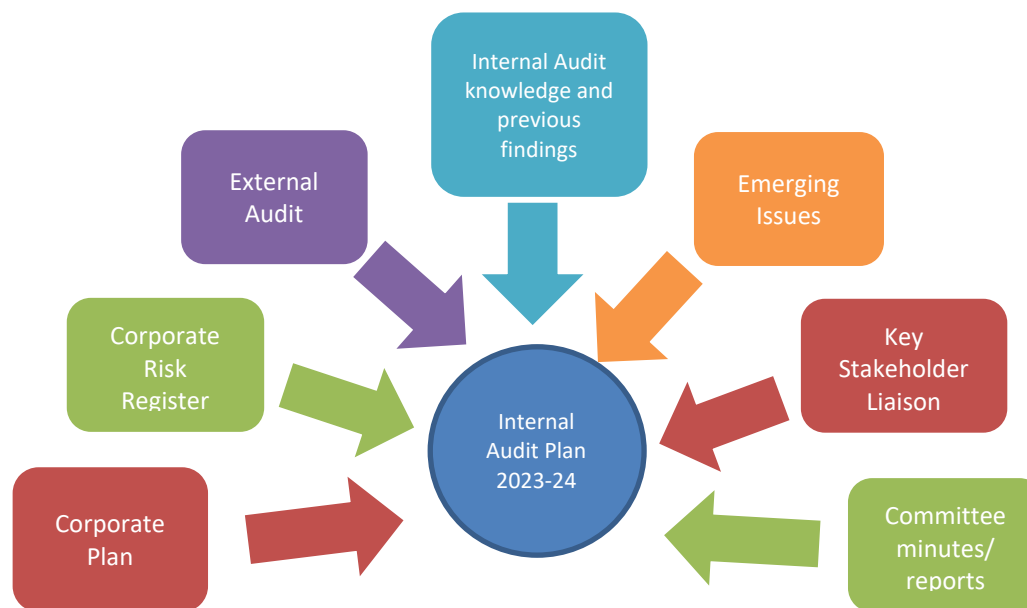
The use of the three lines of defence to understand the system of internal control and risk management should not be regarded as an automatic guarantee of success. All three lines need to work effectively with each other and with the audit committee in order to create the right conditions.

## 6. Developing the internal audit plan

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:





## 7. Internal Audit Plan

The Internal audit service has 475 days within the plan. Of those days, 167 are fixed days for audit planning and control, general administration, advice and guidance, follow-ups, One Exeter program support 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 the grant conditions). A small amount of the fixed time is set aside as a contingency to allow for unplanned work such as frauds. The remaining 308 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.

The plan is grouped into Service Areas of the Council and also linked to the Strategic Priorities of the Council.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
<b>Leading A Well Run Council</b>			
<b>Corporate Audits</b>			
Health and Safety	Health and Safety is a legislative requirement.  Risk – legislative risk, risk of significant financial penalties	High	General assurance on compliance taking into account current priorities and concerns raised by the Health and Safety Committee
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
Risk Management	Systems and processes to manage the Council's risks that could prevent it from meeting its objectives	High	General support to help embed risk management across the Council.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
	Risk – financial risks. Failure to meet objectives and purpose		
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>	Medium	General assurance
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>	Medium	General support for counter 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
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, to include Edwards Court Catering provision and the Community Lottery.
Community Grants Awarded	<p>The Council provides community grant awards to support community projects.</p> <p>Risk – Financial and reputational</p>	Medium	General assurance
External Funding / Grants Received	Funding received by the Council for specific purposes. This excluded the Covid Grants, this is reviewed separately.	Medium	To provide statutory audit for Housing grant funding.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
	Risk – financial risk, reputational risk		
Cyber Security	<p>Protection of the Council’s computer systems and networks including, against malicious attacks usually aimed at accessing, changing or destroying sensitive information or interrupting normal business processes.</p> <p>Risk – Financial, operational and reputational</p>	High	Cyber security assurance and assurance around some of the Council’s older fibre networks.
<b>Leading a Well Run Council</b>			
<b>Finance</b>			
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. This area is covered extensively by External Audit, therefore, reliance will be placed on this work to help provide assurance and to avoid duplication.
Income Management	<p>The management of income to the Council</p> <p>Risk – financial risk</p>	High	General assurance.
Creditors	<p>Payment of the Councils suppliers of goods and services</p> <p>Risk – financial risk, risk of fraudulent transactions</p>	High	Cyclical coverage of the core financial systems to meet regulatory requirements. Reviews of the use and management of the Corporate Credit cards.
Treasury Management	<p>Management of the Council’s cash flow and investments, its banking, money market and capital market transactions.</p> <p>Risk – financial risk</p>	Medium	Compliance with the Council’s Treasury Management Strategy.

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
VAT	<p>Management of the Value Added Tax process</p> <p>Risk – non-compliance with regulations, risk of financial penalties</p>	Medium	General assurance and compliance with VAT regulations
Payments and collection	<p>The Payments &amp; Collection Team oversees the recovery of council tax, housing rent, housing benefit overpayments, former tenant and rechargeable repair debts</p> <p>Risk – financial risk</p>	Medium	General assurance
Sundry Debtors	<p>Exeter City Council generates income from a wide range of services for example Planning application fees, collecting trade waste and hiring out conference facilities. Where income is not collected at the point of sale it is collected via a sundry debtors invoice.</p> <p>Risk - financial risk</p>	High	General assurance that the internal control system is working effectively.
NDR	<p>Collection of rates from business properties.</p> <p>Risk - financial risk, loss of income</p>	Medium	General assurance with emphasis on procedures that maximise income.
<b>Leading A Well Run Council</b>			
<b>Corporate Services</b>			
People Management (including Payroll)	<p>The management of the Council’s human resource, including Payroll.</p> <p>Risk – financial risk, risk of fraud</p>	High	General assurance

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
<b>Leading a Well Run Council</b>			
<b>City Management</b>			
Licensing	Issuing and enforcement of alcohol and entertainment licenses, taxi and private hire vehicle licenses, street trading licences, gambling licenses and animal licenses.  Risk - legislative	Low	To review new licensing processes.
Fleet Management	Management of the Council's fleet of vehicles.  Risk – financial, business continuity	Medium	General assurance work
Car Parks	Provision of car parks within Exeter.  Risk – financial risk, loss of income	Medium	Income collection and reconciliations
<b>Net Zero Carbon City</b>			
<b>Net Zero Exeter</b>			
Net Zero Carbon City	One of the Council's priorities is to deliver Net Zero Carbon City by 2030.  Risk – Reputational and financial	High	Follow-up and continuation of ongoing audit work
<b>Housing and Building Great Neighbourhoods</b>			
<b>Housing and Supporting People</b>			
Housing – customers, assets, needs	Provision of social housing, assessment of housing need, support for homelessness and the	High	General assurance

Audit Heading	Description and organisational risk	Audit Risk rating	Scope
	provision of good quality accommodation across the city.  Risk - financial, legislative and reputational risk		
<b>Housing and Building Great Neighbourhoods</b>			
<b>City Development</b>			
Planning	The administration of planning applications, fee collection and enforcement.  Risk – financial, legislative and reputational	Medium	General assurance
<b>Thriving Culture and Heritage</b>			
<b>Culture and Leisure Facilities</b>			
Leisure Facilities	The Council provides a number of Council run leisure facilities, including sports centres and the Corn Exchange entertainment venue.  Risk - reputational and financial risk	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.
Visit Exeter	A website to provide information to visitors to Exeter. Businesses can pay for membership to this service and includes advertising opportunities for the business.  Risk - financial	Low	Review of the membership administration and collection of fees.

## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8<sup>TH</sup> MARCH 2023

Report of: **AUDIT MANAGERS**

Title: **INTERNAL AUDIT PROGRESS REPORT 3RD QUARTER 1<sup>ST</sup> OCTOBER TO 31<sup>ST</sup> DECEMBER 2022**

### 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> October to 31<sup>st</sup> December 2022, 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 2022/23 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

None

### 5. Section 151 Officer comments:

There are no areas of concern to bring to members attention in the work undertaken this quarter.

### 6. What are the legal aspects?

The requirement for an internal audit function is implied by section 151 of the Local government Act 1972 and as set out in the Accounts and Audit (England) Regulations 2015. Members will note further details on the Council's internal audit function is set out in Exeter City Council's Internal Audit charter.

### 7. Monitoring Officer's comments:

Members will be reassured by the content of this report which indicates 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' and that progress against the annual audit plan is on target.

Members will note the action plan at appendix B which has been put in place. Audit and governance will play an essential role in monitoring progress on this action plan.

Simon Copper – Deputy 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 2022/23 Audit Plan was approved at this Committee on 9th March 2022.
- 8.2 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

### 8.3 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.



- 8.4 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.
- 8.5 We are 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 annual audit plan is on target.

#### 8.6 Progress report on 'high' risk issues and remedial action agreed

Progress of the high risk issues identified during the second quarter of 2022-23:

##### Sundry Debtors

Issue identified	Remedial Action agreed	Target Date	Notes on progress
<p>Allotments</p> <p>182 anomalies were identified relating to the collection of income from allotments, where plots are shown as live but invoices have either not been raised or not raised for some time.</p>	<p>The Commercial Services Support Manager is currently investigating the anomalies. All actions/updates arising from this are being recorded and will be actioned i.e. invoices raised, spreadsheet updated, ASH periodic customer accounts corrected, by the team</p>	<p>Oct 2022</p>	<p>The Allotment cases are being worked on, but due to time/resource constraints it is still a 'work in progress'. As at Jan 23 approximately a third of the cases identified are being investigated or have been resolved. Internal Audit will continue to monitor.</p>
<p>Visit Exeter</p> <p>Income relating to Visit Exeter membership fees, business support, screen adverts etc. is collected via sundry debtor invoices. A review of the Visit Exeter database and the sundry debtors system identified 3 instances where the database recorded that invoices had been raised but there was no evidence of the invoice in the sundry debtors system.</p>	<p>Relevant invoices have now been raised.</p> <p>Consideration is being given to raising membership invoices via the periodic system to ensure they are always raised annually.</p>	<p>March 2023</p>	<p>No further action required.</p> <p>To follow-up next year.</p>

During the third quarter of 2022-23 no high risk findings were identified.

#### 8.7 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 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 is for information only

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

No direct carbon/environmental impacts arising from the recommendations.

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

N/A

Director Finance, David Hodgson

Author: Audit Managers, Helen Kelvey and Helen Putt

## **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 265275

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**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**PROGRESS OF 2022-23 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>
IT/STRATA	Draft				
Main Accounting	Draft				
Income Management	Draft				
Procurement	In progress				
Creditors	In progress				
People Management	Final	Payroll Substantial  Non-payroll Satisfactory	↔  ↔	7 Medium 2 Low	<p>The Payroll team manage the monthly payroll for the councils' staff and councillors, along with undertaking payroll services for the Citizen Advice Bureau (Exeter), Citizen Advice Bureau (Torbay), Exeter City Living and Exeter Business Centre. Additionally, on an annual basis, they manage the payroll for election staff employed for the local elections by Electoral Services</p> <p>The scope of the audit included the following areas;</p> <ul style="list-style-type: none"> <li>- follow up of the previous payroll audits agreed actions</li> <li>- testing the following key controls; <ul style="list-style-type: none"> <li>• policies and procedures are up to date and are readily available for staff to view</li> <li>• system access rights ensure there are separation of duties between various tasks</li> <li>• transactions are suitably authorised and where necessary, documents to support the payments are held</li> <li>• internal checks, such as exception reporting, reconciliations, budget monitoring are undertaken</li> <li>• data is adequately backed up to prevent data loss in the event of system failure</li> </ul> </li> <li>- checking that the Furlough scheme has been closed</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)
					- agreeing the Establishment Report (as at 1 September 2022) on i-Trent to the records of the respective Service Leads  7 medium risk and 2 low risk findings were identified. Remedial action has been agreed for all findings.
Elections & Electoral Registration	Final	Substantial Assurance	No previous rating	0	Reported Sep 22
Private Sector Landlord Services	In progress				
Better Care Fund Grant (DFG & Warm Up Grants)	Final	Substantial Assurance		2 Medium 2 Low	Reported Sep 22
Waste and Recycling	Final	Substantial Assurance	↑	1 medium 3 Low	Reported Nov 22
Building Greater Exeter (BGE)	Final	Satisfactory Assurance	No previous audit	1 High 3 Medium 2 Low	Reported Sep 22
Climate Change/Net Zero Exeter	In progress				
Commercialisation and Project Management					
Sport England – Live and Move	No report due				It was originally planned to undertake a governance review with the time included in the plan, however, as a full governance review was now to be taken by the responsible Director, the time was used as follows: <ul style="list-style-type: none"> <li>to assist in the investigation of a potential fraud related to a contracted training provider – The outcome of the investigation was that although the case was not proven, the investigation was not helped by the poor project management processes in place. In order to ensure that this situation did not arise again, a full review of the 'Live and Move' project management processes was undertaken (see below)</li> <li>to undertake a review of the revised 'Live and Move' project management process following the changes made after the investigation and to feedback any gaps. The only issue identified in the new process was that the process did not include the need to undertake an EQIA for all projects – no report due</li> </ul>

<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>
Communications – Social Media	Final	Satisfactory Assurance	No previous rating	9 Medium 3 Low	Reported Nov 22
Leisure Facilities	Draft				
Housing Benefit Subsidy-claims from state pension age claimants not in receipt of pension credit	Final	Satisfactory Assurance	No previous rating on this aspect	1 Medium 1 Low	Reported Nov 22
Council Tax	Draft				
Sundry Debtors	Final	Income Collection Team Substantial  Service Areas Limited Assurance	No previous rating to compare	2 High 9 Medium 8 Low	Reported Nov 22
Health & Safety					
Equalities and Diversity					
Risk Management	In progress				
Business Continuity	In progress				
Contract Management	Draft				
External Grants/Funding received	Final	Substantial assurance	↔	1 Low	External grant funding is the provision of monies from an external source in order to fund specific capital and revenue projects. The source of such funding can be from a number of sources, such as Central Government, charity and private organisations and also individual donors.  The scope included; identifying from the councils' financial system a sample of both capital and revenue external funding and where issued, checking compliance against the assigned terms and conditions.  Remedial action has been agreed for the one low risk finding.
Safeguarding					
Performance Management	Deferred				The One Exeter Project has focused on service reviews and therefore the performance management process has not

<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>
					progressed. This will be included in the next stage of the Once Exeter project and audit assurance work will be included in the plan once a process is in place.
Exeter City Living	Deferred				See Nov 22 Internal Audit progress report.
Covid related work/Post assurance:	Final	Substantial Assurance Substantial Assurance	N/A	1 Medium	Reported Sep 22
Omicron	Final		N/A	No matters arising	
Test & Trace Support					
Review of Hospitality/Disclosures	In progress				



**PROGRESS REPORT ON SIGNIFICANT GOVERNANCE ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT 2021-22**

AGS Issue No.	Issue identified	Responsible Officer	Summary of action proposed	Update Sept 2022	Update December 2022	Update March 2023	Notes
1	Financial position – The Government's continued delays in implementing the Fair Funding Review and business rates reset implementing the Fair funding review and business Rates reset have led to further uncertainty over the Medium term Financial Plan. However, the financial position remains precarious with significant reductions required to balance the budget over the medium term. The impact of the pay award and high inflation mean the Council need to reduce spend by £6.6m over the life of the MTFP regardless of the Governments plans. There is an immediate requirement to reduce expenditure by £2.3m in time for the 2023-24 budget.	Director Finance	One Exeter plan is operational and being progressed. Specific reduction targets have been set for each year of the plan. This is being monitored monthly by SMB. Clear programmes of work are in place and are being actioned.	The MTFP has been updated in light of the offered pay award and projections relating to fuel, energy and other inflationary increases. This has locked in the requirement for delivering £6.6m of savings over the life of the MTFP. However, work has progressed with the One Exeter Transformation programme to ensure that a balanced budget can be delivered.	Further information on the impact of the energy cost increases have raised the amount required to around £3.4m for 2023-24. Further work has been undertaken to either bring forward elements of the One Exeter programme or identify new options to cover the additional costs	The budget has been set for 2023-24, with reductions and additional income totalling £3.7 million agreed. This has set the Council up well to address the continuing gap in resources and expenditure. Further work will continue under the One Exeter programme.	
2	Net Zero 2030 – the Council has set a net zero target date of 2030 for council operations as opposed to the Devon County Council and central government target of 2050. In setting this central government target, the Committee on Climate Change (CCC) recognised that whilst this target is technically feasible it is highly challenging without sustained policy interventions across several sectors, many of which will be complex, costly and time-consuming. In choosing to set a target 20 years ahead of national and other locally set targets is high risk. However, this has already been recognised and will be monitored by the Audit & Governance Committee as part of the corporate risk register process.	Director Net-Zero	To be monitored as part of the Corporate Risk Register monitoring process.	To be monitored as part of the Corporate Risk Register monitoring process.	To be monitored as part of the Corporate Risk Register monitoring process.	To be monitored as part of the Corporate Risk Register monitoring process.	
	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>external factors e.g. regulatory change and compliance, climate change</li> <li>internal factors e.g. The One Exeter project to deliver the digitalization/transformation of service delivery</li> </ul>	Audit Managers	The Audit Managers have been involved in a number of the One Exeter work streams, including the service review process and production of the 'How to' guidance for service leads. Involvement at this early stage should help identify risks to the internal control environment that could arise due to any changes being brought about by the program and this work will continue as the project develops.  Internal Audit have also been asked to input into the development of service plans advising on governance and risk assessment processes.	No further updates at this stage.	Internal Audit continues to assist as needed.	Internal Audit are continuing to monitor and will make amendments to the 2023/24 audit plan if needed to provide additional assurance if considered necessary following the outcome of service reviews.	

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## **REPORT TO AUDIT & GOVERNANCE COMMITTEE**

**Date of Meeting: 8 March 2023**

**Report of: Director Finance**

**Title: CODE OF CORPORATE GOVERNANCE – 2023/24**

**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 2023/24.

### **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 concerning the statutory obligations to maintain accounting records and financial control systems.

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

- 7.1 The scope and purpose of the Code of Corporate Governance is set out within the Code attached at Appendix. The Code sets out the Governance Framework and identifies 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.

Simon Copper – Deputy Monitoring Officer

## **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. Two additions to the Corporate Governance Framework have been included. Under Regulatory, recognition that there are other Council constituted Boards, Groups and Committees, which contribute to the Governance of the Council's operations and under Corporate, inclusion of the requirement for oversight & performance monitoring of Companies in which the Council has an interest.

## **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 the report sets out a framework that does not have an impact on those with protected characteristics over and above the general population.

#### **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 2.3

01392 265275

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**Exeter City Council**

# Code of Corporate Governance

2023-24

## 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

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## 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

Meeting Statutory Obligations

Behaving with integrity

Defining outcomes

Developing the Council's capacity

Delivering effective accountability

Meeting Organisational Objectives

Ensuring openness

Determining interventions

Managing risk and performance

The Council's commitment to good governance based on the requirement to meet statutory obligations, organisational objectives and is based on the seven principles of Delivering Good Governance in Local Government Framework (CIPFA/Solace 2016)

## Regulatory

Constitution  
 Terms of Reference  
 Members' Code of Conduct  
 Member/Officer Protocol  
 Scheme of Delegation  
 Financial Regulations  
 Standing Orders  
 Record of Decisions  
 Forward Plan  
 Register of pecuniary interests  
 Register of gifts & hospitality  
 Audit & Governance Committee  
 Regulatory Oversight  
 Scrutiny Framework  
 Other Council constituted  
 Boards, Groups and Committees  
 External Audit  
 Internal Audit  
 Head of Paid Service  
 Section 151 Officer  
 Monitoring Officer  
 Member Development Framework  
 Member's Toolkit

## Corporate

Corporate Work Programme  
 Corporate Plan  
 Risk Management Policy & procedures  
 Business Continuity Policy & Plans  
 Corporate Risk Register  
 Performance Management framework  
 Corporate Complaints Procedure  
 Exeter Community Strategy  
 Exeter Community Forum  
 Surveys/Focus Groups  
 Record of public consultations  
 Equalities and Diversity Policy  
 Access to Information Policy  
 FOI Publication Scheme  
 Website transparency pages  
 Information Governance Framework  
 Information Security Policy  
 Partnership Guidance  
 Oversight & Performance  
 Monitoring in respect of Local Authority Companies

## Finance

Medium Term Financial Strategy  
 Budget Monitoring Process  
 Treasury Management Strategy  
 Statement of Accounts  
 Annual Governance Statement  
 Prudential Code for Capital Finance  
 Statement on the role of CFO  
 Statement on the role of HIA  
 Counter Fraud Strategy  
 Anti-Money Laundering Policy  
 Whistleblowing Policy  
 Fraud reporting on website  
 Compliance with Public Sector Internal Audit Standards  
 Capital Programme  
 Council tax leaflet/information

## HR Policies

Pay Policy  
 Officers' Code of Conduct  
 Staff Induction  
 Staff Training & Development Programme  
 Staff Surveys  
 Growth & Development Reviews  
 Job Evaluation Process  
 Job Descriptions  
 Corporate Health & Safety Policy  
 Employee Assistance Programme  
 Disciplinary procedure

## 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 2024.

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

Date of Meeting: 8 March 2023

Report of: Director Corporate Services

Title: Amendments to Members' Code of Conduct

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

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

The purpose of this report is to make a number of amendments to the Members' Code of Conduct in order to provide greater clarity for Members on the content of the Code, particularly with regard to members' interests. The changes also incorporate updates to the Local government Association's Model Code of Conduct together with additional appendices to include the Member's Declaration of Gifts and Hospitality Form and General Dispensations granted to Members by the Monitoring Officer.

#### **2. Recommendations:**

2.1 That Audit and Governance recommend that Council approve the changes to the members' Code of Conduct with immediate effect;

2.2 That the Monitoring Officer communicates the amended Code of Conduct to Members.

#### **3. Reasons for the recommendation:**

To provide greater clarity to the Members' Code of Conduct.

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

There are no resource implications raised by this matter.

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

There are no financial implications contained within this report.

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

The new standards regime was introduced by the Localism Act 2011. The Council's arrangements for Members' conduct is fundamental to the Council's compliance with the provisions of the Localism Act 2011. Members will note that the current version of the members' Code of Conduct is based on the Model Code of Conduct issued by the Local

Government Association. The proposed amendments are minor and provide greater clarity to the Code.

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

The Monitoring Officer is supportive of the recommendations in order to give greater clarity to the Members' Code of Conduct.

## **8. Report details:**

Members will note the proposed amended Members' Code of Conduct at Appendix A to this report. A number of amendments are proposed to the Members' Code of Conduct in order to provide greater clarity to Members on the content of the Code, particularly with regard to members' interests. The changes also incorporate updates to the Local government Association's Model Code of Conduct together with additional appendices to include the Member's Declaration of Gifts and Hospitality Form and General Dispensations granted to Members by the Monitoring Officer.

The amendments provide greater clarity as to the obligations imposed on Members with regard to declarations of interest by referring to this obligation in the introduction to the Code and to provide clearer headings on the provisions regarding declarations of interest.

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

The decision contributes to the corporate Plan by addressing the aim of Leading a Well Run Council.

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

The proposals set out in this report do not raise any risks. The proposed changes provide greater clarity to Members when considering their obligations under the Code.

## **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 the report applies to all members and the recommendations do not have an impact on individuals or groups with protected characteristics.

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

There are no direct carbon/environmental impacts arising from the recommendations contained in this report.

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

The alternative is to reject the proposed minor changes.

Director: Baan Al-Khafaji – Director Corporate Services

Author: Simon Copper – Service Lead Legal 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 265275

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# **APPENDIX A**

## **Exeter City Council**

<p><b>Code of Conduct</b></p> <p><b>For Members and Co-opted Members</b></p>
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**Together with**

**The Rules on Registration and Declaration of Pecuniary  
and other Interests**

## **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. 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**

Members are obliged to disclose any interests they may have in accordance with the provisions of this Code.

Members must understand the obligations placed on them and in particular the requirement on them to register and disclose the following interests as defined by the Code:

- Disclosable Pecuniary Interests (“DPI”);
- Other Registrable Interests (“ORI”); and
- Non-registrable interests.

**Appendix B** sets out the detailed provisions on registration of interests and disclosure. If in doubt, you should always seek the advice of the Monitoring Officer.

## **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 and to set out the type of conduct that could lead to action being taken against you. It is also there to protect you, the public, fellow councillors, local authority officers and the reputation of local government.

The Code sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct.

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 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.

## **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.

### **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. You must also 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, intimidating or threatening, you are entitled to stop any conversation or interaction with them 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. 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 authority (or when 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 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 Interest (DPI) as set out in **Table 1** 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.



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.

You do not need to register gifts and hospitality which are not related to your role as a councillor, such as gifts from your friends and family.

**Members will note the form for Declaration of Gifts and Hospitality attached at Appendix C. This form can also be located on the Councillor Hub and Intranet under 'Gifts and Hospitalities'.**

## **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 becoming a Member or your re-election or re-appointment to office you must Register any interests which fall within the categories set out in **Table 1 - Disclosable Pecuniary Interests (DPIs)** which are described in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.
2. You must also register details of any other interest which fall within the categories set out in **Table 2 Other Registerable Interests (ORIs)**.
3. 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.
4. 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.
5. 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

#### Non participation in case of disclosable pecuniary interest

6. Where a matter arises at a meeting which ***directly relates*** to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose 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.
7. A Dispensation may be granted by the Monitoring Officer to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
8. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

## Disclosure of Other Registrable Interests

9. Where a matter arises at a meeting which **directly relates** to one of your Other Registrable Interests as set out in **Table 2** 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.

## Disclosure of Non-Registrable Interests

10. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) 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. Otherwise you 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.

11. 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 or close associate;
- or
- c. a financial interest or wellbeing of a body included under Other Registrable interests as set out in **Table 2**
- you must disclose the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied.

12. Where a matter (referred to in paragraph 11 above) **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. Otherwise you 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.

13. Where you have an Other Registrable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

**Disclosable Pecuniary Interest(s) and other Registrable Interest forms.**

**Members will note the form for Disclosable Pecuniary Interest(s) and other Registrable Interests form at Tables 1 and 2 below can also be located on the Councillor Hub and on the Intranet, under 'Councillors, committees, elections and mayoralty'.**

**General Dispensations:** Members will note the General Dispensations granted by the Monitoring Officer to all members as set out at **Appendix D**.

**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](#).

<b>Subject</b>	<b>Description</b>
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain.
<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the council) made or provided to the councillor within 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.
<b>Contracts</b>	Any contract made between 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 (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 — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
<b>Land and Property</b>	Any beneficial interest in land which is within the area of the council. '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.

<b>Licences</b>	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
<b>Corporate tenancies</b>	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (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.
<b>Securities</b>	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (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 spouses/civil partners has a beneficial interest which exceed one hundredth of the total issued share capital of that class.

**“Disclosable Pecuniary Interest”** means an interest of yourself, or of your partner, within the descriptions set out in Table 1 below.

**“Partner”** means a spouse of civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

**“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 Registrable Interests**

You must register as an Other Registrable Interest:

- (a) Any unpaid Directorships;
  
- (b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority;
  
- (c) Any body:
  - (i) Exercising functions of a public nature;
  - (ii) Directed to Charitable Purposes; or
  - (iii) 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:**  
**Member's Declaration of Gifts and Hospitality**

One of the requirements within the Code of Conduct is for councillors to declare any gifts or hospitality received (with an estimated value over £50) to the Monitoring Officer (Director of Corporate Services) in order for them to be entered into a register which is published on the Council's website.

The Code of Conduct states that as a Councillor you:

- 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 your 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.
- Register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.
- Register with the Monitoring Officer any significant gift or hospitality that you 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 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, please contact the Monitoring Officer (Baan Al-Khafaji) for guidance.

**NAME:**

**EMAIL ADDRESS:**

**DATE GIFT/HOSPITALITY RECEIVED:**

**TITLE OF GIFT/HOSPITALITY RECEIVED:**

**REASON FOR GIFT/HOSPITALITY:**

**GIFT/HOSPITALITY PROVIDED BY:**

**ESTIMATED VALUE:**

**Signed:**

**Dated:**

## Appendix D

### DISPENSATION FOR MEMBERS OF EXETER CITY COUNCIL 2023-2027

For the period 8 March 2023 to 7 March 2027, all Members of Exeter City Council shall be granted a Dispensation to permit them to speak and vote at meetings of Exeter City Council, its Executive or any Committee, Sub-Committee, Joint Committee, Joint Sub-Committee, Working Group or Working Party thereof if the matter relates to any of the following functions of the Council, namely:

- Any allowance, travelling expenses, payment or indemnity for Members of the Council;
- Any ceremonial honour to be given to Members;
- Any and all Housing matters including financial matters where the Councillor (or their Spouse or Partner) holds a tenancy or lease with the Council provided that the matter does not relate to the Councillor's particular tenancy or lease;
- Overarching budget reports where the Councillor (or their Spouse/ Partner) receive Housing Benefit;
- Setting of the Council Tax or Precept in accordance with the Local Government Finance Act 1992 by virtue, for example, of a Member being a land or property owner in the administrative area of the City Council;
- Where a Member is a representative of the City Council on any City Council wholly owned, controlled or joint local authority company or Joint Venture Partnership on any matter relating thereto unless it relates to any personal remuneration or personal involvement therein.
- Deciding upon the grant funding of external organisations where a Member has been appointed to that external organisation by the Council;

A general dispensation to all Members to allow them to stay and speak, but not to vote, in relation to consideration and decisions on Council Tax Support where a Member (or their Spouse or Partner) is in receipt of Council Tax support.

Where a Member is unsure whether this General Dispensation applies to his/her particular circumstances, s/he is advised to make a specific request to the Monitoring Officer.

.....  
(Signature)  
Monitoring Officer  
Dated this 8<sup>th</sup> day of March 2023

## **Appendix E– 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.

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## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8 March 2023

Report of: Director Corporate Services

Title: General Dispensations to Members

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

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

In accordance with the provisions of section 33 of the Localism Act 2011, the Monitoring Officer may grant a dispensation to a Member to remain, speak and/or vote at a Council meeting. These powers are granted to the Monitoring Officer and the provisions of the Act are reflected in the Council's Constitution.

This report addresses two issues:

- 1.1 The application form and guidance to Members for Dispensation requests; and
- 1.2 The General Dispensations which are to be granted by the Monitoring Officer.

#### 2. Recommendations:

That Audit and Governance note:

- 2.1 The application form and guidance to Members for Dispensation requests at Appendix 1 to this report; and

- 2.2 The General Dispensations set out in this paragraph at (a) to (g) and in paragraph 2.3 below which have been granted by the Monitoring Officer to all Councillors to allow them to stay, speak and vote in relation to consideration and decisions for the following categories of business allowing them to participate in consideration of these matters at meetings of Exeter City Council, its Executive or any Committee, Sub-Committee, Joint Committee, joint sub-committee or Working Group or Working Party of the authority until **7 March 2027** where the matter relates to any of the following functions of the City Council:

- (a) Any allowance, travelling expenses, payment or indemnity for Members of the Council;
- (b) Any ceremonial honour to be given to members;
- (c) Any and all Housing matters including financial matters where a Member (or their Spouse or Partner) holds a tenancy or lease with the Council provided that the matter does not relate to the Member's particular tenancy or lease;

- (d) Overarching budget reports where a Member (or their Spouse/Partner) receives Housing Benefit;
  - (e) Setting the Council Tax or a Precept in accordance with the Local Government Finance Act 1992 by virtue, for example, of a Member (or their Spouse of Partner) being a land or property owner in the administrative area of the City Council;
  - (f) Where a Member is a representative of the City Council on any City Council wholly owned, controlled or joint local authority company or Joint Venture Company or Partnership on any matter relating thereof unless it relates to any personal remuneration or personal involvement therein;
  - (g) Deciding upon the grant funding of external organisations where a Member has been appointed to that external organisation by the Council;
- 2.3 A general dispensation to all Members to allow them to stay and speak, but not to vote, in relation to consideration and decisions on Council Tax Support where a Member (or their Spouse or Partner) is in receipt of Council Tax support.

### **Reasons for the recommendation:**

The reason for this report is to inform Members of the following:

- 2.2 The general dispensations granted by the Monitoring Officer to Members in relation to certain matters and to provide clarity as to when Members are able to remain, speak and vote on matters, notwithstanding any interests which would be disclosable under the provisions of the Localism Act 2011;
- 2.3 Provide guidance to Members on requests to the Monitoring Officer for Dispensations;
- 2.4 To provide a precedent Application Form for Members to apply to the Monitoring Officer for Dispensations.

### **3. What are the resource implications including non financial resources?**

There are no resource implications arising from this matter.

### **4. Section 151 Officer comments:**

There are no financial implications contained within this report.

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

The legal aspects are set out in the report details below.

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

This purpose of this report is to update the general dispensations granted to members and as such the content is recommended to members.

### **7. Report details:**

The Localism Act 2011 and the Code of Conduct for Members contained in Exeter City Council's Constitution requires Members to register certain interests. Where those



interests are engaged, a Councillor may have to leave the meeting and not take part in the discussion or vote.

The obligations imposed upon Members to disclose their interests in accordance with the Localism Act 2011 will remain. However, by granting Members a general dispensation in relation to certain matters, clarity is provided as to when Members are able to remain, speak and vote on matters, notwithstanding any registerable/disclosable interests.

The consequences of a Member failing to register a Disclosable Pecuniary Interests are summarised below:

- (a) The member could be prosecuted with the consent of the Director of Public Prosecutions;
- (b) The Member may receive a fine of up to £5,000; and
- (c) The Magistrates' Court may disqualify the Member or prevent them from being re-elected for a period of up to five years.

The Monitoring Officer has taken the view that it would be prudent to issue a General Dispensation to all Members relating to matters where it may be perceived that there is a lack of clarity as to whether a Disclosable Pecuniary Interest (DPI) exists.

In relation to the setting of Council Tax, members will note that Section 106 of the Local Government Finance Act 1992 provides that any Councillor who has undischarged arrears of at least two months in respect of their Council Tax cannot vote when Council sets the Council Tax. This will remain the case and the dispensation set out above in relation to setting Council tax has no effect on the application of section 106.

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

The proposals will support the aim of good governance in the context of leading a well-run Council. The general dispensation will enable a more inclusive approach to decision making and will provide clarity to Members.

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

This is an exercise of the powers the Monitoring Officer. The proposals provide clarity on when members may attend, discuss and vote on matters.

## **10. 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. The report applies to all Members equally and the proposals have no bearing on protected characteristics. Accordingly, no Equality Impact Assessment has been prepared for the purposes of this report.

## **11. Carbon Footprint (Environmental) Implications:**

12.1 The recommendations in this report have no direct or indirect carbon/environmental impact on delivering our carbon reduction target (carbon neutral by 2030).

## **12. Are there any other options?**

12.1 The alternative option is that the proposed general dispensations are not granted by the Monitoring Officer. Members will then be required to obtain individual dispensations from the Monitoring Officer in accordance with the Localism Act 2011.

Director: Baan Al-Khafaji (Director Corporate Services)

Author: Simon Copper (Service Lead – Legal Services and Deputy Monitoring Officer)

## **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 265275

## DISPENSATION FOR MEMBERS OF EXETER CITY COUNCIL

2023-2027

For the period 8 March 2023 to 7 March 2027, all Members of Exeter City Council shall be granted a Dispensation to permit them to speak and vote at meetings of Exeter City Council, its Executive or any Committee, Sub-Committee, Joint Committee, Joint Sub-Committee, Working Group or Working Party thereof if the matter relates to any of the following functions of the Council, namely:

- Any allowance, travelling expenses, payment or indemnity for Members of the Council;
- Any ceremonial honour to be given to Members;
- Any and all Housing matters including financial matters where the Councillor (or their Spouse or Partner) holds a tenancy or lease with the Council provided that the matter does not relate to the Councillor's particular tenancy or lease;
- Overarching budget reports where the Councillor (or their Spouse/ Partner) receive Housing Benefit;
- Setting of the Council Tax or Precept in accordance with the Local Government Finance Act 1992 by virtue, for example, of a Member being a land or property owner in the administrative area of the City Council;
- Where a Member is a representative of the City Council on any City Council wholly owned, controlled or joint local authority company or Joint Venture Partnership on any matter relating thereto unless it relates to any personal remuneration or personal involvement therein.
- Deciding upon the grant funding of external organisations where a Member has been appointed to that external organisation by the Council;

A general dispensation to all Members to allow them to stay and speak, but not to vote, in relation to consideration and decisions on Council Tax Support where a Member (or their Spouse or Partner) is in receipt of Council Tax support.

Where a Member is unsure whether this General Dispensation applies to his/her particular circumstances, s/he is advised to make a specific request to the Monitoring Officer.

.....  
(Signature)  
Monitoring Officer

Dated this 8<sup>th</sup> day of March 2023

[NB: The Council's Monitoring Officer is authorised to determine requests from Members for dispensations where it is appropriate in the circumstances of the case or where, for instance, a significant number of members would be prevented from participating in any item of business or the representation of political groups would

be upset so as to impede or affect the likely outcome of the transaction of or vote upon that item of business or where it would be in the interests of the inhabitants of the area.

## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8 March 2023

Report of: Director Corporate Services

Title: Amendments to the Constitution – Officers' Code of Conduct

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

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

The purpose of this report is to identify and deal with issues raised by the Council's external auditors and as set out below concerning the Officers' Code of Conduct. In addition, the Monitoring Officer recommends a few minor amendments to provide greater clarity to the Code of Conduct.

#### **2. Recommendations:**

That Audit and Governance recommend that:

- a. Council approve the changes to the Officers' Code of Conduct with immediate effect;
- b. The Monitoring Officer communicates these amendments to staff so that they are aware of the obligations placed upon them.

#### **3. Reasons for the recommendation:**

To provide greater clarity to the Officers' Code of Conduct, particularly relating to the reporting of interests and declarations concerning gifts and hospitality in accordance with the recommendations of the Council's external auditors.

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

There are no resource implications involved in considering this matter.

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

There are no financial implications contained within this report.

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

The purpose of this report is to amend the provisions of the Officers' Code of Conduct to provide greater clarity on:

- the registering of interests; and
- the declaration of gifts and hospitality by Council officers.

Specifically, new forms have been provided for use by staff so that Officer declarations are completed in a standard format

In addition, (although not an issue raised by the external auditor), the Monitoring Officer is of the view that employees' attention should be bought to the consequences of failing to declare any interests which fall within the provisions of section 117 of the Local Government Act 1972 in relation to contracts and the provisions of the Bribery Act 2010 in relation to bribery and corruption.

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

The Monitoring officer is supportive of the recommendations to give effect to the External auditor's recommendations.

## **8. Report details:**

The Council's external auditors report dated November 2022 noted that although the Officers' Code of Conduct contains guidance on declaring interests, the guidance did not explicitly state that these should be recorded on the Register held by the Monitoring Officer.

The external auditors made an 'improvement recommendation' that the Officers' Code of Conduct should include the requirement for interests to be recorded on the Council's official register and that nil returns are required from Senior Officers. To help with this, standard forms for reporting interests and declaring gifts and hospitality have been created to addresses this issue and greater clarity is provided in the revised Officers' Code of Conduct.

Although not an issue identified by the Council's external Auditors, the proposed amendments to the Code provide more detailed guidance on registering and reporting interests to the Monitoring Officer and also includes reference to legal obligations in relation to contractors and suppliers (the provisions of section 117 Local Government Act 1972) and on the issue of bribery and corruption under the Bribery Act 2010.

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

The decision contributes to the Corporate Plan by addressing the aim of Leading a Well Run Council.

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

The proposals set out in this report do not raise any risks. By providing greater clarification of the obligations imposed upon Officers, and by making reference to specific statutory provisions which apply to Officers, risks to the Council are reduced.

## **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 the report applies to all Council Officers and the recommendations do not have any additional impact on individuals or groups with protected characteristics.

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

There are no direct carbon/environmental impacts arising from the recommendations contained in this report.

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

The alternative is to reject the recommendations of the external auditor.

Director: Baan Al-Khafaji – Director Corporate Services

Author: Simon Copper – Service Lead legal Services

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

Background papers used in compiling this report:-

Auditor's Annual Report on Exeter City Council 2020-2021 (November 2022)

Contact for enquires:  
Democratic Services (Committees)  
Room 4.36  
01392 265275

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# Officers' Code of Conduct

## 1. Standards

- 1.1 Local government employees are expected to give the highest possible standard of service to the public, and where it is part of their duties, to provide appropriate advice to councillors and fellow employees with impartiality. Employees will be expected, through agreed procedures and without fear of recrimination, to bring to the attention of the appropriate level of management any deficiency in the provision of service.
- 1.2 Employees must report to the appropriate manager any impropriety or breach of procedure.

## 2. Disclosure of Information

- 2.1 No employee may take part in any broadcast (sound or vision) or publish an article or otherwise disclose information to the media which relates to the business of the Authority without first obtaining the permission of the Chief Executive and/or relevant Director. If contacted by the media for information, an officer should refer the journalist to the Chief Executive and/or relevant Director in conjunction with the Council's Communications Director.
- 2.2 An employee should not be influenced by improper motives (e.g. secret profit or gain).
- 2.3 An employee must not disclose either orally or in writing any information of a confidential nature he/she has acquired through his/her official duties or to which he/she has access owing to his/her official position.

## 3. Political Neutrality

- 3.1 Employees serve the Authority as a whole. It follows they must serve all councillors and not just those of the controlling group, and must ensure that the individual rights of all councillors are respected.
- 3.2 Subject to the Authority's conventions, employees may also be required to advise political groups. They must do so in ways which do not compromise their political neutrality.
- 3.3 Employees, whether or not politically restricted, must follow every lawful expressed policy of the Authority and must not allow their own personal or political opinions to interfere with their work.

## **4. Relationships**

### **4.1 Councillors**

Employees are responsible to the Authority through its senior managers. For some, their role is to give advice to councillors and senior managers and all are there to carry out the authority's work. Mutual respect between employees and councillors is essential to good local government. Close personal familiarity between employees and individual councillors can damage the relationship and prove embarrassing to other employees and councillors and should therefore, be avoided.

### **4.2 The Local Community and Service Users**

Employees should always remember their responsibilities to the community they serve and ensure courteous, efficient and impartial service delivery to all groups and individuals within that community as defined by the policies of the Authority.

### **4.3 Contractors and Suppliers**

All relationships of a business or private nature with external contractors or suppliers, or potential contractors or suppliers, must be reported to your line manager and in writing on the attached form at Appendix A sent to the Council's Monitoring Officer for inclusion on the official Register of Interests. The online Declaration of Interest form is on the intranet under 'Your employment with ECC' in the 'employment forms' section.

Orders and contracts must be awarded in accordance with the Council's Procurement and Contract Procedures on merit, by fair competition against other tenders, and no special favour should be shown to potential contractors (Particularly those run by, for example, friends, personal or business associates, spouses or relatives) in the tendering and award process. No part of the local community should be discriminated against.

Where it comes to the knowledge of an employee of the Council that a contract in which he/she has any pecuniary interest, whether direct or indirect, has been or is proposed to be entered into, then the employee must In accordance with the provisions of section 117 of the Local Government Act 1972,, give notice of that interest as soon as is reasonably practicable to their manager and in writing to the Council's Monitoring Officer using the form attached to this report at Appendix A.

Failure to declare such an interest could constitute a criminal offence as well as a breach of this Code of Conduct resulting in disciplinary action.

Employees must not seek or receive any gift or personal inducement in connection with the procurement of works, goods or services.

## **5. Appointment and Other Employment Matters**

- 5.1 Employees involved in appointments should ensure that these are made on the basis of merit. It would be unlawful for an employee to make an appointment which was based on anything other than the ability of the candidate to undertake the duties of the post. In order to avoid any possible accusation of bias, employees should not be involved in an appointment where they are related to an applicant, or have a close personal relationship outside work with him or her.
- 5.2 In principle, no employee should be directly or indirectly in authority over a relative or someone with whom he or she has close personal ties, including for example, father or mother, husband or wife, son or daughter, brother or sister, or common-law partner. This factor may be taken into account in any recruitment and selection process. Should the situation arise, the Council would not wish to be put in the position of taking extreme measures and in the first instance, would look to the parties to resolve the situation themselves and so far as possible, would give assistance in achieving this in accordance with redeployment procedures. In addition, while the situation persists, any action or decision in respect of discipline, grading, promotion etc., should be made by objective third parties, e.g. Human Resources and the Chief Executive, or appropriate Director or Corporate Manager.

## **6. Outside Commitments**

- 6.1 An employee must not have any secondary employment without first obtaining the permission of their Line manager who shall not unreasonably withhold consent having taken into account whether that employment would conflict with the interests of the Authority.
- 6.2 The Authority will not attempt to preclude employees from undertaking additional employment but any such employment must not in the view of the Authority, conflict with, or react detrimentally to, the Authority's interests, or in any way weaken public confidence in the conduct of the Authority's business.
- 6.3 Officers above Grade G shall devote their whole-time service to the work of the Authority and shall not engage in any other business or take up any additional appointment without the express consent of the relevant Director.

## **7. Personal Interests**

- 7.1 Employees must declare to their line manager and in writing to the Monitoring Officer on the form at Appendix A, any non-financial interests that they consider could bring about conflict with the Authority's interests.
- 7.2 Employees must declare to their line manager and in writing to the Monitoring Officer on the form at Appendix A any financial interests which could conflict with the Authority's interests.

- 7.3 Employees should declare to their line manager and in writing to the Monitoring Officer using the form at Appendix A, membership of any organisation not open to the public without formal membership and commitment of allegiance and which has secrecy about rules or membership or conduct.

## **8. Equality Issues**

- 8.1 All employees should ensure that policies relating to equality issues as agreed by the Authority are complied with, in addition to the requirements of the law. All members of the local community, customers and other employees have a right to be treated with fairness and equity.

## **9. Separation of Roles during Tendering**

- 9.1 Employees involved in the tendering process and dealing with contractors should be clear on the separation of client and internal contractor roles within the Authority. Senior employees who have both a client and contractor responsibility must be aware of the need for accountability and openness.
- 9.2 Employees must exercise fairness and impartiality when dealing with all customers, suppliers, other contractors and subcontractors, whether internal or external.
- 9.3 Employees who are privy to confidential information on tenders or costs for either internal or external contractors, must not disclose that information to any unauthorised party or organisation.
- 9.4 Employees contemplating a management buy-out should, as soon as they have formed a definite intent, inform the appropriate manager and withdraw from the contract awarding process.
- 9.5 Employees should ensure that no special favour is shown to current or recent former employees or their partners, close relatives or associates in awarding contracts to businesses run by them or employing them in a senior or relevant managerial capacity.

## **10. Corruption**

- 10.1 Employees must be aware that it is a serious criminal offence under the Bribery Act 2010 for them to corruptly receive or give any gift (other than a gift of nominal value), loan, fee, reward or advantage for doing or not doing anything or showing favour or disfavour to any person in their official capacity.

Any case of suspected corruption will be fully investigated and any proven cases will be treated as gross misconduct and could result in a criminal prosecution being undertaken. Where an allegation is made it is for the employee to demonstrate that any such rewards have not been corruptly obtained.

For your own protection, if anyone makes an approach to you which seems to you, or might seem to a third party, to be aimed at obtaining some form of preferential treatment, or in any suspicious circumstances in connection with a contract, you must report the matter to your manager and the Council's Monitoring Officer immediately.

## **12. Declaration of Interests**

12.1 In the case of Senior Council Officers (Chief Executive, Directors, Corporate Managers and Service Leads ), where there are no declarable interests a nil return must be completed by 31 March each year to the Monitoring Officer where it will be recorded in the Register of Interests.

## **11. Use of Financial Resources**

11.1 Employees must ensure that they use public funds entrusted to them in a responsible and lawful manner. They should strive to ensure value for money to the local community and to avoid legal challenge to the Authority.

## **12. Acceptance of Gifts and Hospitality**

12.1 The creation of good external relations both inside and outside the Council's area is one of prime importance, so staff will inevitably be faced with the difficulty of deciding whether or not to accept gifts and hospitality. Whilst it is impossible to cover every set of circumstances, the following guideline should provide a basis for making a decision in the vast majority of cases.

12.2 The general approach of the Prime Minister's Committee on the Local Government Rules of Conduct to the problems of gifts and hospitality is expressed:

“Another particular source of conflict between the private and public interest is the offer of gifts, hospitality or other benefits in kind to councillors in connection with their official duties. A nice exercise of judgement may sometimes be necessary to decide how the public interest, and the authority's good name, may be best served. A reasonable amount of entertainment is a normal part of the courtesies of public life and extreme strictness can give unnecessary offence to people and organisations with whom the authority's relationships should be cordial. But an appearance of improper influence is easily created and with it encouragement of cynicism about the motives of those who serve in local government.”

12.3 In applying the judgement, staff are strongly advised to err on the side of caution and to consult with their line manager and Monitoring Officer if they are in any doubt in a particular case.

12.4 Staff will often run the risk of their actions being misinterpreted simply because they have a close working relationship with donors. Staff should

report to their line manager and in writing to the Monitoring Officer on the Declaration of Gifts and Hospitality form at Appendix B, the offer of any gifts or hospitality. If possible, gifts which are accepted should be pooled.

12.5 The guidance also applies to spouses and other close members of the family.

#### 12.6 **Gifts**

The general rule should be to refuse gifts tactfully all offers from organisation or persons who do, or might, provide work, goods or services to the Council, or who need some decision from the Council (e.g. planning application).

12.7 Exceptions from the general rule would include modest gifts of no more than £25 in value, which may be of promotional character (e.g. calendars, diaries, articles for office use, or a small gift during a courtesy visit to a firm).

#### 12.8 **Hospitality**

When to accept hospitality is again very much a matter of judgement, given the particular circumstances, and it would be wrong to produce an atmosphere in which staff refused all invitations for social involvement with persons or bodies who have, or may seek to have in the future, business dealings with the Authority. Contacts established at a social level can often be helpful in pursuing the Authority's interests. What is important, is to avoid any suggestion of improper influence or giving others the opportunity reasonably to impute improper influence.

12.9 The extent of the hospitality will be a factor as to its acceptability. It may be more reasonable to join in hospitality offered to a group, than to accept something unique to yourself.

12.10 When a particular person or body has a matter currently in issue with the Authority, then common sense dictates a more restrictive approach (e.g. negotiations with an outside organisation). An important criterion in exercising your judgement is what interpretation others may reasonably put on your acceptance.

12.11 The following checklist of questions should help in deciding whether a gift or an offer of hospitality should be accepted or tactfully rejected:

- Is the donor, or event, significant in the community or in your Council's area?
- Are you expected to attend because of your position in the community?
- Will the event be attended by others of a similar standing in the community or in other communities?

- What is the motivation behind the invitation?
- Would acceptance of the invitation be, in any way, inappropriate or place you under pressure in relation to any current or future issue involving the Authority?
- Could you justify the decision to the Council, press and public?
- Is the extent of the hospitality or the nature of the gift reasonable and appropriate?
- How will you respond to the hospitality?
- Are you comfortable with the decision?

#### **12.12 Declarations of Gifts and Hospitality**

All Gifts and Hospitality must be reported to the employee's line manager and in writing to the Monitoring Officer on the Declaration of Gifts and Hospitality Form at Appendix B where it will be recorded in the Register of Gifts and Hospitality. The online Gifts and Hospitality form is on the intranet under 'Your employment with ECC' in the 'employment forms' section.

In the case of Senior Council Officers (Chief Executive, Directors and Corporate Managers & Service Leads ), a nil return must be completed by 31 March each year where no gifts and hospitality are received and reported to the Monitoring Officer where it will be recorded in the Register of Gifts and Hospitality.

### **13. Sponsorship - Giving and Receiving**

- 13.1 Where an outside organisation wishes to sponsor, or is seeking to sponsor a local government activity, whether by invitation, tender, negotiation or voluntarily, the basic conventions concerning acceptance of gifts or hospitality apply. Particular care must be taken when dealing with contractors or potential contractors.
- 13.2 Where the Authority wishes to sponsor an event or services, neither an employee nor any partner, spouse or relative must benefit from such sponsorship in a direct way without there being full disclosure to an appropriate manager of any such interest.
- 13.3 Similarly, where the Authority, through sponsorship, grant aid, financial or other means, gives support in the community, employees should ensure that impartial advice is given and that there is no conflict of interest involved.

### **14. Online Forms**

- 14.1 The online Declaration of Interest form and Declaration of Gifts and Hospitality form are on the intranet under 'Your employment with ECC' in the 'Employment forms' section.

March 2023



## **Appendix A**

### **Officer's Declaration of Interests**

Guidance on interests in relation to contractors and suppliers, contracts where Officers have a pecuniary interest and other interests is provided in the Exeter City Council Constitution under the Officers' Code of Conduct.

Interests must be reported to the Monitoring Officer on this form.

Your declaration will be recorded in the Council's Register of Interests in Contracts.

In the case of senior Council Officers (Chief Executive, Directors and Corporate Managers) where there are no interests to declare, a nil return must be made on this form on an annual basis no later than 31 March.

**NAME:**

**POST:**

**EMAIL ADDRESS:**

**INTERESTS IN CONTRACTS WITH EXETER CITY COUNCIL:**

**BUSINESS OR PRIVATE RELATIONSHIPS WITH EXTERNAL CONTRACTORS OR SUPPLIERS:**

**OTHER INTERESTS:**

**MEMBERSHIP OF ORGANISATIONS:**

**Signed:**

**Dated:**

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**Appendix B:**

**Officer's Declaration of Gifts and Hospitality**

Guidance on declarations of Gifts and Hospitality are set out in the Exeter City Council Constitution under Officers' Code of Conduct.

All Gifts and Hospitality must be reported to the Monitoring Officer on this form.

Your declaration will be recorded in the Council's Register of Gifts and Hospitality.

In the case of senior Council Officers (Chief Executive, Directors and Corporate Managers) where no Gifts and Hospitality are received, a nil return must be made on this form on an annual basis no later than 31 March.

**NAME:**

**POST:**

**EMAIL ADDRESS:**

**NAME AND POST OF MANAGER APPROVING THE RECEIPT OF THE GIFT AND/OR HOSPITALITY:**

**DETAILS OF GIFTS AND/OR HOSPITALITY AND DATE RECEIVED:**

**REASON FOR GIFT AND/OR HOSPITALITY AND RELATIONSHIP TO THE DONOR:**

**ESTIMATED VALUE OF GIFT AND/OR HOSPITALITY:**

**Signed:**

**Dated:**

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## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8<sup>th</sup> March 2023

Report of: Corporate Manager (Executive Support)

Title: Freedom of Information and Data Protection

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

### 1. What is the report about?

- 1.1. The report explains the options for accessing information held by the Council, including the use of the Freedom of Information Act 2000, Environmental Information Regulations 2004, and Data Protection Act 2018.
- 1.2. It summarises the number of requests that have been received in the last year, how they were handled and the number of referrals to the Information Commissioner's Office, including data breaches.

### 2. Recommendations:

- 2.1. That members note the report.

### 3. Reasons for the recommendation:

- 3.1. To ensure members are aware of the volume of requests for information and the outcome of these requests.

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

- 4.1. There are no additional resource implications identified.

### 5. Section 151 Officer comments:

- 5.1 There are no financial implications contained within this report.

### 6. What are the legal aspects?

- 6.1. The relevant legislation is covered in paragraph 8 of this report.

### 7. Monitoring Officer's comments:

- 7.1 As stated above, this report examines the statutory provisions for accessing information held by the Council and provides a summary of the requests submitted to the Council. The Deputy Monitoring Officer has no additional comments.

Simon Copper – Deputy Monitoring Officer.

## **8. Report details:**

### **8.1. Options for accessing information**

- 8.1.1. The Freedom of Information Act 2000 provides public access to information held by public authorities. The Act covers any recorded information that is held which includes emails, photographs and sound or video recordings.
- 8.1.2. The Environmental Information Regulations 2004 provides public access to environmental information held by public authorities. The Regulations cover all recorded information as outlined above.
- 8.1.3. The Data Protection Act 2018 gives individuals access to their own personal information. Individuals requesting information about themselves should make a data protection subject access request.
- 8.1.4. In addition, the Local Audit and Accountability Act 2014 provides for the public right to inspect the accounts of a local authority.

### **8.2. Numbers of requests**

- 8.2.1. The access to information legislation is widely publicised and quoted in the media, which has meant individuals are becoming more aware and increasingly using their rights to access information.
- 8.2.2. The table at Annex A details the number of Freedom of Information (FOI) / Environmental Information Regulations (EIR) requests received in 2022 and whether the information was disclosed.
- 8.2.3. In 2022 a total of 782 FOI/EIR requests were processed. This compares to 696 requests in 2021, 738 in 2020, 792 in 2019, 825 (approx) in 2018 and 736 (approx) in 2017.
- 8.2.3. If an applicant is dissatisfied with their response to their request, they can request an internal review is carried out. The internal review is carried out by the Corporate Manager, Executive Support and a response is issued within 20 working days.
- 8.2.4. 17 internal reviews were carried out in 2022. This compares to 19 in 2021, 7 in 2020 and 7 in 2019. The table at Annex B details the outcomes of the internal reviews.
- 8.2.5. If the applicant is dissatisfied with the response to their internal review, they can refer the matter to the Information Commissioner for determination. The Information Commissioner's Officer (ICO) is the UK's independent body set up to uphold information rights in the public interest. They deal with concerns raised by members of the public. In cases where a clear and serious breach of the legislation has taken place, they will take direct action on the specific concern raised. If they decide that there has been a serious failure to comply with the law, they will provide advice and instruction to help ensure the organisation gets it right in future. If an organisation isn't taking its responsibilities seriously, they may also take enforcement action. In the most serious cases, they can serve a monetary penalty.
- 8.2.6. There were 2 referrals to the Information Commissioner's Office in 2022. This compares to 1 in 2021, 2 in 2020 and 3 in 2019. The table at Annex C details the outcomes of the Information Commissioner's investigations.

- 8.2.7. Since 2019, of the 8 cases referred to the Information Commissioner's Office, 4 were closed and 4 Decision Notices were issued. Of the 4 Decision Notices issued by the Information Commissioner, 2 were in favour of the Council withholding the information, 1 required the Council to disclose the information and 1 required the Council to disclose part of the information.
- 8.2.8. Individuals have a right to access their personal information held by services. For example, their housing file, council tax information, repairs information and complaint file. In 2022 a total of 26 Subject access requests were recorded by Executive Support and processed by services across the Council. This compares to 29 in 2021, 13 in 2020 and 9 in 2019.
- 8.2.9. The Council also receives requests for CCTV footage from individuals, the Police and insurance companies. The majority of CCTV requests relate to incidents involving vehicles. 47 CCTV requests were recorded by Executive Support in 2022 compared to 29 in 2021, 26 in 2020 and 30 in 2019.
- 8.2.10. The General Data Protection Regulation (GDPR) introduced a duty on all organisations to report certain personal data breaches to the Information Commissioner's Office. A personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. Personal data breaches include:
- Access to an unauthorised third party;
  - Sending personal data to an incorrect recipient;
  - Computing devices containing personal data being lost or stolen;
  - Alteration of personal data without permission; and
  - Loss of availability of personal data.
- 8.2.11. The Council has not reported any data breaches to the Information Commissioner since the GDPR was introduced in May 2018. In one case the ICO agreed that the council had not contravened the Data Protection Act.
- 8.2.12. If an individual is dissatisfied with the Council's handling of their personal information they can refer the matter to the Information Commissioner. The Council received 3 complaints from the Information Commissioner's Office since the GDPR was introduced in May 2018. 1 complaint related to the accidental disclosure of their information to an unintended recipient, 1 complaint related to a late response and 1 complaint related to an intentional disclosure to a third party. The first two complaints were upheld by the Information Commissioner.

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

- 9.1. Effective and efficient compliance with access to information regulations is essential for a Well-Run and open and transparent 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 the report covers the council's processes for handling information, which has no direct impact on people.

## **12. 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.

Author: Bruce Luxton

## **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 265275



Month	No. of requests	No. processed in full	No. processed within statutory deadline	No. exceeded statutory deadline	No. still being processed	No. where clarification is being sought	Granted in full	Information not held	Part not held	Part withheld	Part withheld/Part not held	Part released/withheld/not held	Information withheld	No. of internal reviews
Jan 2022 <sup>15</sup>	84	84	77	7	0	3	42	13	13	5	1	0	5	0
Feb 2022 <sup>15</sup>	58	57	56	2	1	1	33	13	7	0	0	0	3	2
Mar 2022 <sup>15</sup>	51	38	36	2	13	1	21	10	2	1	0	1	2	1
Apr 2022 <sup>16</sup>	68	67	64	4	1	0	37	15	8	2	1	1	2	0
May 2022 <sup>16</sup>	73	67	59	14	6	1	38	9	10	5	0	1	3	0
Jun 2022 <sup>16</sup>	65	37	37	2	28	2	21	4	4	1	0	0	4	0
Jul 2022 <sup>17</sup>	57	56	44	12	1	2	31	6	8	8	0	0	1	0
Aug 2022 <sup>17</sup>	52	51	46	5	1	1	31	10	2	2	0	1	3	2
Sept 2022 <sup>17</sup>	56	43	41	2	13	2	27	10	0	2	0	0	2	1
Oct 2022 <sup>18</sup>	64	61	60	4	3	0	32	12	7	4	0	1	4	6
Nov 2022 <sup>19</sup>	83	81	80	3	2	1	29	13	8	4	0	1	23	2
Dec 2022 <sup>20</sup>	71	46	46	0	25	1	12	12	0	0	0	0	21	2
<b>TOTAL</b>	<b>782</b>	<b>688</b>	<b>646</b>	<b>57</b>	<b>94</b>	<b>15</b>	<b>354</b>	<b>127</b>	<b>69</b>	<b>34</b>	<b>2</b>	<b>6</b>	<b>73</b>	<b>16</b>

<sup>15</sup> = Information correct as at 7 April 2022

<sup>16</sup> = Information correct as at 4 July 2022

<sup>17</sup> = Information correct as at 12 October 2022

<sup>18</sup> = Information correct as at 15 December 2022

<sup>19</sup> = Information correct as at 22 December 2022

<sup>20</sup> = Information correct as at 4 January 2023

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## Internal reviews

2019

Subject	Date received by Council	Date response sent	Outcome
Personal information from the Council's spend data - Renaissance project	04/03/19	29/03/19	Upheld the Council's decision not to release. Withheld under S40(2) of the FOIA.
Personal information from the Council's spend data	18/11/19	13/12/19	Upheld the Council's decision not to release. Withheld under S40(2) of the FOIA.
Waste crew members personal information	09/10/19	06/11/19	Upheld the Council's decision not to release. Withheld under S40(2) of the FOIA.
Council fire risk assessments	01/05/19	20/05/19	Upheld the Council's decision not to release. Withheld under S40(2) of the FOIA.
Lease information	04/12/19	06/01/20	Information released.
Pinhoe Community Hub information	07/08/19	05/09/19	Information clarified, no further information to disclose.
Pinhoe Community Hub Audit Report	24/09/19	22/10/19	Redacted report released. Information withheld under S36(2)(b)(i); S36(2)(b)(ii); S36(2)(c); S40(2) of the FOIA.

2020

Subject	Date received by Council	Date response sent	Outcome
Liveable Exeter Place Board	18/12/20	20/01/21	Information released.
Information Asset Register	06/08/20	04/09/20	Information withheld under S22 of the FOIA.
Adult social care	19/09/20	01/10/20	Information not held.
Contracts	13/01/20	11/02/20	Information withheld under S43 of the FOIA.
Council tax payment allocation	01/01/20	30/01/20	Information not held.
Statement of Reasons	30/09/20	18/11/20	Information withheld under S21 of the FOIA.
Sport Leisure Services	21/10/20	17/11/20	Information released.

2021

Subject	Date received by Council	Date response sent	Outcome
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Viability assessment	15/11/21	14/01/22	Redacted information released. Information withheld under R13 and R12(5)€ of the EIR.
Urban capacity survey	16/12/21	19/01/22	Information withheld under R12(5)(e) and R12(4)(d) of the EIR.
Leisure services contracts	24/08/21	21/10/21	Information released.
Property acquisition report	15/11/21	10/12/21	Information withheld under R12(5)(e) of the EIR.
Legal advice	02/11/21	13/12/21	Information withheld under S42(1) of the FOIA.
RIDDOR reports	27/10/21	22/11/21	Information not held.
Planning information	07/10/21	25/10/21	Information not held.
Net Zero report	31/08/21	25/10/21	Redacted information released. Information withheld under R13 of the EIR.
Improvements to the recycling collection service report	31/08/21	21/10/21	Redacted information released. Information withheld under R13 of the EIR.
Planning Member Working Group reports and minutes	02/09/21	20/10/21	Redacted information released. Information withheld under R13 of the EIR.
Planning information	17/09/21	14/10/21	Additional information released, no further information held.
Environmental health information	20/09/21	28/09/21	Further redacted information released. Information withheld under R13 of the EIR / S40(2) of the FOIA.
DEXTO minutes	23/08/21	20/09/21	Information released.
Building Control information	21/06/21	12/07/21	Information withheld under R13 of the EIR.
Liveable Exeter Place Board	14/06/21	12/07/21	Information not held.
Environmental health information	24/05/21	16/06/21	Additional information released.
Planning information	09/05/21	08/06/21	Additional information released. Information withheld under R12(5)(e) of the EIR.
Council Tax information	15/03/21	14/04/21	No further information held.
Planning information	04/01/21	28/01/21	No further information held.

2022

Subject	Date received by Council	Date response sent	Outcome
Missing information	05/02/22	16/02/22	No further information held.
VRM	19/12/22	12/01/23	Information withheld under S21 and S40(2) of the FOIA.
Retention policy	22/11/22	19/12/22	Information not held.
HMO register	17/12/22	12/12/22	Information withheld under S21 of the FOIA.
ECL Business Plan update	18/10/22	15/11/22	Additional information released. Information withheld under R12(5)(e) and R13 of the EIR.
Mayors staff	14/10/22	08/11/22	Information withheld under S21 and S40(2) of the FOIA.
Guildhall shopping centre report	04/10/22	07/11/22	Redacted information released. Information withheld under R12(5)(e) of the EIR.
Business case for a residential property company report	04/10/22	07/11/22	Additional information released. Information withheld under R12(5)(e) and R12(5)(b) of the EIR.
ECL business plan	04/10/22	07/11/22	Additional information released. Information withheld under R12(5)(e) of the EIR.
FOI missing information	20/10/22	03/11/22	Additional information disclosed. No further information held.
Staff and councillors previous roles	22/09/22	19/10/22	Information not held.
Land in Summerland Street report	22/08/22		Withdrawn
Old Rydon Lane	25/08/22	22/09/22	Information released.
Local Plan	22/08/22	20/09/22	Information not held.
Footage from bin lorry	12/05/22	27/06/22	Redacted information released. Information withheld under S40(2) of the FOIA.
Court proceedings	07/03/22	31/03/22	Information not held.
British Muslims	07/02/22	04/03/22	Information not held.

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## ICO complaints

2019

Subject	Date received from ICO	Date decision received	Outcome
Council supplier information	25/07/19	22/10/19	Closed. Not a matter for a decision notice under Section 50 of the FOIA.
Boundary information	07/05/19	No decision necessary as response sent to the complaint by ECC.	Closed. No decision necessary as response sent to the complaint by ECC.
Pinhoe Community Hub - 2 requests	16/10/19	08/06/20	Decision Notice - Information correctly withheld under Section 40(2) of the FOIA for the first request. Second request - Redacted version of the information to be disclosed. Information withheld under S40(2) of the FOIA.

2020

Subject	Date received from ICO	Date decision received	Outcome
Boundary information	23/09/20	29/09/20	Closed. Matter to be dealt with as an internal review if the complaint decides to request one.
Council supplier information	02/01/20	15/06/20	Decision Notice - No steps to be taken. Information correctly withheld under Section 40(2) of the FOIA.

2021

Subject	Date received from ICO	Date decision received	Outcome
DHN plan illustrating the location of underground pipes	28/06/21	27/05/22	Decision Notice - Required to disclose the withheld information.

2022

Subject	Date received from ICO	Date decision received	Outcome
Legal advice	21/01/22	24/10/22	Decision Notice - Correct to withhold information under Section 42(1) of the FOIA.
Not specified	10/03/22		Closed and not considered for further investigation under section 50 of the FOIA.

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## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

**Date of Meeting: 8 March 2023**

**Report of: Director Finance**

**Title: Anti-Money Laundering Policy**

**Is this a Key Decision? No**

**Is this an Executive or Council Function? Council**

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

The Council's Anti-Money Laundering Policy and Procedures have been reviewed and updated to meet the latest requirements of the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017.

### **2. Recommendations:**

That the Audit & Governance Committee recommend that Council approve the updated Anti-Money Laundering Policy and Procedures.

### **3. Reasons for the recommendation:**

The Proceeds of Crime Act 2002 (POCA) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 are the principal laws relating to money laundering.

Although local authorities are not directly covered by the requirements of the Money Laundering regulations, guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that local authorities should comply with the underlying spirit of the legislation and regulations.

The purpose of the Anti-Money Laundering Policy is to clearly demonstrate that the Council embraces the underlying principles of money laundering legislation and is taking reasonable steps to minimise the likelihood of such activities occurring, by developing a suitable framework of arrangements to safeguard itself against action of this nature, whilst making satisfactory provisions to achieve compliance to legal and regulatory requirements, where appropriate.

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

None

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

The policy updates ensure that the Council remains compliant with the legal framework under which it must act.

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

The legal provisions are summarised in this report.

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

Having an up to date money laundering policy and procedure is an essential part of Exeter City Council's governance controls. Members will note that the key changes to the Regulations have been incorporated into the Council's policy together with updates to the Council's anti-money laundering procedures. The report identifies that training is required to ensure that all officers are aware of the Council's anti-money laundering policy and training on the provisions of the law is a key aspect of the legislation.

Simon Copper – Deputy Monitoring Officer

## **8. Report details:**

### **8.1 Background**

Money laundering is a key enabler of serious and organised crime, which costs the UK at least £37 billion every year.

The Money Laundering, Terrorist Financing and Transfer of Funds Regulations are a key part of the UK's regulatory framework for addressing and mitigating the risks related to money laundering and terrorist financing.

Money laundering offences are set out in Part 7 of the Proceeds of Crime Act 2002, which also defines money laundering as:

'The process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises'.

### **8.2 Money Laundering Offences**

Under the legislation, there are two main types of offences which may be committed:

- Money laundering offences
- Failure to report money laundering offences

Money laundering describes offences concerning the possession, concealment, conversion, transfer or making of arrangements relating to the proceeds of crime. This is not limited to money or cash.

It is a defence to a primary money laundering offence if an 'authorised disclosure', known as a suspicious activity report (SAR) is made to the National Crime Agency, requesting consent to undertake the transactions or activity and appropriate consent is given or deemed given before any act is done. Such a SAR is also known as a 'Defence Against Money Laundering SAR' (DAML SAR).

### **8.3 Key Requirements**

The law requires those organisations in the regulated sector and conducting relevant business to:

- appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity
- implement policies and procedures relating to customer due diligence, reporting record keeping and risk management
- communicate all relevant policies and procedures

The policy and the accompanying procedures (Appendix A) represents an important part of the Council's approach to dealing with the risks associated with money laundering. This Policy seeks to complement both the Counter Fraud Strategy and Whistleblowing Policy and contribute to the overall framework of Corporate Governance, established to ensure that the Council is well managed and fulfils its statutory and regulatory duties in a proper and responsible manner.

#### **8.4 Key Changes to Regulations**

The Anti-Money Laundering Policy was last presented to Audit and Governance Committee on 25 July 2018. Since that time, a number of changes have been made to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The updates are required to ensure that the UK continues to meet international Anti-Money Laundering standards.

Although they have minimal impact on the Council, examples of the changes include:

- a wider range of firms falls within the scope of the regulations, as it now includes art market participants and crypto asset exchange providers
  - crypto assets are a type of electronic cash such as Bitcoin and are generally held as investments by people who expect their value to rise
- since the UK left the EU on 31 January 2020, the definition of a 'third country' became a country outside the UK, as opposed to outside the European Economic Area for the purposes of enhanced due diligence. However, HM Treasury specify those countries classified as high-risk third countries.
- The maximum amount allowed for cash payments has reduced from 15,000 Euros to 10,000 Euros (currently £9,000) per transaction or series of transactions

#### **8.5 Review of Money Laundering Policy and Procedures**

In terms of updating the Council's Anti-Money Policy and Procedures, the key changes are:

- 3.5 Clarified that money laundering regulations apply to cash transactions in excess of 10,000 Euros (currently £9,000)
- 5.1 The nominated Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer have been updated to the Deputy Chief Finance Officer and Finance Manager – General Fund Services respectively
- 8.4 Updated to reflect the introduction of an Anti-Money Laundering Declaration Form in respect of Right to Buy applications
- 9. New section to set out the requirement for enhanced customer due diligence where deemed a higher risk
- 10.3 Confirmation that any records held should be in line with GDPR

#### **8.6 Training**

The policy sets out that the Council will take appropriate measures to ensure that all employees are made aware of the Anti-Money Laundering Policy.

The policy has been prioritised by the Strategic Management Board as part of eleven key policies to be rolled out using a new Policy Management system, Metacompliance.

The new system will require all staff to confirm that they have read and understood the policy.

### 8.7 Money Laundering Review

Since the last update to Audit and Governance Committee, the following reports have been made to the MLRO. Whilst it is not possible to provide any further details, in accordance with the regulations, it provides some data on volumes of reports and outcomes:

Financial Year	Reports to MLRO	Transaction did not proceed	MLRO Satisfied that no reasonable grounds for suspecting money laundering	Disclosure to NCA
2018/19	1			1
2019/20	0			
2020/21	4	2	2	
2021/22	4		3	1
2022/23	2		2	

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

This contributes to the key priority 'A well run Council'

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

The risk is non-compliance with legislation which may lead to prosecution of the Council or one of its employees.

### 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 is for information only

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

No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other Options**

N/A

**Dave Hodgson**  
**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 4.36  
01392 265275

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CONFIDENTIAL

Report to the Money Laundering Reporting Officer

Report of Money Laundering Activity

To: **Money Laundering Reporting Officer** – Deputy Chief Finance Officer, or  
**Deputy Money Laundering Reporting Officer** – Finance  
Manager – General Fund Services

From: \_\_\_\_\_

[insert name of employee]

Directorate: \_\_\_\_\_

[insert post title and Team

Ext/Tel No: \_\_\_\_\_

URGENT YES/NO

Date by which response needed: \_\_\_\_\_

**Details of suspected offence:**

**Name(s) and address(es) of person(s) involved**

If a company/public body please include details of nature of business, please supply as many details as possible

**Nature, value and timing of activity involved:**

Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary

**Nature of suspicions regarding such activity:**

Please continue on a separate sheet if necessary

--

**Has any investigation been undertaken (as far as you are aware)?** [Delete as appropriate]

Yes / No

--	--

**If yes, please include details below:**

--

**Have you discussed your suspicions with anyone else?**  
[Delete as appropriate]

Yes / No

--	--

**If yes, please specify below, explaining why such discussion was necessary:**

--

**Please set out below any other information you feel is relevant:**

--

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

**Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carried a maximum penalty of 5 years' imprisonment.**



**THE FOLLOWING PART OF THIS FORM TO BE COMPLETED BY THE MLRO**

**Date report received:** \_\_\_\_\_

**Date receipt of form acknowledged:** \_\_\_\_\_

Consideration of Disclosure:

<b>Action Plan:</b>

Outcome of Consideration of Disclosure:

<b>Are there reasonable grounds for suspecting money laundering activity?</b>	
<b>If there are reasonable grounds for suspicion, will a report be made to the NCA? [Delete as appropriate]</b>	<b>Yes / No</b>

If yes, please confirm date of report to NCA: \_\_\_\_\_ and complete the box below:

<b><u>Details of liaison with the NCA regarding the report:</u></b>	
Notice Period:	from: _____ to: _____
Moratorium Period	from: _____ to: _____
<b>Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited act? [Delete as appropriate]</b>	<b>Yes / No</b>

**If yes, please confirm full details in the box below:**

--

**Date consent received from NCA:**

**If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:**

[Please set out any reasonable excuse for non-disclosure]
---

**Date consent given by you to employee for any prohibited act transactions to proceed:**

<b>Other relevant information:</b>

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

**THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS**

## IDENTIFICATION PROCEDURE AND RECORD KEEPING PROCEDURES FOR FINANCIAL SERVICES, AUDIT AND LEGAL STAFF

### General

The procedures set out in this Appendix apply if you are a Council employee conducting 'relevant business' (set out below). These are mainly accountancy and audit services carried out by Financial Services and certain financial, company and property transactions undertaken by Legal Services. "Relevant" for the purposes of the legislation is the provision **by way of business** of:

- Advice about the tax affairs of another person by a body corporate;
- Accountancy services by a body corporate;
- audit services;
- Legal services by a body corporate which involves participation in a financial or real property transaction (whether by assisting in the planning or execution of any such transaction or otherwise by acting for, or on behalf of, a client in any such transaction);
- Services in relation to the formation, operation or management of a company or a trust.

### Identification Procedure

Where you are carrying out relevant business (the provision of accountancy, audit and certain legal services 'by way of business' to third parties) and you, acting on behalf of the Council:

- a) Form an ongoing business relationship with a client; or
- b) Undertake a one-off transaction involving payment by or to the client of 10,000 Euro (approximately £9,000) or more; or
- c) Undertake a series of linked one-off transactions involving total payment by or to the client(s) of 10,000 Euro (approximately £9,000) or more; or
- d) Know or suspect that a one-off transaction (or a series of them) involves money laundering;

Then you must follow this procedure before any business is undertaken with that organisation or person. For the procedure, you must obtain satisfactory evidence of identity, as soon as practicable after instructions are received (unless evidence has already been obtained). This applies to existing and new persons or organisations.

Satisfactory evidence is evidence which is capable of establishing, to your satisfaction, that the client is who they claim to be.

Evidence of identity should be obtained as follows:

1. Signed, written instructions on official letterhead at the outset of a particular matter. Such correspondence should then be placed on the Council's file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.
2. If you are undertaking work for a new person or organisation or further instructions from a person or an organisation not well known to you, then you may also wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself, for example:

- Checking the organisation's website to confirm the business address;

- Checking companies house information
- Where practicable, visiting them at their business address;
- Asking the key contact employee to provide evidence of their personal identity and position within the organisation; for example signed, written confirmation from their Head of Service or Chair of the relevant organisation.

***If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further until this becomes available.***

The law states that particular care must be taken when the person or organisation that is paying you to do work or who the Council is an agent for, is not physically present when being identified. This is always likely to be the case for the Council, given that its relevant business can only be undertaken for other local authorities and designated public bodies (not individuals) and therefore instructions will usually be given in writing.

There are a limited number of exceptions where you are not required to obtain identification evidence, e.g. evidence is not required when a purchaser of property is represented by a legal professional (e.g. solicitor, legal executive, licensed conveyancer etc) this is because we are entitled to presume that the professional has complied with the legislation and checked the purchaser's identity (as their own client).

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

Date of Meeting: 8<sup>TH</sup> MARCH 2023

Report of: DEPUTY CHIEF EXECUTIVE

Title: REVIEW OF CORPORATE RISK REGISTER

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

#### **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).
- 1.2 Risk Management is a Council function and an important element of the Council's Code of Corporate Governance.
- 1.3 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.

#### **2. Recommendations:**

- 2.1 That the Audit and Governance Committee reviews and notes the content of the Corporate Risk Register;
- 2.2 That Council notes the content of the 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 Deputy Chief Executive.

#### **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 Deputy Chief Executive, 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 financial risks have been updated. Economic conditions and the cost of borrowing in particular need to be managed carefully. The costs of servicing the borrowing are high and make further borrowing unaffordable, unless there is an income stream to service the debt.

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

6.1 None identified.

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

7.1 Risk Management is an essential management tool to manage, assess and prioritise risks. Members will note the content of this report and the attached updated Corporate Risk Register in identifying risks to the Council.

Simon Copper – Deputy Monitoring Officer.

## **8. Report details:**

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

8.2 An update on each risk can be found in the tracking notes and monitoring section of the Corporate Risk Register (Appendix A)

## **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 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

2.2.1 The report is for information only

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

No direct carbon/environmental impacts arising from the recommendations.

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

N/A

Deputy Chief Executive

Author: 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 4.36  
01392 265275

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# Corporate Risk Register

						Review Month:			February 2023		
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
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
1	<b>Inability to deliver Carbon Net Zero aspirations for Exeter by 2030 (External)</b>										
	<p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>- Financial pressure and economics of carbon reduction</li> <li>- Behavioural 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 Jo Yelland Director	4	3	12	<p>Ideally there would be an alignment of the national and county goals for net zero emissions. Regrettably Devon County have now committed to a net zero 2050 goal in line with the national goal. This is a significant blow to the ambitions of the city to deliver on the more challenging 2030 goal. Given the significance of transport to the goal of net zero emissions it has made it highly unlikely that the city can achieve an ambitious timetable for that sector.</p> <p>In the absence of policy alignment it could be appropriate that the city and its partners reflect on the role the city plays in terms of the agenda. For example the city council continue to innovate and show willingness to pilot initiatives and create a powerful narrative around pioneering initiatives accepting that getting to scale is another challenge altogether.</p> <p>The other consideration is whether the city begins to focus on adaption rather than prevention. Climate adaption rather than eliminating greenhouse gas emissions will become a topic for discussion in months to come. The national and international debate is possibly moving backwards and whilst not an immediate issue for discussion, as time moves on a lack of a clear route to delivery will inevitably suggest adaption becomes the issue.</p>	4	3	12	<p>Greenhouse gas emissions inventory sector by sector published and approved by the City Council in 2022. This identifies the scale of the challenge to achieve a net zero Exeter by 2030. It includes a range of targets on an annual basis to achieve in a linear progression the decarbonisation of the city. The report identified the sectors where the greatest reductions required, namely buildings, energy and transport. In the absence of funding or legal powers to effect change, Exeter City Futures organised a number of workshops between September and October 2022 to explore the feasibility and willingness to look at different approaches to securing change. Reports from these workshops are available here <a href="https://www.exetercityfutures.com/policy-maker-workshops/">https://www.exetercityfutures.com/policy-maker-workshops/</a>. The workshops themes were: Transport initiatives to support a step change in active travel and/or use of public transport. Expansion of district heating networks, Accelerate roll out of EV charging infrastructure, The role of Hydrogen in decarbonisations</p> <p>Work continues with the green construction group at the Exeter College regarding the scope of the pipeline for retrofit of homes. The scale of the challenge is becoming clearer every day. For example a recent meeting with a heat pump manufacturer with the largest market share in the country revealed that it was installing 18k homes pa across the country. The net zero agenda for the city requires us to deliver 42,000 heat pumps to homes in the city alone. This would be on top of a district heat network for a further 11,200</p>	Apr-30

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			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
										<p>homes. The scale of the challenge is extraordinary. Exeter City Futures together with the Centre for Leadership at the University of Exeter hosted a meeting of a number of organisational leaders to explore the leadership challenge to realise a net zero goal and it revealed good practice being pursued by the Met Office in its journey to net zero and the appetite for collaboration from parties across the city. Positive experiences and willingness to work together is suggestive of a strong commitment to the agenda notwithstanding the obvious challenges to get to a 2030 goal.</p> <p>Train services especially along the Waterloo to Exeter line have impacted negatively on supporting people to shift from car to public transport. A less than satisfactory bus services within the city has been widely commented upon throughout the city and is setting us backwards in our strategy to support active travel and a shift to public transport.</p> <p>Policies to support the net zero Exeter 2030 goal are reflected in the draft city plan.</p> <p>Work of scrutiny to support the green construction agenda is in plan and a range of parties are now fully co-operating with Exeter College to firm up a pipeline. Recruitment of skilled labour to support retrofit work is an obvious bottle neck and members may want to probe this issue further with Exeter College.</p> <p>Exeter City Fund is still being looked at by scrutiny committee and members will need to take a view on whether the fund is the appropriate mechanism to fund the green construction ambition of the City Council. Presently there is little comfort that can be drawn from national government on funding for housebuilding and regeneration or the quality of development desired by the city council in pursuance of the net zero agenda. The City Fund was an attempt to find such a mechanism. If this approach is not acceptable to members, there is no obvious alternative that has been identified. Further consideration needs to be given to the resources available for the Council to continue to play a lead convening role for the City in relation to Net Zero 2030..</p>	
<p><b>Tracking Notes and Monitoring:</b></p> <p><b>September 2022:</b></p> <p>Updates to work to be done provided.</p> <p><b>November 2022:</b></p> <p>The details of the risk and corresponding mitigations have been updated. It should also be noted that, following the Scrutiny Governance review, it has been proposed that a Strategic Scrutiny Sub Committee for Climate Change is established, however, this is pending approval by Council in the New Year.</p>											

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			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
2	<b>Failure to meet Exeter's Housing supply needs as a planning authority and meet strategic 5 years ambitions</b>										
	<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>										
Page 147	June 2013	Executive  Updates to be provided by Ian Collinson, Director of City Development	4	4	16	- Brownfield opportunities identified and developed into the Liveable Exeter strategy - The Liveable Exeter programme has secured further funding to support work on the Liveable programme - 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 - The Council is currently able to demonstrate a housing land supply of 4 years and 8 months against the 5 year requirement	4	4	16	- The Local plan is continuing to progress with a timetable now established and the statement of community involvement developing. The first statutory stage of public consultation on the Local Plan was completed in November 2021 (Regulation 18 Issues Consultation) - Selling positive image of high quality high density brownfield developments through the Liveable Exeter programme. - using existing planning policy to resist inappropriate development proposals in order to continue to protect the character and beauty of the city. - regular updating of the 5 year land supply position in order to closely monitor land supply in the city	Ongoing
<b>Tracking Notes and Monitoring:</b>											
<b>March 2022:</b>											
The Planning Inspector for the Pennsylvania Road appeal (held November 2021) has concluded that the Council is able to demonstrate a housing supply of 4 years and 8 months. Since that appeal decision was received, a further appeal has been held for Land at Redhills. At that appeal hearing, the Council argued that it is now able to demonstrate a 5 year housing supply due to the granting of planning consents since November 2021. However, until the Redhills appeal decision is received, the Council must accept that it cannot demonstrate a 5 housing supply for development management purposes."											
<b>Sept 2022:</b> At the Spruce Close appeal, the Inspector has determined that Exeter does not have 5-year land supply. The Planning Committee has resolved to refuse the former Police Station, Heavitree Road application for PBSA and Co-living. The Director of City Development has signed a PPA to bring forward a planning application for land at Water Lane. ECC has been granted a further £250,000 government capacity funding for 2020/21 to support Liveable Exeter. The Statement of Community Involvement has been adopted; Executive has approved the outline draft Exeter Plan for public consultation, commencing 26.09.22; consultants have been appointed to develop a set of Liveable Exeter principles and a detailed design code for Water Lane and Marsh Barton.											
<b>Nov 2022:</b> Director City Development is leading a piece of work to dive deeper to understand the risks to the City's housing pipeline and Liveable Exeter. This is a corporate project and will carry over into the New Year. It will conclude with a report to Executive. The work is still being scoped at this stage.											

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			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
3	<b>Failure to adapt council workforce to ensure appropriate skills and experience</b>										
	<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 148	June 2019	Baan Al-Khafaji Director Corporate Services	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
	<p><b>Tracking Notes and Monitoring:</b></p> <p><b>March 2022:</b> No further update received</p> <p><b>June 2022:</b> No further update received</p> <p><b>November 2022:</b> No further updates</p>										

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4	<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 rebase lining 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 £6.6m savings target over four year period.</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>- Impact of high inflation, rising interest rates and other external economic factors.</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>										
Page 149	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>- One Exeter plan agreed and being implemented with suitable governance arrangements in place.</li> <li>- Budget for 2022-23 agreed with significant reserves to protect against Covid related income losses.</li> <li>- Significant investment in city centre regeneration (St Sidwell'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>- The Council has a clear strategy to address the £6m savings required, although the exact timing of Government decisions around Business Rates and New Homes Bonus remains uncertain.</li> <li>- Significant funding in an earmarked Reserve to protect against income shortfalls or timing issues with reductions.</li> <li>- Further work being undertaken to identify (or bring forward) options to address further reductions required.</li> </ul>	Feb-24
<p><b>Tracking Notes and Monitoring:</b></p> <p><b>September 2022:</b> The MTFP has been updated and the pay award / inflation means that savings are required totalling £6.6m regardless of the outcome of Government decisions.</p> <p><b>November 2022:</b> Director Finance to provide a detailed verbal update at the A&amp;G meeting. <b>March 2023:</b> Balanced Budget set, with clear programme to deliver the further reductions required over the medium term.</p>											

					Review Month:			February 2023			
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			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
5	<b>Increased cost of all capital building Projects</b>										
	<p>Potential Causes:</p> <ul style="list-style-type: none"> <li>- Shortages of materials and labour causing delay and increased costs across the capital programme.</li> <li>- Interest Rate rises causing the cost of borrowing to rise significantly.</li> </ul> <p>Potential impacts</p> <ul style="list-style-type: none"> <li>- Increased costs to Council</li> <li>- Delay in all projects, predominantly the condition survey projects and HRA programme, leading to prolonged periods of buildings being below the standard the Council is aiming for.</li> </ul>										
	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 arising.	4	4	16	Review existing capital programme with a view to deferring and removing schemes. Change of emphasis to internally borrow in the short term to offset interest rate rises.	Feb-24
Page 150	<b>Tracking Notes and Monitoring:</b>										
	<p><b>September 2022:</b> Interest rates have now increased to around 2.5% higher than at the start of the year. This adds around £25,000 per million borrowed. This will have a negative impact on the revenue position of the Council, when further external borrowing is required.</p> <p><b>November 2022:</b> Director Finance to provide a detailed verbal update at the A&amp;G meeting. <b>March 2023:</b> The Capital Programme has been restructured to remain affordable. Borrowing remains a high risk with every £10 million borrowed requiring a further half a million pounds of spending reductions. Therefore any further capital requirements will look to utilise alternative methods of funding.</p>										

						Review Month:			February 2023		
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			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
6	<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>										
Page 151	Nov 21	Executive  'Ian Collinson- Director City Development	4	4	16	<ul style="list-style-type: none"> <li>- Brownfield land release fund: <ul style="list-style-type: none"> <li>- project management capacity brought in</li> <li>- sites included in ECL business case</li> </ul> </li> <li>- Director of Planning &amp; Development appointed</li> <li>- 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</li> <li>- some funding has been secured on an annual basis from Homes England</li> <li>- LDA design commissioned to produce Marsh Barton Development framework</li> <li>- DCC &amp; ECC progressing work on development brief for Southgate</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>work to be undertaken with One Public Estate on the Exeter City Fund concept</li> <li>- 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</li> <li>- need to step up the support commensurate with the scale and pace of development required</li> <li>- new local plan that includes the vision and principles as part of the formal planning policy</li> <li>- the Council adopts an enabling culture rather than relying on a regulatory culture</li> <li>- Exeter City Living to lead by example</li> <li>- 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</li> <li>- draft tender for parking strategy</li> <li>- City Fund outline business case in draft with Scrutiny Committee</li> <li>- Officer to continue to approach landowners in key locations to bring forward key sites in the programme</li> </ul>	Nov-24

				Review Month:			February 2023				
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
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
<p><b>Tracking Notes and Monitoring:</b></p> <p><b>Sept 2022:</b>            Joint Scrutiny Committee has held three meetings to better understand the Exeter Development Fund concept. This has identified the outline business case, the failings with the current business as usual model, the opportunities with development corporation models of delivery, and the challenges to visibility as a consequence of the current approaches to funding development. A Task and Finish Group has been established for scrutiny to conclude its consideration of the concept prior to Executive considering the proposal. DLUHC Garden Communities capacity funding is being used effectively to help unlock sites, but this funding is not sufficient and is at risk of being scrapped. The level of resources required to support an ambitious transformation programme is significant and whilst the development corporation model, would be a means to secure greater resources to the programme, this could be years away. There are tangible examples of progress being made with the programme and progress with the Exeter Plan preparation (see also above under Risk 2). There is strong private sector interest in the Water Lane area and St David's Station/Red Cow and ECC has built a strong collaborative approach with land owners/developers. Consultants have been engaged to master plan the Marsh Barton area and develop a strategic design code for Water Lane. This work could be replicated across other strategic sites, given sufficient resources. However strategic uncertainty is hitting confidence in the construction sector where inflation is hurting viability. Developers are unable/unwilling to risk significant investment in bringing forward brownfield land. Homes England is reluctant to commit government funding to provide infrastructure loans/grant and acquire land to unlock sites. ECL is continuing to develop a pipeline of deliverable sites on Council owned land with support from City Development. Recent appeal decisions have left the Council in a weak policy position.</p> <p><b>Nov 2022:</b> As for risk 2 the Director City Development is leading a piece of work to dive deeper to understand the risks to the City's housing pipeline and Liveable Exeter. This is a corporate project and will carry over into the New Year. It will conclude with a report to Executive. The work is still being scoped at this stage.</p>											



				Review Month:			February 2023				
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
			L'hood	Impact	Risk Score		L'hood	Impact	Risk Score		
7	<b>Inability to deliver Carbon Net Zero aspirations for Exeter City Council operations by 2030 (Internal)</b>										
	At the request of members, with effect from June 2022 this risk is now the subject of a separate risk register to be present half yearly to the Audit & Governance Committee by the Corporate Energy Manager, Net Zero Team										

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## REPORT AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8 March 2023

Report of: Net Zero Exeter & City Management

**Title: City Council Net Zero Risk Register**

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

### 1. What is the report about?

- 1.1 To update the City Council's Net Zero Risk Register and assess the risks to deliver Net Zero within the City Council by 2030, and adaptation required to protect Council services.
- 1.2 To identify risks in delivering net zero within the City Council, for each carbon emission scope, and for the organisation as a whole.

### 2. Recommendations:

- 2.1 That the Audit and Governance Committee recommend to Council that the City Council's Net Zero Risk Assessment update is noted and approved; and
- 2.2 That it is noted that the risk assessment will be updated and reported to Audit & Governance Committee every six months.

### 3. Reasons for the recommendation:

- 3.1 To highlight the risks associated with reducing City Council carbon emissions. To enable the Net Zero team to strategically plan resources, organisational change and budget to deliver activity and progress to support one of the main City Council's corporate priorities.
- 3.2 To enable risk associated with reducing City Council carbon emissions to be measured, monitored, reported on and incorporated into all City Council processes.

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

- 4.1 Financial and non-financial resources to reduce City Council carbon emissions are in place, detailed a July 2022 report to Executive. An update on spend is within a report to Strategic Scrutiny March 2023.
- 4.2 Further work will be undertaken to complete a detailed risk assessment related to service area and scope, to identify financial and non-financial resources needed for the City Council to achieve net zero by 2030. This activity will developed, when resources allow.

- 4.3 Achieving net zero, whether nationally, locally or organisationally, requires broad action across all emission scopes and by every service. Reducing City Council carbon emissions will be very challenging in such a tight time frame and with the resources currently available to the team.

## **5. Section 151 Officer Comments:**

- 5.1 The report highlights the financial risks surrounding delivery on Net Zero by 2030. This is a significant risk, given the Council's limited ability to increase its resources. The Council is a hugely significant property owner with thousands of properties to address. This will be a substantial challenge in itself alongside the other areas of concern.

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

- 6.1 Section 1 of the Climate Change Act 2008 states that '[i]t is the duty of the Secretary of State to ensure that the net UK carbon account for the year 2050 is at least 100% lower than the 1990 baseline. The target was originally 80% and was increased to 100% by the Climate Change Act 2008 (2050 Target Amendment) Order 2019.
- 6.2 Exeter City Council has declared a climate emergency and set the target of achieving net zero by 2030.

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

- 7.1 This report raises no issues for the Deputy Monitoring Officer.

Simon Copper – Deputy Monitoring Officer

## **8. City Council Net Zero Risk Register**

- 8.1 The City Council's Net Zero Carbon Reduction Plan is being reported to Strategic Scrutiny March 2023, with a full review of the plan along with an update on current projects.
- 8.2 Correspondingly, the Risk Register developed in July 2022 (Appendix 1) has been updated to cover all aspects of net zero within the City Council. In addition to guidance from the National Audit Office, adaptation measures have been included.
- 8.3 The City Council's carbon baseline report, supporting action plan and risk register is an evolving document. It will continue to inform the work programme of the Net Zero team and subsequent budget required to deliver net zero.

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

- 9.1 This report and the work of the Net Zero team links directly to the Exeter Vision and a number of corporate priorities. Work will have to be delivered in partnership with all City Council service areas to reduce our carbon emissions.

Exeter Vision	Innovative & Analytical City	The team has developed a range of data sets to monitor City Council carbon emissions
	Healthy & Inclusive	Ensure City Council owned homes are energy efficient
	The Most active city in the UK	Projects are developed to support active travel for employees
	Accessible world class educations	N/A
	Liveable & connected	Commercial and residential properties are energy efficient and built to the best possible standard
	A leading sustainable city	The City Council is a role model for other organisations in Exeter
Corporate Plan	Net Zero Exeter 2030	Net Zero team focuses on reducing City Council carbon emissions to deliver Net Zero by 2030
	Value for money services	Carbon reducing actions will be commercially viable and will reduce service delivery costs
	Housing, Building Great Neighbourhoods and Communities	Working with Building Greater Exeter, Liveable Exeter, Exeter City Living and other developers in developing sustainable and accessible neighbourhoods and new homes, using sustainable constructions methods
	Healthy and Active City	Working in partnership with Live & Move in developing sustainable travel options and low traffic neighbourhoods for staff active travel

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

- 10.1 The development of the City Council's carbon baseline report and supporting action plan and risk register will inform the work programme of the Net Zero team for the foreseeable future. These documents will be presented to Strategic Scrutiny on a regular basis for ongoing monitoring.
- 10.2 An early indication from the carbon baseline report is the need for better data to monitor progress. The Net Zero Data Support Officer is working with City Council services to gather new and additional data, so that we are able better to monitor progress.
- 10.3 The financial cost to deliver net zero within the City Council will be significant. At every opportunity, funding bids will be submitted to relevant bodies to assist in reducing our own carbon emissions.

## 11. Equality Act 2010 (The Act)

- 11.1 In developing the action plan, the Net Zero team will take into account the potential impact of actions 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. An EQIA will be undertaken for each action being developed.

11.2 An EQIA was undertaken in developing the new Net Zero & Business team in allocating resources.

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

12.1 The City Council declared a Climate Emergency in 2019 and as part of this commitment it aims to achieve net zero emissions for its corporate activities by 2030. The Risk Register will consider the carbon reduction measures required to achieve net zero.

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

13.1 There is the option of not committing financial and non-financial resources to work towards Net Zero within the City Council. This would result in a lack of direction in reducing our carbon emissions and missing our 2030 target. On a regular basis, the Net Zero team will be sourcing and applying for external funding to enable delivery of the City Council's own carbon plan, working towards net zero within the City Council.

**Director Net Zero & City Management, David Bartram**

Author: Service Lead Net Zero & Business

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

Background papers used in compiling this report:-

Executive, July 2022

Contact for enquires:  
Democratic Services (Committees)  
Room 4.36  
01392 265275

# Net Zero & Business Risk Register

Ref	Service	Risk Title and Description	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	Net Zero & Business	<p><b>Too ambitious target to reduce City Council carbon emissions to 'net zero' by 2030</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Ineffective data monitoring &amp; methodology</li> <li>Change in Corporate Priorities</li> <li>Lack of understanding of carbon emergency and net zero ambition</li> <li>Officers unwilling or with no capacity to engage or make changes to their service</li> <li>Lack of technological advancement and financial barriers</li> <li>Growth in activity levels increasing scope 3 emissions</li> <li>Buying or building new buildings/property</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Not achieving Corporate Priority</li> <li>Reputational risk and damage</li> <li>Carbon emissions not decreasing</li> <li>Services being under the spot light as high carbon emitters</li> <li>Reliance on offsetting</li> <li>High spend to achieve aggressive carbon reduction methods</li> <li>Lack of funds to reduce carbon emissions</li> </ul>	13/06/2022	Net Zero Project Manager	4	4	16	<ul style="list-style-type: none"> <li>Establishment of Net Zero Team</li> <li>Regular engagement with relevant Directors on changes needed to reduce service carbon emissions</li> <li>Engagement with Centre for Energy and Environment to establish improved data and changes required to reduce carbon emissions and production of Corporate Carbon Footprint</li> <li>Engagement with the Devon Climate Emergency team</li> <li>Network to learn from best practice with industry and other public organisations</li> <li>Net Zero Ambassadors meet on regular basis to share best practice and support service changes</li> <li>Carbon Literacy training roll out programme in place delivering training to Net Zero Ambassadors, SMB, OMB, Clirs and other officers</li> <li>Monitoring legislative changes to support a reduction in carbon emissions</li> <li>Regular 1-2-1's with Portfolio Holder for climate change</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Keep targets realistic and update and review carbon emissions annually</li> <li>Regular updates and presentations provided to Strategic Scrutiny on Risk register, Carbon Footprint and implementing of the City Council Carbon Reduction Action Plan</li> <li>Extend contracts of Net Zero Data Support Officer and Sustainability Project Officer to support work until 2030</li> <li>Net Zero Ambassadors to be involved with setting annual action plan and targets</li> <li>Net Zero Ambassadors to be allocated budget to reduce carbon emissions and allow ownership on service level</li> <li>Be open and transparent with all Net Zero Ambassadors, Officers, Service Areas and Clirs</li> </ul>	2030	
Page 159	Net Zero & Business	<p><b>Unable to reduce City Council Scope 1 direct emissions from owned sources (fuel consumption and company vehicles)</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Ability to plan for net zero with uncertainty of new assets and disposal of by 2030</li> <li>Lack of financial resources to make changes within each service area</li> <li>Lack of full funding and /or match funding where business case is not viable</li> <li>Lack of asset condition data and investment audits</li> <li>Funding packages do not fit with City Council corporate priorities or eligibility match</li> <li>Lack of capacity in managing external funding bids and delivery of multiple projects</li> <li>Covid impact and temperature effect (reduced heating due to warmer temperatures) show decline in emissions but mask lack of efficiency</li> <li>Lack of investment in Leisure stock by previous operator</li> <li>Lack of specialist vehicle replacement</li> <li>Electrical replacement availability</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Backlog of projects and initiatives developed</li> <li>Some innovative projects not able to progress with low feasibility or asset uncertainty</li> <li>Net Zero projects stalled, due to lack of external/internal funding</li> <li>City Council unable to achieve net zero by 2030</li> </ul>	15/06/2022	Net Zero Project Manager	3	4	12	<ul style="list-style-type: none"> <li>Investigate potential sources of funding on a regular basis and optimisation of PSDS</li> <li>Regular discussions with other local public organisations to evaluate joint funding bids</li> <li>Development of a comprehensive business case presented</li> <li>Regular discussions with Exeter City Futures in bidding for city wide funding</li> <li>Engagement with Procurement</li> <li>BMS upgrade and EMIS secured through PSDS finding to provide better data</li> <li>A wide range of housing measures to reduce emissions from domestic housing stock is supported by better data and a range of effective measures around energy efficiency</li> <li>Water Lane Solar Farm to include EV charging infrastructure to support full electrification of fleet</li> <li>Electric RCV's purchased, electric vans and pool car in operation</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>Regular review and monitoring of funding options</li> <li>Investment grade decarbonisation audits of every building needed to establish work needed and cost</li> <li>Regular discussions with DCC &amp; LEP to secure funding to the for Exeter</li> <li>Seek external funding streams and internal invest to save opportunity</li> <li>Expert advice needed to provide more aggressive measures needed for heating and cooling decarbonisation in high use buildings</li> <li>Greater asset management capacity to include energy efficiency in all property maintenance</li> <li>Investigate potential and availability of expansion fleet electrification and equipment across all services</li> </ul>	2030	
	3	Net Zero & Business	<p><b>Unable to reduce City Council Scope 2 indirect emissions from generation of purchased energy</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Energy efficiency measures fail to drive down consumption as per Scope 1 (above)</li> <li>Change in national policy which does not incentivise PV</li> <li>National grid decarbonisation is slower than forecasted</li> <li>Carbon savings from self generation is reduced</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Potential reduction in national carbon saving from grid decarbonisation</li> <li>Carbon saving of solar PV is outweighed by energy security and financial savings</li> <li>City Council unable to achieve net zero by 2030</li> </ul>	15/06/2022	Net Zero Project Manager	3	4	12	<ul style="list-style-type: none"> <li>Significant Solar estate installed across the corporate estate, including Water Lane Solar farm and private wire to supply Exton Road</li> <li>Battery storage installed at Solar Farm and Livestock Centre and John Lewis Car Park to increase self supply</li> <li>LED lighting schemes installed</li> <li>Development of a comprehensive business case presented to support energy saving schemes</li> <li>Further solar PV opportunities identified</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>As per Scope 1, further energy saving measure across all buildings required</li> <li>PPA potential and extensive generation, including wind and hydrogen to be investigated</li> <li>Engage w/local public sector bodies to ensure collaborative schemes are explored</li> <li>Keep finance / legal / audit involved with the delivery of the commercial activity as well as energy saving</li> <li>New funding sourced to deliver and implement energy efficient measures to our corporate property estate</li> </ul>	2030

# Net Zero & Business Risk Register

Ref	Service	Risk Title and Description	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	Net Zero & Business	<p><b>Unable to reduce City Council Scope 3 other indirect emissions (supply chain, assets, investment, waste disposal, employee commuting)</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Insufficient data capture to provide meaningful incentive for reduction</li> <li>Procurement Policy unable to support carbon reduction measures in our supply chain e.g contactors do not/unable to reduce emmissions</li> <li>High financial cost of using contractors with low associated GHG emissions (Procuring a 'green' alternative is prohibitively more expensive)</li> <li>City Council purchase of new assets and increased carbon outputs</li> <li>City Council build new residential and commercial property increases carbon outputs</li> <li>Lower cost options when carrying out building maintenance repairs can increase carbon emissions and spend in the longer term</li> <li>Supply chain do not implement changes to their business</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Scope 3 emissions increase on an annual basis</li> <li>City Council unable to achieve net zero by 2030</li> <li>Reputational damage &amp; risk</li> </ul>	13/06/2022	Net Zero Project Manager	4	4	16	<ul style="list-style-type: none"> <li>Procurement Policy amendment to support a reduction in Scope 3 emissions</li> <li>Net Zero Ambassadors influence procurement decisions within their own service area - spend less</li> <li>Green Accord undergoing relaunch to support supply chain and use of contractors with commitments to mitigate climate change</li> <li>Regular internal and external communications to introduce better methodology to capture accurate meaningful data to incentivise reduction, "you cant manage what you dont measure"</li> <li>LEVI bid to support further EV charging infrastrurtrute to include staff EV charging</li> <li>New technology and agile working facilities for reduction in staff travel emissions</li> <li>Regular 1-2-1's with Portfolio Holder for climate change</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Specific categories to be added to the new e Procurement system for meaningful data capture to provide meaningful procurement emissions to incentivise reduction</li> <li>Seek requirement that all contracts over £50k should be required to state GHG emissions for that contract</li> <li>Planned regular discussions with Procurement and service leads on spend and how to best tackle Ccope 3 emissions</li> <li>Set up mandatory evaluation for need for new buildings and include requirement to assess what the purchase would add to the Council's footprint</li> <li>Assessment of building new versus use of existing assets and building efficiently</li> <li>Sustainable building maintenance policy to review lifecycle emissions and overall cost benefit of low carbon alternatives</li> <li>Green Travel Plan to support reduced staff transport related activities and lower emission alternatives and other modes of transport, including reduction of unnecessary journeys</li> </ul>	2030	
Page 160	Net Zero & Business	<p><b>Reliance on afforestation to offset carbon emissions</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Additional planting of trees cause land use change, removing play areas and other valued land uses</li> <li>Impact of Ash die back on existing tree canopy decreasing carbon stored in ECC trees</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>High expenditure from afforestation</li> <li>Planting trees isn't reducing emissions, therefore masks existing emissions</li> </ul>	15/06/2022	Service Lead Net Zero & Business	3	3	9	<ul style="list-style-type: none"> <li>GHG emission savings vary depending on planting of different biomass</li> <li>Native trees planted</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Seperate study required to establish benefits, cost and land use to produce effective valley parks and other public green space owned by ECC</li> <li>Carbon Footprint Report set outs definitions of quality criteria needed for offset projects and to use where emissions are unavoidable</li> </ul>	2030	Relationship with DWT is key to success
6	Net Zero & Business	<p><b>Employees unable to work due to extreme weather events</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Outdoor workers suffering from heat stroke / heat exhaustion / hypothermia / hyperthermia</li> <li>Office spaces overheating</li> <li>Corporate property roofs leaking due to inability to cope with heavy rainfall/snowfall, making space below roof inadequate for working in</li> <li>Disruptions to travel from flooding, heat, heavy rainfall, snow or icy conditions resulting in staff unable to get to work</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Essential services not being carried out</li> <li>Decrease in work productivity</li> <li>Detrimental to employee physical and mental health and wellbeing</li> <li>Reputational damage &amp; risk</li> </ul>	06/02/2023	Net Zero Project Manager	3	2	6	<ul style="list-style-type: none"> <li>Procuring appropriate workwear for outdoor workers</li> <li>Adjusting waste collection programme during extreme heat to be earlier in the day before temperatures rise</li> <li>Postponing waste collection programmes during red alerts for extreme high winds to ensure safety for residents and workers</li> <li>Providing outdoor workers with sunscreen for use in extreme heat</li> <li>Programme to re-roof buildings identified as vulnerable to heavy rainfall/snowfall</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Identify and monitor risks through climate vulnerability and adaptation assessments</li> <li>Build resilience to service disruption</li> <li>Educate employees on risks to physical and mental health of climate impacts</li> </ul>	2030	
7	Net Zero & Business	<p><b>Services and budgets at risk from climate-related failure of the power system</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Power outages as result of wind, heat, ice and snow</li> <li>Impact of war affecting national energy supply, security and economic toll</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Essential services not being carried out</li> <li>High expenditure on power system repairs</li> </ul>	06/02/2023	Net Zero Project Manager	3	2	6	<ul style="list-style-type: none"> <li>Installation of solar PV across corporate estate and Council housing to reduce reliance on national grid</li> <li>Installation of battery storage technology at Water Lane, Matford Centre, John Lewis Car Park and Riverside allowing for smart grid use</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Regular review and monitoring of renewable opportunities</li> <li>Identify and make business case / seek funding for solar PV and other renewable enregy supply opportunities for the corporate estate and housing</li> </ul>	2030	
8	Net Zero & Business	<p><b>Risks to Council tenants' health, wellbeing and service productivity from increased exposure to heat in homes and corporate buildings</b></p> <p><u>Potential Causes:</u></p> <ul style="list-style-type: none"> <li>Building regulations, strategies and planning reforms regressing, resulting in standards that Council homes are currently built at to fall backwards</li> <li>Lack of funding resulting in inability to retrofit existing Council homes and corporate buildings</li> </ul> <p><u>Potential Impacts:</u></p> <ul style="list-style-type: none"> <li>Detrimental to tenants' physical and mental health and wellbeing and service users/staff</li> </ul>	06/02/2023	Net Zero Project Manager	3	2	6	<ul style="list-style-type: none"> <li>All new Council housing built to Passivhaus standards, a highly energy efficient future-proofed standard that assesses future overheating</li> <li>Retrofit programme underway to build resilience in existing homes and corporate property</li> </ul>	2	2	4	<ul style="list-style-type: none"> <li>Acquire further funding for retrofit and apply to all remaining housing stock and corporate property</li> </ul>	2030	