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14 June 2024

AUDIT SCRUTINY COMMITTEE

A meeting of the **Audit Scrutiny Committee** will be held on **Wednesday, 26th June, 2024** in the **Long Room, Old Forde House, Brunel Road, Newton Abbot, TQ15 4XX** at **10.00 am**

PHIL SHEARS
Managing Director

Membership:

Councillors Jackman, Morgan, Purser, Radford, Thorne, Jeffries, Ryan and Steemson

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

A G E N D A

Part I

1. **Apologies for Absence**
2. **Appointment of Chair**
3. **Appointment of Deputy Chair**
4. **Minutes of the previous meeting** (Pages 3 - 6)
To approve and sign the minutes of the meeting held on 22 March 2024.
5. **Declarations of Interest.**
6. **Public Questions (If any)**

7. **Members Questions (if any)**

Members of the Council may ask questions of the Chair subject to procedural rules.

The deadline for questions is no later than three clear working days before the meeting.

8. **Housing Health and Safety Audit Update**

Verbal update.

9. **Internal Audit Annual Report** (Pages 7 - 14)

10. **Risk Management Strategy** (Pages 15 - 24)

11. **Strategic and Corporate Risk Report** (Pages 25 - 38)

12. **Annual Governance Statement 2023-2024** (Pages 39 - 54)

Part II: Items suggested for discussion with the press and public excluded

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AUDIT SCRUTINY COMMITTEE

22 MARCH 2024

Present:

Councillors Morgan (Chair), Purser, Radford, Jeffries and Ryan

Apologies:

Councillors Jackman, Thorne and Williams

Officers in Attendance:

Martin Flitcroft, Chief Finance Officer & Head of Corporate Services

Sue Heath, Audit Manager

Christopher Morgan, Trainee Democratic Services Officer

Julie Masci, External Auditor

Pete Barber, External Auditor

1. MINUTES OF THE PREVIOUS MEETING

It was proposed by Cllr Morgan and seconded by Cllr Radford that the minutes of the previous meeting be agreed as a correct record and signed by the chair.

Resolved

That the minutes of the previous meeting be agreed as a correct record and signed by the Chair.

2. DECLARATIONS OF INTEREST.

None

3. PUBLIC QUESTIONS (IF ANY)

None

4. MEMBERS QUESTIONS (IF ANY)

None

5. GRANT THORNTON

a) 2020-21 Audit Findings Report

The External Audit Manager introduced the item to the Committee. The Committee were informed on the asset valuations as well as issuing a disclaimer over problems with verification of these figures, the effect of sickness absence, and that the disclaimer wasn't discussed earlier due to wider national issues.

Resolved

That the report be noted

b) **2020-21 Letter of Representation**

The External Audit Manager introduced the item to the Committee.

Resolved

That the report be noted

6. 2021-22 AND 2022-23 JOINT AUDITORS ANNUAL REPORT

The External Audit Manager introduced the item to the Committee.

The Committee were informed that the Audit covered financial sustainability, governance, and value for money. No statutory recommendations were required, there were 2 governance recommendations in relation to financial statements, the capacity in finance, and a new finance system as part of digital transformation were also discussed. The Committee noted that the second recommendation related to members behaviour.

It was proposed by Cllr Morgan and seconded by Cllr Radford that the Committee recommend the Joint Auditors Annual Report to Full Council for approval.

Resolved

That the Committee recommend the Joint Auditors Annual Report to Full Council for approval.

7. 2021-22 AND 2022-23 BACKSTOP LETTER

The External Audit Manager introduced the item to the Committee. It was noted that the audit team had been working hard to deal with the workload.

Resolved

That the report be noted

8. 2023-24 EXTERNAL AUDIT PLAN

The External Audit Manager introduced the item to the Committee. He informed the committee about the short time frame for the work, the increase in fees in the previous year, and the role of PSAA in ensuring timely delivery.

Resolved

That the Committee note the report.

a) **Audit Opinion**

9. FINANCIAL WAIVERS

The Audit Manager introduced the item to the Committee. She explained the process for financial waivers where urgent action was required such as the collapsed wall.

Resolved

That the report be noted.

10. FINAL ACCOUNTS 2020-21

It was proposed by Cllr Morgan and seconded by Cllr Radford that the Committee recommend the updated statement of accounts 2020/21 and updated Annual Governance Statement for approval to Council.

Resolved

That the Committee recommend the updated statement of accounts 2020/21 and updated Annual Governance Statement to Full Council for approval.

11. NOTICES OF MOTION - WEBCASTING

The Committee considered that a decision on the motion did not fall into their terms of reference and would be more appropriately decided elsewhere. It was suggested that decision could be deferred until after the current contract is complete.

It was proposed by Cllr Purser and seconded by Cllr Radford that the motion report be sent to the Overview and Scrutiny Committee for consideration.

RESOLVED

That the motion report be sent to the Overview and Scrutiny Committee for consideration.

12. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager introduced the item to the Committee.

The Committee noted the audit progress of various projects. All but one project received an audit opinion of good. One audit rated excellent had just been out of time for inclusion in this report. The Committee considered that it would be useful for the Audit Scrutiny Committee to receive an update on progress with recommendations from the audit of Housing Health and Safety, from the responsible officer.

Resolved

That the report be noted.

The meeting commenced at 10.00 am and finished at 11.36 am.

Cllr Sally Morgan
Chair

**Teignbridge District Council
Audit Scrutiny
26 June 2024
Part 1**

INTERNAL AUDIT ANNUAL REPORT

Purpose of Report

To advise the work undertaken by internal audit in respect of the 2023-2024 Audit Plan, and provide the Audit Manager's annual opinion on the effectiveness of the systems of governance, risk management and control for the year ending 31st March 2024.

Recommendation(s)

The Audit Scrutiny Committee resolves to note the report.

Financial Implications

None. The service was delivered within current budget.

Legal Implications

The Council is meeting its statutory duty to provide an internal audit of its activities.

Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

None.

Report Author

Sue Heath – Audit and Information Governance Manager
Tel: 01626 215258 Email: sue.heath@teignbridge.gov.uk

Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. BACKGROUND

1.1 The Accounts and Audit Regulations (2015) require the Council to:

“undertake an internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

1.2 An annual report must be provided by the Audit Manager, which summarises the performance of the internal audit service, and gives an opinion on the adequacy of the control framework. It should be noted that the most any internal audit service can provide is a *reasonable*, not *absolute* assurance that there are no major weaknesses in the Council's processes.

1.3 This report can be used to inform the Committee's review of the Annual Governance Statement which forms part of the Council's accounts.

2. INTERNAL AUDIT OPINION 2022/23

2.1 The following issues are taken into account in providing an opinion:

- the results of completed audits and follow up action from previous audits
- management's acceptance of our findings and recommendations
- the effects of any significant changes to systems
- any limitations that may have been placed on the scope of internal audit
- the quality of internal audit work and performance
- the results from other sources of assurance we have been provided with
- insight from our internal involvement with various corporate work, and attendance at meetings including the Corporate Management Team meetings.

Audit Work

- 2.2** A plan of audit work was approved by the Audit Scrutiny Committee, in August 2023. Alongside the plan was the Internal Audit Charter which set out how the service would be delivered. Throughout 2023-2024 and for the past few years it has been a hybrid service provided part internally, supplemented with a number of days bought in from the Devon Audit Partnership.
- 2.3** Each Audit is individually scoped to provide assurance on the extent to which the risks in the areas examined are managed. Terms of reference outlining risks and the planned approach are provided to service managers prior to commencement of each audit assignment, and results are communicated in audit reports which capture agreed actions for any recommendations.
- 2.4** Each area audited is allocated one of the following assurance ratings:

Key to Assurance Opinions:	
Excellent ☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good ☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
Fair ☆☆☆	Basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require controls to be strengthened to achieve system objectives.
Poor ☆	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

- 2.5** Audit plans are naturally susceptible to change due to unforeseen events and changes in priorities. Some planned audits were postponed due to circumstances set out below, and several pieces of ad hoc unplanned work were undertaken instead, namely special investigations and fact finding audits requested by management. Our internal auditor also carried out post Covid business grant reconciliations for BEIS which were still ongoing in the early part of the year.

- **Housing Finance** - the service involved was under pressure due to staff changes and shortage of resources.
- **Business Continuity** - pending business continuity lead recruitment.
- **Purchasing Cards** – pending implementation of a new income management system.

2.6 Completed audits and their assurance ratings are as follows:

PROJECT	ASSURANCE OPINION
<u>Financial Systems</u>	
Main Accounting	Excellent
Payroll	Good
Council Tax	Excellent
Business Rates	Good
Housing Benefit and Council Tax Support	Good
Housing Finance	(Carried fwd 24-25)
<u>Other</u>	
Safeguarding	Good
Health and Safety - Corporate	Fair
Health and Safety - Housing Stock	Fair
Housing Grants (Disabled Facilities Grants)	Excellent
Councillors Community Fund	Good
Register of Interests, Gifts and Hospitality	Good
Risk Management	Pending
Building Control	Good
Estates - follow up of previous audit	Good
Car Park income – follow up of previous audit	Good
Mobile Billing (requested audit)	Good
Governance and Annual Governance Statement	(Ongoing)
Fraud Risk Analysis and Counter Fraud Polices	(Ongoing)
National Fraud Initiative	(Ongoing)
Grant Certifications – various schemes	N/A

- 2.7 Further assurance has also been gained from internal involvement in corporate initiatives and Corporate Management Team meetings, and insight from the ongoing provision of audit advice to service departments.

ICT Assurance

- 2.8 The Council's ICT is provided by Strata Service Solutions under the tripartite agreement between Exeter City, Teignbridge and East Devon District Councils as founding partners.
- 2.9 Strata commission their own internal audit service from the Devon Audit Partnership (DAP), however the results are shared with us to enable us to take their work into account and avoid duplication.

Devon Audit Partnership - Overall Opinion Statement

Based on the work conducted, our opinion is one of **Reasonable Assurance**. This is defined as *"There is a generally sound system of governance, which has recently been further strengthened, and controls to safeguard the Partners' information assets accord closely to National Cyber Security Centre (NCSC) best practice. Strata are seeking to strengthen service delivery with further alignment with ITIL best practice which, once in place, will be reviewed"*.

Counter Fraud

- 2.10 The Council has participated in the National Fraud Initiative (NFI). This is a Cabinet Office data matching exercise comparing data from organisations across the public sector and some private sector bodies to help prevent and detect fraud. A biannual exercise is compulsory and involves numerous data sets including Council Tax, Housing Benefit, Licences, Electoral Register, Payroll and Creditor data. Teignbridge also participated in a recent pilot to test the effectiveness of deceased cases matching to Council Tax records.

2.11 A Fraud Risk Analysis has also been maintained for all Council services which highlights areas susceptible to fraud and records the mitigations in place. Overall, the risk of fraud in the Council is considered to be low.

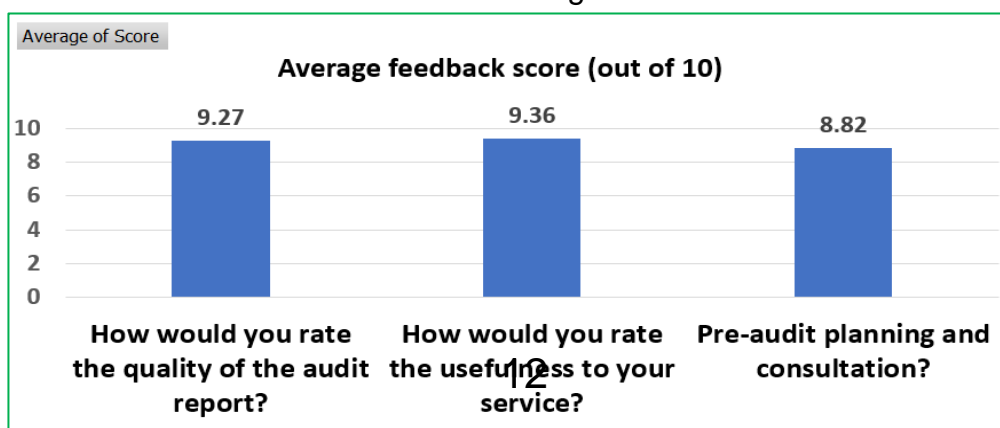
Internal Audit Performance and Quality Assurance

2.12 “Proper practice” for internal audit in local government is defined by the Public Sector Internal Audit Standards, which cover the following aspects audits:

- Purpose, authority and responsibility
- Independence and objectivity
- Proficiency and due professional care
- Quality assurance and improvement
- Managing the internal audit activity
- Nature of work
- Engagement planning
- Performing the engagement
- Communicating results
- Monitoring progress
- Communicating the acceptance of risks.

2.13 A self-assessment against the standards indicates 95% compliance. Independent validation of this is being commissioned and must be completed to enable the internal element of the service to be fully compliant.

2.14 Performance outcomes: a short survey is sent on the completion of each audit. Feedback shows relatively good levels of satisfaction from auditees when asked for their views on the following:



Audit Independence and Acceptance of Findings

- 2.15** The Internal Audit Charter enables us to access all Council staff and systems for the purpose of audit work. There were no restrictions in this respect and no declared relationships that would have given rise to conflicts of interest in the work undertaken by the auditors this year.
- 2.16** The senior management of the Council have been supportive of the audit process and engaged positively with audit findings and recommendations.

3. OPINION

I have considered the completed internal audit work and other sources of assurance for the 2023-2024 year and for the period up to date, to allow me to draw a conclusion on the adequacy and effectiveness of Teignbridge District Council's control environment.

It should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance based on the internal audit work undertaken, and matters that came to internal audit's attention during the course of this work.

I confirm that in my opinion, the framework for governance was as described in the Annual Governance Statement; risks were managed consistently; and controls were generally effective.

As noted in the Annual Governance Statement, there are a number of improvements in progress in relation to governance, which have been highlighted by reviews undertaken by the Centre for Governance and Scrutiny, the external auditor, and the recent [Local Government Peer Challenge](#). These recommendations should continue to be implemented at pace in order to strengthen Council governance.

Sue Heath - Audit and Information Governance Manager

4. Acknowledgement

I would like to thank Managers, Officers and Members of the Audit Scrutiny Committee for their ongoing support which aids delivery of our audit work.

6. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

6.1. Legal

The Council is meeting its statutory obligation to undertake an internal audit of its systems in accordance with the Accounts and Audit Regulations 2015, and for the findings to be considered by the Council or one of its committees. The Audit Scrutiny Committee is the designated committee for this purpose.

6.2 Resources

The service was delivered within budget.

7. GROUPS CONSULTED

Not applicable.

8. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

Not applicable.

9. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Not applicable.

Teignbridge District Council
Audit Scrutiny Committee
26 June 2024
Part i

Risk Management Strategy

Purpose of Report

To provide Members with the risk management strategy

Recommendation(s)

The Committee RESOLVES to:

- (1) Note the actions being taken to reduce risks to the achievement of the council's objectives.

Financial Implications

The financial implications are contained within risk ST02 Failure to control and manage finance and other risks including ST14 Fraud & corruption and ST24 Breach of finance and contract rules.

Martin Flitcroft
Head of Corporate Services
Email: Martin.Flitcroft@teignbridge.gov.uk

Legal Implications

No direct implications beyond effective risk management are key to meeting Council's legal duties.

Paul Woodhead
Monitoring Officer
Email: Paul.Woodhead@teignbridge.gov.uk

Risk Assessment

Effective risk management will aid decision making, focus and make better use of resources, provide a duty of care, comply with legislation, reduce costs, provide a continuity of service and reduce the risk of not meeting the council's objectives.

Amanda Pujol
Head of Community Services and Improvement
Email: Amanda.Pujol@teignbridge.gov.uk

Environmental/ Climate Change Implications

Environmental and climate change implications have been identified alongside mitigating actions within the Report; the most relevant risks include:

ST31 – the impact of not reducing our energy use and contribution to CO₂. ST42 – Failure to deliver the council strategy. ST44 – Flood risk resilience. ST45 – Flood risk management.

William Elliot
Climate Change Officer
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Report Author

Jack Williams
Data & Performance Analyst
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Executive Member

Corporate Resources – Richard Keeling

Risk Management Strategy July 2023

1.0 Policy

1.1 Risk Management (RM) may be defined as “the culture, processes and structure that are directed towards the effective management of potential opportunities and adverse effects”

1.2 The Council recognises that its success in managing risk and uncertainty has a direct impact on the achievement of its goals. It believes that successful organisations are not afraid to take risks; unsuccessful organisations take risks without understanding them.

1.3 High impact risks which the Council face include:

- anything that poses a threat to the achievement of effective service delivery
- missing opportunities to improve services due to risk aversion
- inability to respond to, or manage, change
- anything that could damage the Council’s reputation and undermine public confidence
- failure to guard against impropriety, malpractice, waste, or poor value for money
- failure to comply with legislation, such as that covering the environment, health and safety, employment practice, and human rights

1.4 Risk needs to be managed rather than avoided, and consideration of risk should not stifle innovative decision making.

1.5 The Council recognises that it has to deliver services in an increasingly challenging financial situation. However, we regard risk management as a tool for exploiting opportunities in a controlled way, as well as a safeguard against potential threats. The Council will therefore use risk management to promote innovation as well as to help achieve existing objectives.

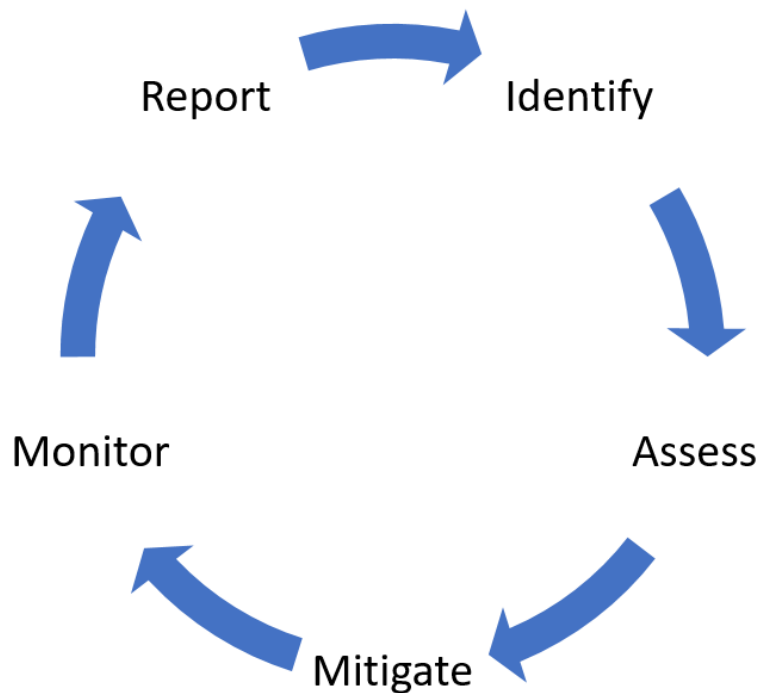
1.6 A rigorous approach to all aspects of risk management will be an integral part of service planning, decision making, and project management, rather than a separate initiative and will be undertaken with the minimum of bureaucracy.

1.7 The Council is committed to establishing a systematic and consistent approach to risk identification, analysis, control, and monitoring which:

- embeds risk management as an integral part of corporate and service planning; decision making; and project management
- enables the Council to deliver its priorities and services effectively

- contributes towards the achievement of sustainable improvement in services
- contributes to the Council discharging its duty of care to the public and its employees
- contributes to developing and maintaining a safe and healthy environment for the public and its employees
- reduces the number and cost of claims arising
- minimises damage to the Council's reputation

1.8 The risk management process the council uses to identify and manage risks is outlined below.



Step 1: Risk Identification - Identify potential risks that could affect the authority's operations, services, or projects.

Step 2: Risk Assessment - Analyse the identified risks to determine their likelihood and potential impact on the authority.

Step 3: Risk Mitigation - Develop and implement strategies to reduce or eliminate identified risks, aiming to minimize their potential consequences.

Step 4: Risk Monitoring - Continuously monitor the identified risks to ensure that the implemented mitigation strategies are effective.

Step 5: Risk Reporting - Regularly report on risk management any changes to managers, SLT and councillors.

These 5 steps form a continuous cycle to maintain effective risk management.

1.9 Types of risks

There are three types of risk to manage:

- **Strategic risks** – these are the big issues that impact heavily on service delivery or are fundamental changes in the district or something that may cause a lot of bad publicity. These risks are managed by Business Leads and Business or Service Managers
- **Corporate risks** – also called ‘common risks’ because they apply to many sections of the Council and there are corporate processes in place to deal with them, for example, attacks on staff. These risks are also managed by Business or Service Managers
- **Service risks** – these are risks and opportunities that apply primarily to a service and will not generally have too many consequences on the rest of the Council. These are managed by Business or Service Managers and Team Leaders
- **Project risks** – major projects are required to have their own project risk log in line with project governance requirements.

1.10 Risk scoring

Risks are ranked by a 3 x 3 score which considers the likelihood of the risk event occurring (unlikely, possible or likely) and the impact (low, medium or high). These are multiplied to give an ‘unmitigated risk score’ graded low (green), medium (amber) and high risk (red) as shown below

		Likelihood		
		Unlikely Low (1)	Possible Medium (2)	Likely High (3)
Impact	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3

1.11 Risk review frequency

Risk reviews are carried out by the risk responsible officer monthly for unmitigated risk status scores of very high (9) risks, quarterly for high (6), twice a year for medium risk (3-4) risks and once a year for low (2) risks:

Unmitigated risk status score	Review interval
9	Monthly
6	Quarterly
3 – 4	Twice a year
1 – 2	Annually

2.0 Roles and responsibilities

- 2.1 The Managing Director has strategic responsibility for risk management. The Strategic Leadership Team (SLT) will act as the Council’s strategic risk management group.
- 2.2 The SLT will approve this risk management strategy on a periodic basis and endorse action plans and monitoring reports arising from it. It is also responsible for the development of advice and guidance on risk management matters.
- 2.3 The SLT will be supported by Business Managers, Business Improvement & Development Officers, and other specialist qualified advisors as appropriate e.g. Insurance officer; Health, Safety and Welfare Officer, Internal Audit etc. The SLT will also be aware of the work of the Health, Safety and Welfare forum when discussing risk management issues to ensure a co-ordinated approach to this topic.
- 2.4 Business Managers will lead the risk management process within their services and ensure that service business plans are informed by a rigorous assessment of risks.
- 2.5 Business Managers have responsibility for managing strategic, corporate and service risks and implementing mitigating actions to control risks. They should ensure that their teams carry out risk assessments where appropriate as a routine part of service planning and management activities.
- 2.6 Business Managers will ensure that risks and their mitigating actions are reviewed on a regular basis.
- 2.7 Business Managers will ensure that new or developing partnerships between the Council and external bodies and shared services or other proposed delivery models, are subject to a rigorous risk assessment.
- 2.8 The Council will maintain a corporate Risk Register in the form of the SPAR.net system, in which it will record all risk information, including details of risk, risk scores, mitigating actions, responsible officers, and risk reviews.

2.9 Business Managers should notify the SLT of any significant changes in service provision in order to enable it to ensure that appropriate and adequate corrective measures are in place.

2.10 The Section 151 Officer is responsible, in conjunction with the Council's Insurers, for:-

- minimising the overall cost of inevitable claims which do arise
- supporting the risk management programme by supplying any advice and data to the SLT

2.11 The Audit Manager is responsible for monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with mitigating actions introduced by Business Managers to manage risks.

2.12 Strategic and Corporate risks, monitoring reports and action plans will be reviewed by the Strategic Leadership Team quarterly and by the Audit Scrutiny Committee twice a year

3. Arrangements

3.1 Risks and their mitigating actions and risk scores will be recorded in the SPAR.net system and be assigned a Responsible Officer. They will be evaluated in terms of the likelihood that the risk will materialise and impact. They will then be reviewed in accordance with their unmitigated severity using a range of intervals from annually (lowest scoring risks) to monthly (highest scoring risks).

3.2 Service business plans will include details of risks to service delivery.

3.3 Risks will be discussed at meetings between Portfolio Holders and Business Managers.

3.4 Members will receive regular monitoring reports on risk through reports to the Audit Scrutiny Committee who have responsibility for monitoring the effectiveness of the Council's Risk Management arrangements.

3.5 Risk Management training will be provided to all relevant Members, and Business Managers with the aim of ensuring that they have the skills necessary to identify, evaluate, control and monitor the risks associated with the services they provide. Information will also be provided for all staff to ensure they understand the principles of good risk management.

3.6 As part of any project review process, project teams should assess strategic and operational risks associated with options considered. Mitigating actions should subsequently be included on project plans.

3.7 This strategy will be communicated to staff and the public and be subject to review on an ongoing basis by the SLT.

3.8 Appendix 1 sets out the measures that we will use to assess the effectiveness of our approach to Risk Management.

3.9 The strategy will be reviewed every two years by SLT and endorsed by the Audit Scrutiny Committee.

3.10 The strategy will be made available on the website.

4. Key Documents

- Annual Governance Statement (published with year-end accounts)
- Financial Instructions, Section 4.1, Risk Management, and Internal Control
- Business Continuity Plan
- SPAR.net Risk Register
- Records of Portfolio Holders meetings with Business Leads / Managers
- Service Business Plans
- Council Strategy

RISK MANAGEMENT PERFORMANCE MEASURES

Aim/Objective	Indicator	Comment
Integration of Risk Management (RM) into the culture of council and raising awareness of RM.	<ul style="list-style-type: none"> • Staff recognise their role & responsibility for RM in their area • Number of reports for decisions that demonstrate risk assessment • Audit and inspection reports 	<ul style="list-style-type: none"> • By audit of reports & documentary evidence of decisions
Enabling change	<ul style="list-style-type: none"> • Post event assessment of how we managed individual major changes 	<ul style="list-style-type: none"> • RM considerations must be central to reviews
Minimisation of losses, accidents, injury, inconvenience, and absenteeism.	<ul style="list-style-type: none"> • Number and length of disruptions to services • Levels of fraud 	<ul style="list-style-type: none"> • Measure response & recovery performance as well as frequency

	<ul style="list-style-type: none"> • Levels of complaints, claims etc. • Levels of write offs 	<ul style="list-style-type: none"> • Informed by existing strategies and processes
Minimising cost of risk	<ul style="list-style-type: none"> • Annual insurance premiums • Level of reserves • Uninsured losses • Management and project costs 	<ul style="list-style-type: none"> • Will incorporate budget & capital project overspends, fraud, write offs, claims, premiums, insurance excesses, plus any loss in external resources.

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Teignbridge District Council
Audit Scrutiny Committee
26 June 2024
Part i

Strategic and Corporate Risk Report

Purpose of Report

To provide Members with an overview of the current status of the Strategic & Corporate risks.

Recommendation(s)

The Committee RESOLVES to:

- (1) Note the actions being taken to reduce risks to the achievement of the council's objectives.

Financial Implications

The financial implications are contained within risk ST02 Failure to control and manage finance and other risks including ST14 Fraud & corruption and ST24 Breach of finance and contract rules.

Martin Flitcroft
Head of Corporate Services
Email: Martin.Flitcroft@teignbridge.gov.uk

Legal Implications

No direct implications beyond effective risk management are key to meeting Council's legal duties.

Paul Woodhead
Monitoring Officer
Email: Paul.Woodhead@teignbridge.gov.uk

Risk Assessment

Effective risk management will aid decision making, focus and make better use of resources, provide a duty of care, comply with legislation, reduce costs, provide a continuity of service and reduce the risk of not meeting the council's objectives.

Amanda Pujol
Head of Community Services and Improvement
Email: Amanda.Pujol@teignbridge.gov.uk

Environmental/ Climate Change Implications

Environmental and climate change implications have been identified alongside mitigating actions within the Report; the most relevant risks include:

ST31 – the impact of not reducing our energy use and contribution to CO₂. ST42 – Failure to deliver the council strategy. ST44 – Flood risk resilience. ST45 – Flood risk management.

William Elliot
Climate Change Officer
Email: william.elliott@teignbridge.gov.uk

Report Author

Jack Williams
Data & Performance Analyst
Email: Jack.Williams@teignbridge.gov.uk

Executive Member

Corporate Resources – Richard Keeling

Appendices/Background Papers

Appendix A – Risk report

PURPOSE

To provide Members with an overview of the current status of the Council's corporate and strategic risks.

BACKGROUND

There are 3 types of risk to manage, and these are:

Strategic Risks – these are the big issues that impact heavily on our service delivery or are fundamental changes in the district or something that may cause a lot of bad publicity. These risks are managed by Business Leads and Business or Service Managers.

Corporate Risks – also called 'common risks' because they apply to many sections of the Council, and we have corporate processes in place to deal with them e.g. Attacks on staff. These risks are also managed by Business or Service Managers.

Service Risks - These are risks and opportunities that apply primarily to a service and that generally won't have too many consequences on the rest of the Council. These are managed by Business or Service Managers and Team Leaders.

In addition, reports to decision makers (both Members and the Strategic Leadership Team) for major projects or service changes, should include an analysis of risks so these are considered when important decisions are made. These risks may be referred for inclusion in the Corporate or Strategic Risk Registers if they are likely to be significant issues.

RISK OVERVIEW

There are currently 24 risks in the Strategic Risk register which are the risks we consider could impact heavily on our ability to deliver essential services and meet important objectives. In addition, there are 12 corporate risks, ‘common risks’, which apply to many sections of the council, and we have corporate processes in place to deal with them.

Of these 36 risks 4 have a very high unmitigated risk score 9 (3x3) i.e. the risk if we took no action to reduce the risk. The risk Responsible Officers have actions (mitigations) in place to reduce the risk scores.

The risk matrix below shows how many risks have very high (9), high (6), medium (3-4) or low (1-2) mitigated risk score, which considers the effectiveness of actions (mitigations) to reduce the risk.

- 0 risks have a high impact and high likelihood score of 9 (3x3)
- 2 risks have a medium impact and high likelihood score of 6 (2x3)
- 9 risks have a high impact and medium likelihood score of 6 (3x2)

Corporate & Strategic Risk Matrix – Mitigated Risks				
Risk Likelihood	3 - High	No Risks	2 Risks CP11, ST41	No Risks
	2 - Medium	No Risks	9 Risks CP01, ST02, CP12, CP09, CP08, ST19, ST32, ST40, ST46,	9 Risks ST29, ST17, ST08, ST11, ST20, ST42, ST44, ST45, CP17
	1 - Low	1 Risk CP05	13 Risks ST14, CP13, CP07, ST26, ST25, ST24, ST31, ST09, ST06, ST28, ST37, CP14, ST43,	2 Risks CP16, CP15,
		1 – Low	2 – Medium	3 - High
		Risk - Impact		

Risk reviews

These are carried out by the risk Responsible Officer monthly for very high (9) risks, quarterly for high (6) twice a year for medium risk (3-4) risks and once a year for low (2) risks. This includes a review of each risk, its mitigations and risk impact and likelihood scores.

In addition to the regular reviews, meetings with the Risk Responsible officer and those managing the risk are held to review the scope of the risk, causes and impact, and mitigations in more depth.

RISK REPORTS

A report listing the Corporate & Strategic risks is provided as Appendix A

Details of those risks with 'Action needed' mitigations statuses or a very high mitigated status of 9, are provided below. The 'Action needed' statuses are colour coded to match the risk matrix above.

Risk: CP01 Attacks on Staff

Description: Failure to comply with Health and Safety Legislation leading to damage of property or equipment, loss, injury, or death of staff or public, risk of corporate manslaughter, prosecution, loss of reputation and high insurance costs.

Last reviewed: 12.04.2024

Risk unmitigated status: 6 – high

Current mitigated status: 4 – medium (previous review was 4 – medium)

Table of mitigations with actions needed:

Mitigation Status	Mitigation	Info
Action needed	Implementation of the Health & Safety Policy	All managers to be responsible for implementing the Health & Safety Policy as detailed in respective health & safety procedures within the policy document Action needed Action ongoing Action completed No status set
Action needed	Local procedures (Teams or Services)	To be developed and implemented by teams/services as they will have differing ways of implementing control measures, they formulate resulting from risk assessment.
Action needed	Health & Safety Policy Committee	Group to be established and maintained to ensure a co-ordinated response to all risks to staff. Meets quarterly.
Action needed	Lone working procedure	Lone working procedure in place that includes the provision of mobile phones, personal attack alarms and lone worker record updating
Action needed	Staff training	Staff training program in place but will always need maintaining & review A Staff Induction programme in place. Training is included in the PDP process

		undertaken by line managers and should include training as identified by risk assessment.
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Review note:

The assault on the porter has been investigated, a report was taken to SLT in January and an action plan developed for consideration by SLT. A request for support from STRATA on the provision of a suitable lone worker device is due to be considered at the Architecture Board.

Diffusion training delivered by the Corporate Health and Safety Manager and Anti-Social Behaviour Officer is being developed and when ready will be offered to medium/high risk staff.

Risk: CP15 Project Management

Description: Poor project planning and management lead to failure of the project. Either failure of the whole project or part of it and the outcomes and efficiencies expected are not achieved. Opportunities to improve efficiency, use of our assets, increase income, provide 24/7 online services, improve the customer experience.

Last reviewed: 23.05.2024

Risk unmitigated status: 3 – medium

Current mitigated status: 3 – medium (previous review was 3 – medium)

Table of mitigations with actions needed:

Mitigation Status	Mitigation	Info
Action needed	Project lessons learned	Ensure lessons learned from running major projects are captured and reported to CMT

Review note:

A recent exercise has been undertaken to ensure all risk registers are up to date on all major projects for Audit Scrutiny. Action is needed to ensure lessons learnt are captured and shared at the end of projects

Risk: ST11 Failure to Comply with Health & Safety Legislation

Description: Failure to comply with Health and Safety Legislation leading to damage of property or equipment, loss, injury, or death of staff or public, risk of

corporate manslaughter, prosecution, loss of reputation and high insurance costs.

Last reviewed: 29.05.2024

Risk unmitigated status: 9 – high

Current mitigated status: 6 – medium (previous review was 6 – medium)

Table of mitigations with actions needed:

Mitigation Status	Mitigation	Info
Action needed	Adequate Health and Safety resources available	The Council makes available adequate time, money and resource for measures necessary for health and safety to be carried out.
Action needed	Approved Policies and procedures in place	Health and Safety Policy and procedures in place and subject to regular revisions.
Action needed	Health and Safety communication	Annual reports produced each year. Regular Health and Safety Committee meetings take place.
Action needed	Health and Safety Manager provided	Health and Safety Manager in post to advise managers on how to comply with their duties.
Action needed	Overview of compliance	Health & Safety Manager to escalate to Head of Service or Managing Director where managers are not properly managing health and safety duties/responsibilities
Action needed	Risk assessments in place	Managers produce risk assessments and have access to advice from H&S Manager. H&S manager audits risk assessments as necessary.
Action needed	Safety audits	Periodic H&S audits of teams and services based on hazard and risk carried out through self-assessment programme co-ordinated by H&S manager.
Action needed	Systems to report, record, monitor accident and near miss reports	Reporting policy in place and effectively being applied

Review note:

Internal Health & Safety (IHS) is supporting TDC's HR department in its review of the onboarding and induction process. This is awaited. Recommendations have been made regarding each managers responsibility to identify and facilitate the initial and ongoing Health and Safety training needs of each member of their staff so as to ensure that their staff are fully competent and effectively supervised.

H&S Audits are undertaken on an ad hoc (risk based) basis across TDC services seeking to ensure that compliance with all relevant H&S Regulation is established,

maintained and effective. This is supported by Services reporting concerns and or seeking support / assistance. Additionally, IHS have sought to engage with TDC’s recognised unions to undertake regular formal workplace inspections. It was hoped that this might contribute reports quarterly, but as yet none have been forthcoming.

The recent Audit and Audit Report of IHS recognised the need to identify and clarify the H&S related Roles & Responsibilities of TDC managers. To formally appoint & resource “Duty Holders” as well as ensure the ongoing training and development of suitably competent persons. The Annual H&S report provides actions plans / priorities for consideration to support and deliver this.

The TDC Health & Safety Committee (HSC) has met twice this year and IHS has sought support for this being a quarterly by reviewing & consulting re the constitution of the committee.

H&S Manager in post to provide assistance re H&S. IF services do not seek assistance, then compliance can perhaps unwittingly falter which creates risks to TDC staff and reputation.

Existing TDC H&S Policy, Arrangements and Procedures remain largely fit for purpose. However, there is concern that staff and or managers are not accessing or familiar with the existing provision. A rolling program to update the content and or formatting is planned.

Risk: ST25 High Levels of Customer Dissatisfaction

Description: Inadequate customer contact standards and poor customer service leading to increased complaints and loss of reputation

Last reviewed: 09.05.2024

Risk unmitigated status: 4 – medium

Current mitigated status: 2 – low (previous review was 2 – low)

Table of mitigations with actions needed:

Mitigation Status	Mitigation	Info
Action needed	Complaints Review Board	The Complaints Review Board was set up in February 2016. The role of the group is to review and close all complaints on a quarterly basis. Complaints will be reviewed to identify any corporate lessons learned that can be shared in order to reduce similar

		<p>complaints happening in the future. Training is being provided across the council to ensure a consistent approach to handling customer complaints.</p>
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Review note:

New Customer Feedback Policy and Procedure drafted in line with Local Government Ombudsman and Housing Ombudsman best practice guidance. Currently undertaking internal and external review before training to all staff. – underway no set completion date at the moment by anticipate delivery within Q2

Introduced increased data gathering at first point to aid in identification of customer led improved service initiatives, developing reporting on this
 Introduced quality standards (firstly for telephone interactions) and developing technical training to ensure delivery of consistency at first point – ongoing delivery.

Developed customer service and customer feedback training for the induction programme.

Reviewing customer charter and customer service standards with customers centric. Aiming to complete this Q1.

Risk: ST37 Failure of ICT infrastructure and systems not meeting business needs or not being fit for purpose

Description: The key outcomes of the projects are:

- Reduce cost...through economies of scale and reduced duplication of effort
- Reduce risk...by having a larger ICT team with less reliance on key individuals and more time to manage new complex technologies
- Improve capability for change...through creating capacity within the ICT team for transformation effort rather than just "business as usual"

The risks arising following the formation of a new company, Strata Service Solutions Ltd, wholly owned by Teignbridge DC, Exeter CC, and East Devon DC to deliver and manage ICT services for all 3 Councils.

Failure of the shared service and failure by Strata to provide the ICT service required.

Last reviewed: 29.04.2024

Risk unmitigated status: 6 – high

Current mitigated status: 2 – low (previous review was 4 – medium)

Table of mitigations with actions needed:

Mitigation Status	Mitigation	Info
Action needed	Good communication	Good communication to all staff about the changes, the impact on staff and engagement with staff on their views and needs
Action needed	Strata and Teignbridge DC Business Continuity Plans	Strata Business Continuity Plan in place for each LA to link into. This will ensure continuity in ICT services and an emergency website facility

Review note:

Strata are reviewing the current processes they have in place for new ICT projects with the client leads. They have employed a Systems Architect and implemented an Architecture Board to approve all new systems and project requests. This minimises the risk of a system not meeting user requirements or the business needs. As part of Modern 25 work TDC also have a digital specialist to work with services to understand their requirements and business needs prior to any work requests being submitted to Strata.

Internal processes are also being reviewed to ensure there is sufficient user testing taking place before systems go live to ensure business requirements are met. With regards to ICT failure there is ongoing work being undertaken by Strata and TDC with regards to business continuity planning to minimise the impact of any ICT failure.

Major projects/service changes

The current major council projects are listed in the table below, which provides assurance that project risks have been assessed and registers or strategic risks are in place and being managed.

The One Teignbridge Transformation Board meets monthly to review major systems and the digital platform projects. This includes a review of the project risk registers. The Capital Review Group meets every other month to review projects in the capital programme including key risks and issues.

T10	Project	Service	Responsible Officer	Current Risk Register
VVC	Modern 25 Programme	Business Transformation	Amanda Pujol	Yes
VVC	Modern 25 Strategic Portfolio	Business Transformation	Sarah Knight	Yes
VVC	Financial Management System	Finance	Martin Flitcroft	Yes
VVC	Income Management system	Finance	Martin Flitcroft	Yes

CS	Fleet Decarbonization	Waste & Recycling	Chris Braines	Yes
IIP	UK Shared Prosperity Fund	Economy	Fergus Pate	No register, but comprehensive issues log is actively used for programme
AROOH	Local Authority Housing Fund: Refugee Accommodation	Housing	Graham Davey	Yes
IIP	Dawlish link road and bridge	Spatial Planning	Charles Acland	Yes
IIP	Ridgetop Countryside Park	Green Spaces & Active Leisure	Estelle Skinner	Yes
IIP	Future High Street Fund project: Market Improvements	Economy	Tom Phillips	Yes
OAA	Broadmeadow Sports Centre Decarbonisation Phase 2 and Refurbishment	Leisure	James Teed	Yes
IIP	Future High Street Fund project: Gateway to the Town Centre and Queen Street	Economy	Tom Phillips	Yes
IIP	George Street Car Park	Economy	Tom Phillips	Yes
AROOH	Teignbridge 100: Social/Affordable housing - Sherborne House	Housing	Graham Davey	Yes

ALTERNATIVE OPTIONS

None, risk management is a mandatory function of the Council.

CONCLUSION

Effective risk management will aid decision making, focus and make better use of resources, provide a duty of care, comply with legislation, reduce costs, provide a continuity of service and reduce the risk of not meeting the council's objectives.

Risk status report for AS

Annual report for 2024/25 and 2024

No headings

Filtered by Prefix: Include Risk Prefix: ST, CP

Key to Performance Status:

Risks:	Review overdue (0+)	Very High (9+)	High (6+)	Medium (3+)	Low (1+)
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Risk status report for AS

Risks						
Status	Code	Title	Risk Impact	Risk Likelihood	Executive Member	Risk Responsible Officer
High (6)	CP11	<u>Breach of Code of Conduct by Members</u>	2 - Medium	3 - High	Corporate Resources	Paul Woodhead
High (6)	ST29	<u>Failure to maintain sufficient management capacity & capability</u>	3 - High	2 - Medium	Strategic Direction	Neil Blaney, Martin Flitcroft, Amanda Pujol
High (6)	ST17	<u>Inability to Recruit and Retain Staff</u>	3 - High	2 - Medium	Corporate Resources	Tim Slater
High (6)	ST17	<u>Inability to Recruit and Retain Staff</u>	3 - High	2 - Medium	Corporate Resources	Tim Slater
High (6)	ST08	<u>Economic Uncertainty</u>	3 - High	2 - Medium	Business, Economy and Tourism	Neil Blaney, Martin Flitcroft
High (6)	ST11	<u>Failure to Comply with Health & Safety Legislation</u>	3 - High	2 - Medium	Corporate Resources	Paul Nicholls, Charles Perryman
High (6)	ST20	<u>Poorly Managed Election</u>	3 - High	2 - Medium	Corporate Resources	Cathy Ruelens
High (6)	ST41	<u>Local Plan - Planned Development Delayed or Not Happening</u>	2 - Medium	3 - High	Planning	Fergus Pate
High (6)	ST42	<u>Failure to deliver the Council Strategy</u>	3 - High	2 - Medium	Strategic Direction	Philip Shears
High (6)	ST44	<u>Flood risk management</u>	3 - High	2 - Medium	Waste Management and Environmental Health	Neil Blaney, Richard Rainbow
High (6)	ST45	<u>Flood risk resilience</u>	3 - High	2 - Medium	Waste Management and Environmental	Neil Blaney, Richard Rainbow

Risk status report for AS						
Risks						
Status	Code	Title	Risk Impact	Risk Likelihood	Executive Member	Risk Responsible Officer
					Health	
High (6)	CP17	<u>Health and Safety Compliance for Housing Stock</u>	3 - High	2 - Medium	Communities, Housing & IT	Graham Davey
High (6)	CPCP2024	<u>HMLR transfer programme</u>	3 - High	2 - Medium	XCorporate Services	Tamsin Cook
Medium (4)	CP01	<u>Attacks on Staff</u>	2 - Medium	2 - Medium	Corporate Resources	Paul Nicholls, Charles Perryman
Medium (4)	ST02	<u>Failure to control and manage finance</u>	2 - Medium	2 - Medium	Corporate Resources	Martin Flitcroft
Medium (4)	CP12	<u>Breach of Code of Conduct by Staff</u>	2 - Medium	2 - Medium	Corporate Resources	Tim Slater
Medium (4)	CP09	<u>Staff health and wellbeing (was Staff Absence/Stress/Morale)</u>	2 - Medium	2 - Medium	Corporate Resources	Tim Slater
Medium (4)	CP08	<u>Future proofing the workforce (was Failure to Improve Staff Capability and Capacity)</u>	2 - Medium	2 - Medium	Corporate Resources	Tim Slater
Medium (4)	ST19	<u>Poor or Ineffective Business Continuity Management</u>	2 - Medium	2 - Medium	Corporate Resources	Neil Blaney, David Eaton
Medium (4)	ST32	<u>Non Compliance with Section 106 Agreements and CIL notices</u>	2 - Medium	2 - Medium	Planning	Neil Blaney
Medium (4)	ST40	<u>Local Plan - Infrastructure Delivery Delay</u>	2 - Medium	2 - Medium	Planning	Neil Blaney, Fergus Pate
Medium (4)	ST46	<u>Failure of ICT security measures leading to a cyber attack</u>	2 - Medium	2 - Medium	Corporate Resources	Sue Heath, Amanda Pujol
Medium (3)	CP16	<u>Lack of Effective Risk Management</u>	3 - High	1 - Low	Corporate Resources	Jack Williams
Medium (3)	CP15	<u>Project management</u>	3 - High	1 - Low	Corporate Resources	Lloyd Purchase
Low (2)	ST14	<u>Fraud and Corruption</u>	2 - Medium	1 - Low	Corporate Resources	Sue Heath
Low (2)	CP13	<u>Safeguarding</u>	2 - Medium	1 - Low	Corporate Resources	Rebecca Hewitt
Low	CP07	<u>Failure to Collect or</u>	2 -	1 - Low	Corporate	Sue Heath

Risk status report for AS						
Risks						
Status	Code	Title	Risk Impact	Risk Likelihood	Executive Member	Risk Responsible Officer
(2)		<u>Loss of Income</u>	Medium		Resources	
Low (2)	ST26	<u>Poor Public Relations Management</u>	2 - Medium	1 - Low	Strategic Direction	Amanda Pujol, Louise Raymond
Low (2)	ST25	<u>High Levels of Customer Dissatisfaction</u>	2 - Medium	1 - Low	Corporate Resources	Tracey Hooper, Emma Ingle, Amanda Pujol
Low (2)	ST24	<u>Finance - Breach of Financial Instructions & Contract Rules</u>	2 - Medium	1 - Low	Corporate Resources	Neil Blaney, Martin Flitcroft, Amanda Pujol, Philip Shears
Low (2)	ST31	<u>Climate Change - the impact of not reducing our energy use and contribution to CO2 emissions</u>	2 - Medium	1 - Low	Waste Management and Environmental Health	David Eaton
Low (2)	ST09	<u>Inadequately prepared to manage the impacts of a major emergency in the District</u>	2 - Medium	1 - Low	Waste Management and Environmental Health	David Eaton
Low (2)	ST06	<u>Statutory Requirements Not Met</u>	2 - Medium	1 - Low	Corporate Resources	Paul Woodhead
Low (2)	ST28	<u>Major damage to our physical premises and/or working environment</u>	2 - Medium	1 - Low	Corporate Resources	David Eaton
Low (2)	ST37	<u>Failure of ICT infrastructure and systems not meeting business needs or not being fit for purpose</u>	2 - Medium	1 - Low	Corporate Resources	Amanda Pujol
Low (2)	CP14	<u>Non-compliance with the Data Protection Act and General Data Protection Regulations</u>	2 - Medium	1 - Low	Corporate Resources	Sue Heath
Low (2)	ST43	<u>Failure to adopt Teignbridge Local Plan</u>	2 - Medium	1 - Low	Planning	Neil Blaney, Alex Lessware, Michelle Luscombe

Risk status report for AS						
Risks						
Status	Code	Title	Risk Impact	Risk Likelihood	Executive Member	Risk Responsible Officer
Low (1)	CP05	<u>Contractor Poor Performance/Failure</u>	1 - Low	1 - Low	Corporate Resources	Rosie Wilson
Printed by: Jack Williams			SPAR.net		Print Date: Tuesday, May 28, 2024 11:56	

**Teignbridge District Council
Audit Scrutiny
26 June 2024
Part 1**

ANNUAL GOVERNANCE STATEMENT 2023-2024

Purpose of Report

To consider the Annual Governance Statement and recommend it to Council for approval.

Recommendation(s)

The Audit Scrutiny Committee RECOMMENDS to Council that the Annual Governance Statement is approved.

Financial Implications

None.

Legal Implications

The publication of an Annual Governance Statement is a statutory requirement.

Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

The Annual Governance Statement includes an overview of the Council's actions in relation to these issues.

Report Author

Sue Heath – Audit and Information Governance Manager
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Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. PURPOSE

To enable the Audit Scrutiny Committee to review the Annual Governance Statement for members’ consideration, prior to recommending for full Council approval.

2. BACKGROUND

2.1 The preparation and publication of an Annual Governance Statement (AGS) is a mandatory requirement for local government. It describes the processes and procedures in place to enable the Council to carry out its functions and must be included with the Council’s Financial Statements.

2.2 “Delivering Good Governance in Local Government” published by the Chartered Institute of Public Finance Accountants (CIPFA) and Society of Local Authority Chief Executives (SOLACE) is cited by CIPFA as the proper practice for production of an AGS.

2.3 The Audit Scrutiny Committee should consider whether the AGS fairly reflects the arrangements within the Council.

3. GOVERNANCE REVIEW

3.1 The CIPFA / SOLACE framework was used as a benchmark to determine whether the Council has systems in place to meet the expected governance principles. A and B provide the overarching requirements for acting in the public interest, while the remainder relate to the more detailed processes and achieving outcomes.

A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement

C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity’s capacity, including the capability of leadership and individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability

3.2 The review is also informed by other assurance sources including:

- Internal and external audits, and internal audit's annual assurance opinion
- Performance and risk management systems and reports
- Reports from other review functions such as the Ombudsman, the Centre for Governance and Scrutiny, the Local Government Peer Challenge, and the Planning Advisory service
- Review of contingent liabilities and legal cases to ascertain whether these were generated by governance weaknesses
- The key systems and processes that regulate, monitor and control the Council's activities
- Assurance Statements completed by the Council's senior managers certifying they have understood their managerial responsibilities and put procedures in place to ensure:
 - their service objectives were achieved,
 - legal requirements were met,
 - performance and risks were managed, and
 - budgets were controlled.

3.3 The AGS must outline the arrangements in place for the 2023-2024 year, but also remain current up until the date it is published. It is therefore possible that further amendments may be necessary to reflect any required changes, for example if processes are amended, or if information comes to light that should be reflected.

4. CONCLUSION

4.1 The draft AGS is appended below. Members are asked to review this and if appropriate, recommend it to Council for approval.

5. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

5.1 Legal

The Council is meeting its statutory obligation to publish an Annual Governance Statement (Accounts and Audit Regulations 2015).

5.2 Resources

There are no direct financial implications.

6. GROUPS CONSULTED

Strategic Leadership Team, Corporate Management Team and key officers have been consulted.

7. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

None. However, the Annual Governance Statement includes information on the actions the Council has taken during the reporting period in relation to this area.

8. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Not applicable.

Annual Governance Statement (Draft) 2023-2024

Introduction

Teignbridge District Council must ensure its business is conducted in line with the law and proper standards, and use public money economically, efficiently and effectively. It is the Council's duty to put in place arrangements for the governance of its affairs, and effective delivery of services.

To achieve good governance, we have systems for managing and overseeing what we do. These arrangements are intended to ensure that we deliver intended outcomes while acting in the public interest at all times.

We have measured ourselves against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework for Delivering Good Governance in Local Government. The following statement explains how Teignbridge District Council has complied with the principles and also meets the requirements of the Accounts and Audit Regulations (England) 2015 in relation to the publication of an Annual Governance Statement.

The Guiding Principles



The governance framework

The governance framework comprises the systems, processes, culture and values which direct and control our daily business, and includes the methods we use to engage, lead and account to the community. It enables us to monitor how we are doing and to consider whether our plans have helped us deliver appropriate services that are value for money.

The 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 risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute protection. The management of risk is an ongoing process designed to identify, prioritise and manage risks to the achievement of the Council's aims and objectives, and maximise opportunities.

The governance framework has been in place at Teignbridge District Council for the year ended 31 March 2024 and up to the date we approved the statement of accounts.

The Governance Framework and how we comply:

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and being lawful

- The Council's Constitution, Councillor and Officer Codes of Conduct, and Vision and Values statement set out required standards of members and officers.
- An updated Member and Officer protocol, which clarifies roles and responsibilities, is due to be approved by Council in July 2024.
- The Constitution is reviewed on an ongoing basis to ensure it is fit for purpose.
- The Centre for Governance and Scrutiny have been assisting the Council with exploring ways to better support good governance.
- A Procedures Committee oversees operation of the Constitution including review of proposed amendments.
- Registers of Interests are maintained to avoid conflicts, prejudice or bias.
- The designated statutory Head of Paid Service, Financial Officer and the Monitoring Officer are responsible for ensuring business is conducted lawfully.
- Internal and external audit scrutinise Council activities and report independently on the extent to which laws, policies and procedures are complied with. Audit Scrutiny and Standards Committees, and the Monitoring Officer provide oversight.
- Anti-Fraud and Corruption and Whistleblowing policies are in place.
- Council services are led by trained and professionally qualified staff.
- Comments and complaints processes are in place and are publicised, including how to complain to the Ombudsman.
- Our commitment to equality and inclusion is incorporated in the work we do, and we publish our adherence to the Equality Act duties annually.

Principle 2: Ensuring openness and comprehensive stakeholder engagement

- We encourage all members of the community to contribute to and participate in the work of the Council. Our Consultation Toolkit sets out the principles of stakeholder engagement.
- Our Modern 25 transformation programme involved focus groups to help us understand and improve customers' experiences when redesigning services.
- Members of the public have access to Council meetings, minutes and agendas, and most meetings are available to the public through Webcasting, which provides transparency in decision making.
- Key decisions are published on-line and are subject to a "call in" process which enables non-Executive members to raise any concerns they may have.
- Our weekly Residents' Newsletter, websites and social media channels are used to communicate Council activity and other matters of interest.
- Plain English principles are used in publications and digital content meets the required Government Digital Services accessibility standards with a 93.4% AA rating on our website. Our website has been continually improved based on our customer's feedback.
- We have developed a Digital Strategy to guide the way services will be delivered with a digital first approach.
- A Statement of Community Involvement sets out participation and engagement processes for planning policy. We engage and consult our communities on-line and in person, and the Council is a frontrunner in trialling artificial intelligence and modern methods of engagement in order to gather public views on proposals.
- Our Local Development Scheme is kept up to date and on our website, setting out clear timescales for the various stages of the Local Plan, from inception to adoption. The Local Plan has been submitted to the Secretary of State and is being examined by independent inspectors who will be conducting public hearings later in 2024.

Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits

- The Council Strategy guides our work. The priorities are currently homes, jobs and climate change. Although the current Strategy runs until 2030, it is currently under review, incorporating extensive research, and consultation with residents, businesses and partners, to help shape future objectives.
- Our elected members declared a Climate Emergency in 2019 and pledged to do what is within our powers to become a net zero district. Through our membership of the Devon Climate Emergency, we are supporting the implementation of the Devon Carbon Plan through a host of activities including knowledge sharing, funding, collaboration, and place-based approaches to decarbonisation.
- We have progressed a series of projects under our in-house Carbon Action Plan. These include replacing fossil fuel heating with heat pumps and supporting measures within our top four most carbon intensive buildings. Two projects have been completed at Forde House and the Teignmouth Lido, with two in progress at Newton Abbot Leisure Centre and Broadmeadow Sports Centre. Under the same plan we are installing fleet electric vehicle charging

infrastructure at three sites including Forde Road Depot, ahead of receiving our first phase of electric vehicles in 2024.

- Through our Making Changes Study residents focus group, engagement with businesses and town and parish councils, and consultation with officers, we are currently working on a District Carbon Action Plan to transpose actions from the Devon Carbon Plan into a plan for Teignbridge representing the specific needs of our local communities and businesses. We intend to publish this plan alongside our Teignbridge Climate Hub communications engagement website later this year.
- Our Local Plan team have undertaken significant work to prepare our 2020 – 2040 Local Plan for inspection due later this year; the plan contains a dedicated chapter for Climate Change and details policies supporting sustainable development, site allocations for renewable energy, policies supporting battery energy storage, and policies setting standards for electric vehicle charging infrastructure, amongst further sustainability policies for specific site allocations.
- The submitted Local Plan also amalgamates objectives relating to the national Garden Community programme. It sets out policies to deliver the Newton Abbot and Kingsteignton Garden Communities Project, which features climate change adaptation and mitigation as principal levers for change, as well as wider social, economic and environmental objectives relating to the Garden Community, such as green infrastructure delivery and our Local Walking and Cycling Infrastructure Plan (LCWIP).
- Budgets, the financial plan, and the capital programme direct financial resources to priorities.
- A Task and Finish Group set up by the Overview and Scrutiny Committee has been tasked with reviewing the Medium Term Financial Plan with a view to closing the future predicted budget gap.
- We have a Procurement Strategy in conjunction with other Devon Districts which defines our commitment to support local economies. A Sustainable Procurement policy sets out our approach to purchasing sustainably and with social value.
- An Economic Development Plan aids local businesses and the local economy, together with a Jobs Plan which was implemented in June 2021.
- We have been awarded £2.1M under the UK Shared Prosperity and Rural England fund and are running projects under these levelling up schemes.
- Our successful Future High Street Fund award is anticipated to bring benefits to Newton Abbot in 2024 from enhancements to Queen Street and Market area. The decision was taken by members at an extraordinary council meeting in November 2022 to remove the Alexandra Cinema from the original plans, causing a delay in delivering this scheme.
- A number of small grants and funding schemes are provided, which benefit local communities.
- We are working jointly with our neighbouring authorities Exeter City Council, Mid Devon and East Devon District Councils, and Devon County Council, to achieve joined-up decision making on planning and infrastructure matters, and we are members of the Heart of the South West Local Enterprise Partnership. A non-statutory Joint Strategy (called “Our Shared Coordinates”) sets out the shared challenges, future vision and shared objectives for the sub-region.

Principle 4: Determining the interventions necessary to achieve intended outcomes

- Performance measures track progress with delivery of our Strategy.
- A Medium Term Financial Plan outlines how we intend to raise and manage the resources needed to deliver our services and priorities over the medium term. This is constantly under review to address the ongoing financial challenges facing the Council. As above, a Task and Finish Group also monitors this.
- Executive Key decisions are publicised in advance so they can be scrutinised in line with decision making and Overview and Scrutiny arrangements.
- Overview and Scrutiny review groups are appointed to look at Council policy, services, and particular issues of local concern.
- Our Modern 25 transformation programme has been developed to modernise the way we work, looking at processes, structure and outcomes for customers. Working with consultants, Ignite, we have undertaken strategic alignment review and developed a new target operating model which is in the process of implementation.
- A digital transformation programme, digital strategy, and our annual business planning and review exercises, also drive service improvement and performance.
- A Partnership Toolkit aids collaborative working and strong partnership governance.

Principle 5: Developing capacity including the capability of leadership and the individuals within it

- Recognised recruitment and selection procedures and induction programmes are followed for both staff and members, including a comprehensive induction training programme for members. Staff inductions include mandatory training in key areas such as Data Protection, Safeguarding and working safely.
- Training and development needs are tracked through annual personal development and performance interviews for staff.
- Periodically, managers' conferences are held to help build resilience and support the transformation and change processes the Council is undertaking.
- Ongoing member development needs are co-ordinated by the Democratic Services Team Leader with oversight from the Procedures Committee. The Council is working towards obtaining member development charter status.
- HR policies aim to promote the health and wellbeing of the workforce, and the Investors in People accreditation is maintained.

Principle 6: Managing risks and performance through robust internal control and strong public financial management

- Our Risk Management Strategy outlines our approach to managing risk and risk management reports are reviewed by the Strategic Leadership Team (SLT) and the Audit Scrutiny Committee.
- The Strategy requires risks to be managed at all levels including service, strategic, and project levels, and risk must be identified and considered in all

decision making. Risks have been kept under review to ensure appropriate mitigations are in place.

- Performance against the Council Strategy is monitored through annual business plans with performance monitoring reports to the SLT and Overview and Scrutiny Committees.
- Service managers use automated performance reporting through the Power BI reporting tool, which produces a suite of dashboards linked to a data warehouse. This is supplemented by reporting from service specific systems.
- Data from consultants Ignite, CIPFA, and LGA inform is used to benchmark cost and productivity across services.
- A programme of service reviews help ensure value for money in services is scrutinised, for efficient service delivery.
- Our Head of Corporate Services is the designated officer responsible for the proper administration of the Council's financial affairs and advises the Council on financial matters.
- Managers are responsible for ensuring internal control systems are in place, and a programme of internal auditing reviews the effectiveness of these.
- Internal financial control is based on a framework of Financial Instructions, Contract Procedure Rules, system and administrative procedures, and a scheme of delegation and accountability.
- A Medium Term Financial Plan is in place and updated regularly with Revenue and Capital budget planning based on corporate priorities undertaken by Corporate and Strategic Managers, and approved by full Council.
- Revenue and Capital budget monitoring reports are produced and scrutinised on a regular basis.

Principle 7: Being transparent, with good practices in reporting and audit, to deliver effective accountability

- Agendas, reports, and minutes of Council meetings are published, along with a forward plan of Key Decisions, and meetings are accessible with live stream and recordings on our website where appropriate.
- An internal audit function undertakes an annual programme of audits and reports to both the SLT and Audit Scrutiny Committee who also receive and consider the external auditors' findings.
- The Audit Scrutiny Committee are appointing an independent member in 2024 to strengthen independence.
- The Council has published its draft Financial Statements for 2021-2022, and 2022-2023, however, in line with national backstop legislation, brought in to address a recognised national issue with delayed external audit across the public sector, these have not been audited by the external auditor. The external audit of the 2023-2024 accounts should commence in October 2024.
- Key data is published including Council spending and senior officer pay.
- Freedom of Information, Data Subject Access, and other information requests are dealt with fully and promptly with above average performance in processing times.

How do we know our arrangements are working?

At least annually, we review the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance systems; the Audit Manager's annual report; and by comments made by external auditors, and other review agencies and inspectorates. Further assurance is provided by:

- Assurance statements completed by the Council's management team, which cover their areas of control, acknowledge accountability for risk management and internal control, and certify their satisfaction with the arrangements in place throughout the year.
- Key officers' views on the standards of governance within the Council – specifically the Section 151 Officer (responsible for the Council's financial affairs), the Monitoring Officer, the Audit Manager, and the Health and Safety Manager.
- The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. The Monitoring Officer also reviews the operation of the Constitution, to ensure it is up to date, and reflects best practice and legal requirements.
- The Standards Committee is available to support the Monitoring Officer on standards of conduct and probity issues.
- The Overview and Scrutiny process has monitored the Council's policies and performance on an ongoing basis. Executive Members have also kept issues under review during meetings with managers.
- The Audit Scrutiny Committee has reviewed arrangements for managing risk.
- Counter fraud arrangements have been kept under review through a Fraud Risk Assessment and fraud controls are evaluated during internal audit work.
- The Council's external auditor reviews the Council's financial statements and arrangements for value for money. Plans are in place to address external audit's recommendations from the recently completed audit of the 2020-2021 financial statements and value for money opinion. As already mentioned above, across the sector there is a significant number of audits not completed, resulting in our previous 2 year's financial statements remaining unaudited, however we expect 2023-2024 to be back on track with an audit commencing Autumn 2024.

- As a significant group relationship, our IT provider Strata Service Solutions Limited is audited by the Devon Audit Partnership, as the provider of its internal audit services in 2023-2024. Strata's performance has also been monitored by the Council's IT Requirements Board, and by the Joint Executive and Scrutiny Committees.
- Strata has maintained compliance with the Government PSN (Public Services Network) Code of Connection, which is a mandatory set of security standards Councils must meet in order to connect to this secure network, which also provides wider assurance as the PSN controls cover the complete Council network. Assurance has also been given in respect of cyber risk in deployment of the following: National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security, the Open Web Application Security Project (OWASP) website principles use of NCSC WebCheck, MailCheck, Protective Domain Name System security, and the Early Warning Vulnerability Service. Strata are also working towards the NCSC Local Government Cyber Assessment Framework.
- The 2024 elections were held in line with the performance standards set by the Electoral Commission.
- We have reviewed our delivery on equality and inclusion against the Equality Framework for Local Government and are working through an action plan to implement areas of improvement identified through the self-assessment.
- The Local Government Ombudsman contacted us regarding 13 cases in the year 2023-2024. 7 cases were not investigated after initial enquiries, 2 cases were premature / temporarily closed, 2 cases were upheld and 2 are ongoing. We have addressed the recommendations made.
- CIPFA guidance on the role of the Chief Financial Officer in public service organisations was used to benchmark the Council's arrangements, showing how these standards are met.
- Financial Management was assessed against CIPFA's Financial Management Code with positive findings, which helps ensure financial resilience.
- Based on the assurance work undertaken by internal audit, the Audit Manager has provided an opinion on the control environment which concluded that this was adequate and effective. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute.
- Information Governance – the Council self-reported just one data breach to the Information Commissioner's Office and notified the affected data subjects.

Although it was low risk and below the threshold for notifying, in the interests of transparency it was decided to inform people affected. Average processing time for Freedom of Information and Environmental Information Regulation requests is above average compared to other similar organisations.

- Corporate governance arrangements Council-wide have been assessed against the requirements of the governance framework outlined in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government.
- Reviews have been commissioned to examine specific areas including:
 - Centre for Governance and Scrutiny review: to help us improve our governance framework
 - an assessment of cyber governance by an independent external consultant
 - a review of the Council’s Operating Model by consultants Ignite
 - an independent review of our Development Management service commissioned from the Planning Advisory Service
 - [Local Government Association – Corporate Peer Challenge](#): a team of expert peers comprising senior local government councillors and officers, reviewed how the council operates and made suggestions for improvement which are being addressed in an action plan developed with members and partners.

Conclusion

Our governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Set out below, are the most significant challenges and actions we need to focus on during 2024-2025.

Issue	Planned Action
<p><u>Financial Sustainability</u></p> <p>The risk of future financial sustainability remains due to high inflation having an impact on business cases, relatively high interest rates, and low growth. Ongoing uncertainty around future levels of government funding also cause concern.</p> <p>It is recognised that there is a significant deficit in our Medium Term Financial Plan. Consultants “Ignite” were appointed to assist us in developing a new operating model for the Council. (continued)</p>	<p>The Chief Financial Officer will continue to produce frequent analysis of the financial position and update the Strategic Leadership Team.</p> <p>Our Modernisation Programme M25, is ongoing with the aim of addressing the anticipated shortfalls. A re-structure of the Corporate Management Team was launched in May 2024 in order to realign the (continued)</p>

Issue	Planned Action
<p>(continued)</p> <p>This has now become the Council’s Modern 25 Programme which aims to deliver a proportion of the required savings.</p> <p>We have also updated our Strategic Asset Management Plan, following officer and members workshops, which will provide direction and clarity in the way we manage our land and buildings.</p>	<p>(continued)</p> <p>management structure to the target operating model.</p> <p>A Task and Finish Group set up by the Overview and Scrutiny Committee has been charged with reviewing the Medium Term Financial Plan with a view to closing the future predicted budget gap. Further detailed information is included in our Financial Plan.</p>
<p><u>Member and Officer roles and relationships</u></p> <p>Good working relationships are crucial to good governance. The Centre for Governance and Scrutiny (CfGS) were commissioned to review officer/member roles and responsibilities, including consideration of values, behaviours, and ethical issues, and the constitutional provisions supporting these.</p> <p>The Peer Review completed in January 2024 has also made recommendations around enhancing communication and collaboration, strengthening trust and moral, and implementing methods for effective decision making.</p> <p>Planned development of the new Member and Officer protocol , and the Constitution review, which are essential components of the governance framework have been delayed.</p>	<p>Work is ongoing to implement the recommendations from both reviews. Specific actions relevant to this issue, remaining to be addressed in 2024-25 include:</p> <ul style="list-style-type: none"> - Completing the Constitution Review. Workshops have been held on various topics and feedback from these will be used to inform a revised Constitution. - Finalising the Member and Officer protocol. This will give clarity of roles and aid decision making. A draft protocol will be reviewed by the Procedures Committee in July 2024 before presenting full Council for approval. - Continuing the enhanced member training programme. - Delivering the new Council Strategy which is currently in progress. Member and other stakeholder working groups are being held, to ensure they are full engaged with this . The Strategy will help give clarity and direct the work of the Council when it is completed.

Issue	Planned Action
<p><u>Planning Performance</u></p> <p>Our Planning service was under threat of being placed in special measures by the Department for Homes, Communities and Local Government (DHLUC) in December 2023 due to poor performance processing non major planning applications. Our compliance rate was 67% against a government target of 70%.</p>	<p>We commissioned a review from the Planning Advisory Service and brought in a planning performance specialist. An action plan was agreed and implemented, and using funding secured from the planning skills delivery fund, additional support was commissioned. This has resulted in an improved application processing time of above 70% in quarter one 2024-2025, increasing to 73% at the end of June 2024.</p> <p>We continue to work through the action plan to ensure sustainable changes are embedded and dependency on temporary resources is reduced. Processes have been streamlined, performance reports are produced in real time and used to drive performance, training has been increased, including a town and parish forum.</p> <p>By the end of June 2024 we aim to be in a position to formally request release from the threat of special measures by DHLUC.</p>
<p><u>Cyber Security and Resilience</u></p> <p>External cyber attack is an ever present threat and although we have numerous mitigations in place to protect our infrastructure and systems, there is a continuing need to ensure we are in a state of preparedness.</p>	<p>Key user policies have recently been reviewed and updated. These will be finalised and released to staff during Summer 2024.</p> <p>A Business Continuity lead has been appointed and work is underway to ensure our BC Plans are reviewed and up to date. A management workshop is taking place in June 2024.</p>

Signed on behalf of Teignbridge District Council:

Managing Director

Leader of the Council