

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.	
3	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"> • external factors e.g. regulatory change and compliance, climate change • internal factors e.g. The One Exeter project to deliver the digitalization/transformation of service delivery 	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.	