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To: The Members of the **Audit and Standards Committee**
(Councillors: Cliff Betton (Chair), Bob Raikes (Vice Chair), Jonny Cope, Rob Lee, Leanne MacIntyre, Josh Thorne and Pat Tedder)

In accordance with the Substitute Protocol at Part 4 of the Constitution, Members who are unable to attend this meeting should give their apologies and arrange for one of the appointed substitutes, as listed below, to attend. Members should also inform their group leader of the arrangements made.

Substitutes: Councillors Shaun Garrett, Kevin Thompson, Victoria Wheeler, David Whitcroft and Valerie White

Dear Councillor,

A meeting of the **Audit and Standards Committee** will be held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on **Tuesday, 3 October 2023 at 7.00 pm**. The agenda will be set out as below.

Please note that this meeting will be recorded.

Yours sincerely

Damian Roberts

Chief Executive

AGENDA

	Pages
1 Apologies for Absence	
2 Minutes	3 - 8
To confirm and sign the non-exempt minutes of the meeting held on 11 July 2023.	
3 Declarations of Interest	
Members are invited to declare any disclosable pecuniary interests and non pecuniary interests they may have with respect to matters which are to be considered at this meeting. Members who consider they may have an interest are invited to consult the Monitoring Officer or the Democratic Services Manager prior to the meeting.	

4 Annual Governance Statement

9 - 42

5 Verbal Update on Accounts

Minutes of a Meeting of the Audit and Standards Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 11 July 2023

+ Cllr Cliff Betton (Chairman)
+ Cllr Bob Raikes (Vice Chairman)

+ Cllr Jonny Cope
+ Cllr Rob Lee
- Cllr Leanne MacIntyre
+ Cllr Josh Thorne
- Cllr Pat Tedder

+ Present
- Apologies for absence presented

Substitutes: Cllr Valerie White and Cllr Kevin Thompson

Members in Attendance: Cllr Shaun Macdonald, Cllr Sarbie Kang, Cllr Nirmal Kang, Cllr Murray Rowlands and Cllr Richard Wilson.

Officers Present: Alex Middleton, Damian Roberts and Bob Watson, Steve Bladon (BDO) and Julian Frost (BDO)

21/AS Apologies for absence

Apologies for absence were received from Councillors MacIntyre and Tedder.

22/AS Minutes

The minutes of the previous meeting held on 17 April 2023 were agreed as a correct record.

23/AS Declarations of Interest

There were no declarations of interest recorded.

24/AS Internal Audit Annual Report

The Committee were briefed on the Internal Audit Annual Report, which served as a summary of the work of Internal Audit for 2022/23.

Key points of the report included:

1. Summary of Audit work from April 2022 to March 2023, which covered 16 audits from the Plan, which were audits agreed by the Committee. A summary of additional works were included, including a review of BIDs, contract standing orders and the National Fraud Initiative exercise.

2. The scheduled audit programme is risk-based and work areas considered as being of high risk potential are audited more frequently than those of low risk. The report covered a number of annual audits including, treasury, debtors, creditors, payroll and main accounting. These audits were considered fundamental to the Council and as a result, were reviewed more frequently.
3. The Report also provided the Committee with an overall opinion on the work of Internal Audit which is given by the Section 151 Officer.
4. Four levels of assurance were provided to individual audits and these were full, substantial, limited and nil assurance. It was rare that full assurance were granted to audited items.
5. As part of the auditing exercise, if any risks or concerns were discovered, Internal Audit were required to provide a category against each audit recommendation to provide guidance to the audited service and highlight the importance to the Council. There were 60 recommendations in 2022/23, and the vast majority fell under the categories of essential and desirable.

The Internal Audit team consisted of 2 staff members who report to the Head of Legal as the Head of Service. Internal Auditors subscribed to a set of professional standards which include maintaining independence, having rights of access to information and Internal Audit were required to demonstrate its compliance with these standards.

Following discussion with Members, the key matters arising were:

1. The Internal Audit team had delivered a consistent number of audits across the previous 3 years.
2. It was agreed that there was area for improvement in the categorisation of audits as the existing categories were limited in scope. The categorisation of the audit recommendations had an element of subjectivity and required the internal audit team to judge the risk to the Council.
3. It was noted that audit work held sensitive information regarding the financial details of the Council and were therefore kept restricted and in limited circulation within the Management Team.
4. The creation of a new categorisation system for audit reporting categories was created through identifying the best elements of other Internal Audit teams categorisation systems at other Local Authorities as a bench-marking exercise.
5. A review of the External Audit approach had been completed in the previous year, and a report was brought to the Corporate Management Team. Consideration should be given to reviewing the current methodology of the auditing of the Council's Financial Statements.

RESOLVED to note the Internal Annual Audit report.

25/AS Annual Review of the Effectiveness of the Internal Audit System

The Committee received the Annual Review of the Effectiveness of the Internal Audit System, which was a self-assessment of the effectiveness of the Internal Audit function. The report was completed on an annual basis and brought to the audit and Standards Committee at the Summer meeting.

The Chartered Institute of Internal Auditors identified 9 key elements that help define a proficient internal audit function and were as follows:

- Organisational independence
- Adoption of a formal mandate
- Rights of access
- Sufficient funding
- Competent leadership and culture
- Objective staff
- Competent staff
- Stakeholder support
- Conformance to professional audit standards

The Report summarised each key element, and found examples of best practice from within the Council to assess how the Internal Audit team has delivered the audits. Improvements and challenges that were faced by the Internal Audit team were also detailed in the report, ranging from technical issues relating to IT and remote working to heavily legislated areas like planning and housing.

A Quality Management Assessment was planned to take place in Summer 2023 between Surrey Heath, Elmbridge and Spelthorne as a peer review between the three Local Authorities, and a report of the main findings will be brought back to a future committee

Challenges for 2023/24 were considered in the report and the areas facing potential challenges were identified.

Members were informed that an external IT consultant had been brought in by the Council's IT team to review its processes. The audit team also reviewed processes for disaster recovery and business continuation with the assistance of Applied Resilience the Council's business partner in this area.

The Internal Audit function required a clear right to access information. Right of access to information with contracted partners should be built into the contract at the outset and considered at the renewal of contracts.

It was noted that a variety of elements were considered when deciding the annual Internal Audit work programme and during March each year, the areas intended for review would be presented to the Management Team and Members. The annual plan was aligned with the 3 year audit plan.

RESOLVED to note and approve the report on the Review of Effectiveness of Internal Audit for the reporting period 2022/23.

26/AS Internal Audit Medium Term Plan 2023-2026

The Internal Audit Medium Term Plan covered the reporting period between April 2023 to March 2026. The report identified the required resources to deliver an effective internal audit function for the next 3 years.

Members discussed the importance of including cyber security audits on an annual basis, including working towards ISO 9001, ISO 27001 and other certifications. Members also considered that fraud should be included annually.

It was noted the number of annual reports in each year of the 3 year plan were chosen on the basis of audit history and audit days required to complete the audits. A corporate health and safety audit had been completed in the last 12 months focusing on the protection of staff. Consideration of what areas of facilities management and historic buildings required to be audited going forward was discussed with service managers.

Corporate Fraud was audited through an industry best practice checklist, and during an audit of a service, fraud was always considered to ensure robust processes were in place. The Council completes National Fraud Initiative work to keep in line with national standards. Members were informed that main accounting was audited on an annual basis as it was considered a finance fundamental audit as opposed to fraud that was not explicitly flagged by external auditors historically as an area that required an annual audit.

RESOLVED to review and approve the Annual Internal Audit Plan 2023/26.

27/AS Matters Arising

Members were informed that the Council and BDO proposed to have the final draft of 2019 accounts by the end of July 2023. This included the reconciliation of accounts. Following this, BDO planned to work in person with the Council to complete the final accounts and the final accounts were to be brought to the October Audit and Standards Committee or at a special meeting of the Committee to sign the accounts.

It was noted that BDO planned to work on the revised financial statements at the Council offices from 4 September 2023 with 8 weeks set aside to complete the accounts.

The Council's finance team and BDO extracted a number of outstanding questions from the Inflo System. There were 5 outstanding questions remaining; the bad debt provision, adjustment to the collection fund, cash flow statement, final audited version of accounts and the reconciliation of the first and final set of accounts. All of these questions were planned to be resolved by the end of July 2023. Additional resources were being used on the statement of accounts to meet the window provided by BDO in September 2023.

Additional amendments by the Council were to be tested by BDO dependant on the size of the amendments.

Members of the Committee were updated as targets were met in completing the 19/20 accounts. BDO had also met with the Council to discuss working arrangements in September.

Members noted the report.

Chairman

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Surrey Heath Borough Council
Audit and Standards Committee
03 October 2023

Annual Governance Statement

Head of Service: Head of Legal and Democratic Services
Report Author: Alex Middleton, Senior Internal Auditor
Wards Affected: N/A

Summary and purpose

Each year the Council is required to publish its Annual Governance Statement as part of the preparation of the financial statements and accompanying policy papers. The Statement must be signed by the Leader of the Council and the Chief Executive.

Recommendation

The Audit & Standards Committee is advised to RESOLVE to

- (i) review and comment on the draft Annual Governance Statement for 2022/23; and
- (ii) recommend that the Annual Governance Statement be submitted to the Leader and Chief Executive for their signatures.

1. Background and Supporting Information

- 1.1 Surrey Heath Borough Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. (A copy of the code is available on the Council's website and is contained in part C of the documents that support the Constitution)
- 1.2 This statement explains how the Council has complied with the code and also meets the requirements of Part 2, 6(1) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.
- 1.3 The Annual Governance Statement is reviewed by the Council's auditors, who will comment if in their view they feel that the Statement does not properly reflect the standard of governance demonstrated in the previous financial year.

Supporting information

- 1.4 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled; and its activities through which it is accountable to, engages with and leads its communities.

- 1.5 It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and 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 risk of failure to achieve policies, aims and objectives and can therefore only provide a reasonable assurance of effectiveness.
- 1.6 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the Annual Reports on financial outturn and performance as well as the quarterly reports on budget monitoring.
- 1.7 Management assurance statements have been provided by senior officers from service departments which inform the high-level risks and issues across the Council. These management assurance statements support the governance statement in terms of identifying key issues for services departments.
- 1.8 The Statement aims to be transparent and recognises that whilst organisation-wide improvements are needed in a number of areas and the Council is facing many challenges and obstacles, the organisation is nonetheless heading in the right direction and can show that it is continuously improving in many of these areas.

2. Reasons for Recommendation

- 2.1 Surrey Heath Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

3. Alternative Options

- 3.1 None applicable

4. Contribution to the Council's Five-Year Strategy

- 4.1 Not applicable

5. Resource Implications

- 5.1 Officer time is required to prepare the Annual Governance Statement. Predominantly the Council's Statutory officers and Senior Internal Auditor are engaged in the preparation. Senior officers from service departments are required to prepare management assurance statements which contribute to the statement.

6. Section 151 Officer Comments:

- 6.1 The Annual Governance Statement is a document that forms part of the annual statement of accounts and is reviewed by the external auditor when they form their opinion on the level of governance at the Council.

7. Legal and Governance Issues

- 7.1 The Annual Governance Statement is required to be prepared in accordance with Regulation 6 of the Accounts and Audit Regulations 2015 and is required to be published in accordance with Regulation 10.

8. Monitoring Officer Comments:

- 8.1 The Annual Governance Statement is an essential document to provide high level assurance on governance matters and issues at the Council. The document provides high level direction on the corporate issues and risks that require focus from senior management across service departments.

9. Other Considerations and Impacts

Environment and Climate Change

- 9.1 Not applicable

Equalities and Human Rights

- 9.2 Not applicable

Risk Management

- 9.3 The Annual Governance Statement identifies corporate risks by service areas. The statement sets out in detail the identified risks and how such risks have been resolved or mitigated. The statement also details the principles that the Council adopts to assist with the better management of corporate risks.

Community Engagement

- 9.4 Not applicable

Annexes

Draft Annual Governance Statement for 2022-23

Background Papers

None

ANNUAL GOVERNANCE STATEMENT 2022-23

INTRODUCTION

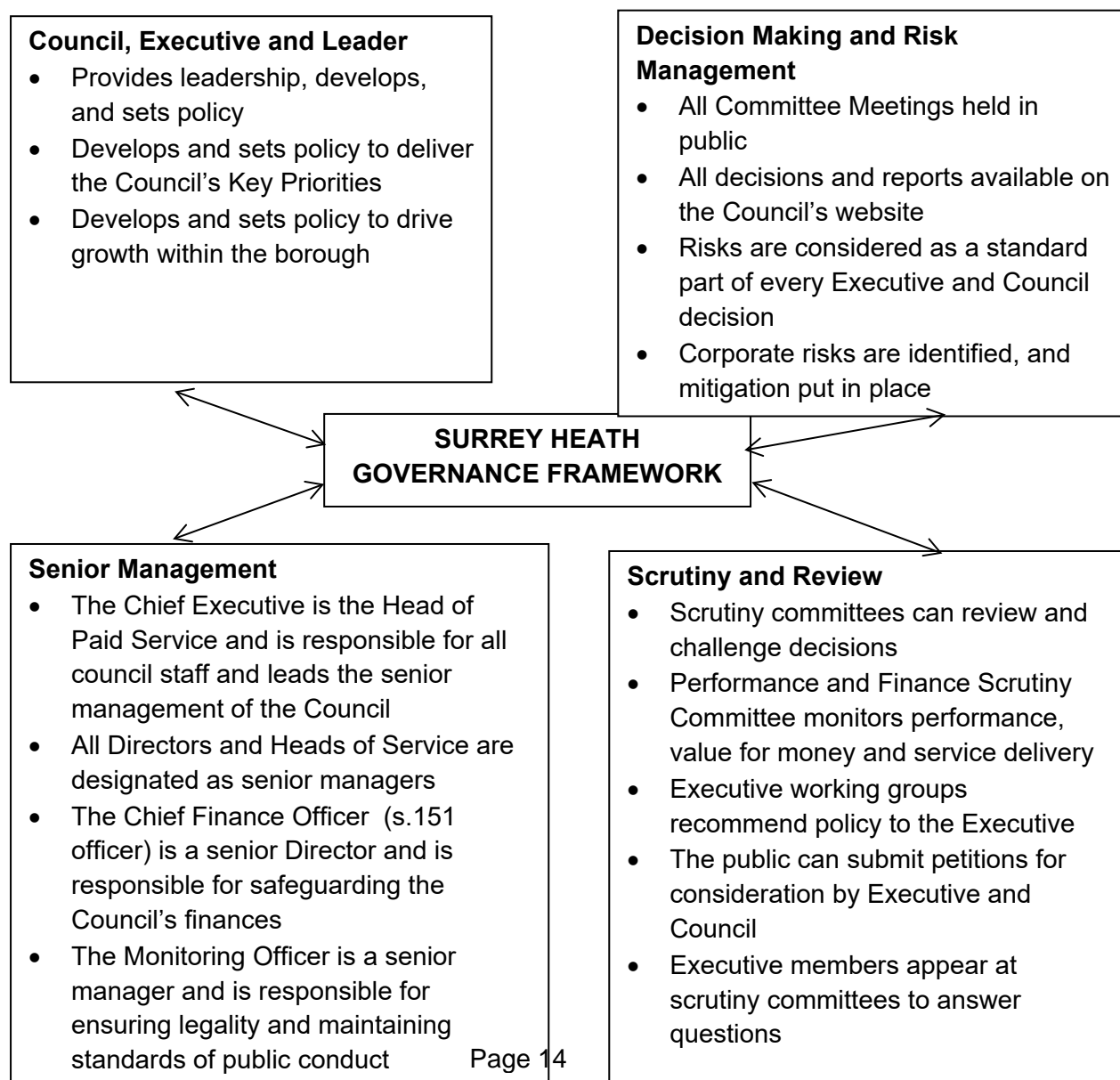
Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for;
- and resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has approved and adopted a Local Code of Corporate Governance together with a number of other strategies and processes, such as financial regulations and codes of conduct which strengthen corporate governance. The Council's Constitution contains rules, requirements, processes, procedures and authorisations to ensure effective governance across the Council.

The Covid-19 pandemic, the cost of living crisis and inflationary pressures have had a significant impact on both the Council's finances as well as how the organisation is able to deliver its services sustainably. These major issues have required the Council to change the way services are delivered and at the same time develop and maintain new services to support those residents affected. Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE framework during 2022-23.

PRINCIPLE A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council has a Code of Conduct for elected Members, and a Local Code of Corporate Governance which provides guidance for officers and Members on expected standards of behaviours to ensure integrity. Members and officers have received training on the Code of Conduct, including culture and behaviour. The Council has adopted a framework for Core Values and behaviours which comprises five values which are Customer Focus, Teamwork, Innovation, Delivering Results and Proud to serve. The Audit and Standards Committee and Monitoring Officer ensure that the Members' Code of Conduct is up to date and investigate any suspected breaches. The process for dealing with investigations is contained in the Constitution and is periodically reviewed by the Monitoring Officer.

All officers and Members must also sign up to the Council's Anti-Fraud and Corruption Policy and declare any interests they may have or gifts they have received which are recorded in the Gifts and Hospitality Register. These are reviewed periodically by Internal Audit. The Speak Up Policy (formally known as the Whistleblowing Policy) encourages staff to raise matters they come across that they may be concerned about and provides protection for individuals to raise these concerns in confidence and ensures that any concerns raised are properly investigated. The policy is available on the Council's website and forms part of the Council's induction process. An Anti-Bribery Policy has also been established and adopted. The Council has a number of senior officers who have the power to investigate any suspected fraud or corruption both internal and external with the support of the police and are able to report directly to HR/Monitoring Officer for action to be taken if required. Several Council officers are trained to undertake interviews under caution in accordance with the Police and Criminal Evidence Act 1984.

All Council decisions have to consider legal and governance implications which are included as a standard paragraph in all Committee reports. Senior officers and other key post holders receive support from Legal Services in this regard and if specialist legal advice is required then the Council will engage external advisers. The Section 151 Officer and Monitoring Officer, as Statutory Officers, have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to Members. Both these officers are required to review all Committee reports.

The Council has an internal audit team that undertakes audit reviews of the Council's main activities on a regular basis. A summary of findings are reported to senior management and to the Audit and Standards Committee periodically. Audit has a direct reporting line to the Chief Executive as well as the Audit & Standards Chair on matters that may require immediate action.

The Council's Governance Working Group meets regularly to discuss matters of governance and to make recommendations on improving governance and policy matters. The group comprises Members and senior officers.

New Council policies and updates to existing policies have been reviewed by an officer Equality working group. The role of the working group was also to monitor compliance with the Equalities Policy, and undertake Impact Assessments (although much of this work has since been transferred to the Joint Staff committee). There is also a Member Equality Working Group (now part of the Engaging Communities working group) looking at ways to engage the community. Decision reports include a section on equalities implications.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys, and public meetings, except those determined as exempt from publication. The Council's Constitution also provides for public engagement at Council meetings whereby the public can attend and put questions to Members. Committee reports contain a standard paragraph to comment on consultation with third parties and stakeholders.

The Council's Constitution sets out how it engages with stakeholders and has representation on the governing bodies of external organisations including the local housing association, the Clinical Commissioning Group, and other joint bodies.

The Council has rolled out a new website and has reviewed the requirements of The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 and has undertaken a review of its website to ensure the Council is working towards full compliance of the rules and maximises engagement from the community in terms of accessing Council information.

The Council sends every household a copy of its residents' magazine, Heathscene, up to three times per year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube. More specific e-bulletins and publications are created for various communities of interest, such as businesses, theatre users etc as well as for changes in services. The Council has set up a special website 'Camberley Be Inspired' that promotes news on the town centre regeneration. The site provides an overview of the Council's regeneration projects for the town and also promotes the places to visit in the town and the event programme.

PRINCIPLES C AND D

Defining, optimising, and achieving outcomes

The Council has in place a five-year strategy covering 2022 to 2027 based around four themes. These are Environment, Economy, Heath and Quality of Life and Effective and Responsive Council. For each of these themes there are high level objectives. A new Annual Plan is approved by Members each year which sets out the key targets which will be delivered for the year to further the priorities. These targets feed through into project plans and individual staff and team objectives to help ensure that specific outcomes in relation to the five-year strategy can be delivered and monitored.

Each service also plans out how it will deliver the outcomes relevant to its area of work in the context of the agreed budget for the year ahead. Services challenge each other through senior management to ensure their budgets deliver value for money.

To ensure that the Council continues to deliver sustainable social, economic and environmental benefits an Economic Development Strategy was adopted in 2018. The focus of the Council's activities shifted in 2020 due to the Covid 19 pandemic. Although objectives remained the same, the activity and deliverable changed to support businesses through their response and recovery phases. A new strategy was produced and adopted in March 2023 to cover the time period 2023-2028. The Economic Development Strategy 2023-2028 aligns with various Surrey Heath Borough Council policies, as well as external plans including the Local Enterprise Partnership's Strategic Economic Plan, the Local Industrial Strategy, Surrey's Plan for Growth and the Surrey Place Ambition.

Some decisions such as agreeing the annual budget and Council Tax level can only be taken by full Council. All other decisions, unless delegated, are made by Executive which include reviews of options and risks by officers and Members. Key performance indicators are in place for all services, and these are reported bi-annually, together with performance against the Annual Plan, to Members for discussion and potential intervention where expected performance is not being achieved.

The Council has been through a programme of rapid technological change and significant transformation and continues to review ways of working in order to increase efficiency, reduce costs, adapt to changing legislative requirements, and simplify its IT estate. It has invested in some of the latest technology and innovation enabling services to move to cloud-based computing to support agile and mobile working. The Council has invested in a modern cloud-based telephony solution now implemented for all staff. The new system allows staff to access work calls on their personal or work mobiles. Spider (or teleconferencing) technology has also been introduced at several meeting areas across Surrey Heath House, which enables teleconferencing meetings to be held. This complements the availability of Zoom Panels and Owls to support video conferencing via Teams and Zoom.

The Council's ageing network switch infrastructure has been re designed improving resilience and connection speeds for staff and equipment. The majority of Council computer applications have migrated across Box and are no longer stored on the Council's legacy server network. Acolaid has been replaced with Idox Uniform, the Customer Relations Management system has been replaced with a new cloud base system, a cloud-based Graphical Interface System has been implemented and the Council's finance system Civica successfully migrated to a cloud-based system to allow users to be able to access it remotely. The Human Resources and ICT Teams have jointly implemented a cloud-based HR system to further support agile working. Elsewhere, modern automated systems have been implemented at Surrey Heath House and at locations across the borough which allow water quality to be tested for issues such as legionella. Council staff have been provided with Intune laptops that support agile working and working remotely.

Carbon Net Zero

The organisation is creating costed decarbonisation plans for all of its major built assets. Applications for Public Sector Decarbonisation Scheme are being completed to provide some capital for these projects and other sources of funding are being identified before projects can be delivered. This includes bid to fund Air Source Heat Pumps, increased insulation of buildings and solar panel installation.

REGOs (Renewable Energy Guarantees of Origin) will be purchased from Oct 23, ensuring that all Council electricity will be from a renewable source.

The Council is currently installing 46 Electric Vehicle (EV) chargers within its car parks. Options are currently being assessed for a second phase of this project that would be expected to install a similar number of chargers again.

The Council has started to decarbonise its fleet, with 4 EVs bought to help deliver the Meals At Home service. The Council also plans to replace its fleet with EVs, where suitable alternatives exist, at end of vehicle life.

A biodiversity scoping document is being produced ahead of planned work on a biodiversity strategy.

There is joint work between the Council and County on completing a Local Cycling and Walking Infrastructure Plan that will allow them to plan and deliver better infrastructure for active travel. Additionally, the Council is at the advanced planning stage of a new cycle route from Frimley to Camberley.

The Council is expanding climate change training opportunities to all staff and Members with the first set of training scheduled for Oct.

PRINCIPLE E

Developing capacity and capability

A key element of the Council's service planning is to maximise the investment in staff through training to enhance the qualifications and skills to enable them to fulfil their roles and potentially progress within the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. Training requirements are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides compulsory training for all new staff including health and safety and equalities and diversity, as well as compulsory training for existing staff including data protection and safeguarding. The organisation is also starting to roll out courses in absence management training. The Council is also a member of the Surrey Learn Partnership which offers cost effective personal skills training in areas such as management skills, communication skills and personal effectiveness on a Surrey wide basis. The Council has a full induction programme for staff and Members.

A comprehensive training programme was undertaken for all Members, with training sessions on the Code of Conduct, Planning matters, Licensing Act 2003, Constitution, decision making and scrutiny, the Local Plan, Local Government Finance, and equalities. Online training on Data Protection was facilitated. Members were also invited to attend a welcome day and received detailed welcome packs. Further training will take place later in the year on Climate Change and training for Chair persons.

During the year, a number of staff continue to be supported through training and experience to gain professional qualifications. This is seen as a major incentive to attract staff to the Council and enable it to address skill shortages and competencies in the future. The organisation has rolled out an agile working policy for its staff to support business continuity, recruitment and retention to key roles, and to support greater resilience through a more positive work life balance by providing systems that enable effective working away from the office environment.

The Council works across a broad set of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. Under the Joint Waste Partnership Surrey Heath is the lead authority of four authorities to deliver a waste and recycling operation under a single contract. The Council has

also extended its joint arrangements with other Councils in areas such as Family Support, Building Control, and Community Services.

The pandemic has resulted in more efficient collaborative working with partner organisations to help support welfare work, including new arrangements with the voluntary sector such as Surrey Heath Prepared, and Age UK, as well as with the National Shielding Service and Surrey County Council to deliver a welfare response. New governance arrangements as well as data sharing protocols were established.

Project Management

The Council recognises that, whilst there are strong examples of effective project management within Council services, ensuring a robust approach to project management across all team and an improved oversight of project and programme governance is an area of improvement. This was also recognised in the recent Peer Challenge undertaken by the Local Government Association in July 2023.

Strong project governance is in place to support some of the Council's key regeneration schemes such as the London Road development. There is a regular board monitoring the achievement of Capital Projects in place, chaired by the Director of Finance and Customer Services, and more work needs to take place to embed and extend the work of this board following staff turnover within the finance team. For significant property projects the organisation has put in place standard project highlight reports which include key risk analysis, project financials and milestone progress – reports on the agenda with monthly, minuted officer project boards. Design Team meetings now take place, with officers and the external design teams. At the Project Board level a Project is managed with senior management where a Highlight report is presented. This report includes key information on project progress. At Member level the Property Working Group get an update on the project progress.

Work is programmed for September – November 2023 to improve the project management approach across the whole Council. A number of areas have been identified including identifying and capturing key projects and programmes, developing and launching toolkits and templates to support project managers, putting in place where needed additional boards to ensure regular conversations and challenge take place to identify any barriers to success and necessary escalation to senior management and to put in place any training and support needed to support officers across the Council.

Contract Management

The Council has introduced a number of examples of effective contract management across the organisation. The Greenspace and recreation team has introduced more site inspections and spot checks to assess service and performance standards of the contractor where there is a concern around non-performance. This also includes additional reporting, for example, on the number of bins that are reported as overflowing so that problematic bins or collection routes can be detected and addressed with the contractor. A Performance Improvement Plan is a working

document that is developed during weekly meetings between the Council's Senior Contract Manager and the contractor where areas of concern or non-performance are raised and added to the improvement plan along with dates for when the work is to be completed as well as a traffic light system. This process runs in conjunction with the contractual default process that issues financial penalties for non-performance. The enhanced monitoring and improvement plans document the failings whilst working with the contractor to enable the resolution in order to meet the expected contractual standard.

In the Investment and Development team the Council's new partner for managing its retail assets, including the Square, is Praxis having replaced Montagu Evans. Monthly Interface meetings with Praxis are used to help run through asset management and project management duties, health and safety compliance updates, and reports on arrears in rent. There are monthly operational income meetings with Finance staff and Asset Manager to review monthly cashflow. There are six-weekly rent arrears meetings alongside the Council's legal team. A new KPI review will be introduced later in the year to measure performance.

Following a tender exercise a framework of pre-agreed and qualified property advisers is being contracted to ensure consultants can be appointed swiftly at competitive rates to enable the team to operate in a dynamic way to the needs of the property portfolio and potential acquisitions.

PRINCIPLE F

Managing risks and performance

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. The Council aims to take a 2 tiered approach to risk management ensuring risks are identified and managed at both service level and corporate level.

The organisation is working with all service areas to identify risks that could effect and/or impact on the objectives and business of the individual service, each service area will maintain and manage their own risk register ensuring all risks are reviewed and mitigations put in place in accordance with the Councils Risk Management Strategy. Any significant risks identified at service level must be reported to the Corporate Risk Management Group.

The Corporate Risk Register is maintained which identifies the key risks the Council is facing and measured against impact and likelihood. The Corporate risk register is reviewed quarterly by the Council's Risk Management Group and is reported to senior management and to the Performance and Finance Committee annually. Mitigating actions are identified to help address each risk reported in the Corporate Risk Register.

The Corporate Risk Management group has continued to build upon reviewing existing as well as emerging risks. The main risks associated with financial pressures on Council resources have been a priority for the group. These include the medium and long term impacts of the pandemic, the cost of living crisis and the

current inflationary pressures that the Council and its workforce are facing. Inflationary pressures continue to affect the Council's main contracts as contract prices increase. The cost of living and after effects of the Pandemic have impacted the financial performance of The Square shopping centre, as well as the Council's ability to service its debts. In particular, rising interest rates to reduce inflation are likely to have an adverse impact on the repayments for short term debt. The Council also needs to plan for any future waves or variances of the Pandemic including any future restrictions on service delivery.

During 2022/23 the Council has continued to prioritise the health and safety of its workforce and the communities it serves. The Council regularly reviews and assesses hazards within the workplace and implements control measures to mitigate risk. Updates on Health and Safety matters are now a standing item on the senior management team's agendas. This is defined in law under the Management of Health and Safety at Work Regulations 1999. The measures are communicated to relevant staff.

The Council also has a written Health and Safety policy (which includes steps on how to deliver the policy) which is kept under constant review to ensure that it remains up-to-date.

In terms of Council performance, progress against the Annual Plan objectives and Key Performance Indicators (KPI's) are reported bi-annually to Members. The Council has adopted a suite of Financial Regulations together with Contract Standing Orders, which set out expected financial and spending processes and internal controls, which are monitored on a periodic basis.

The internal audit team provide regular reports on the effective operation of these controls together with an annual assessment of the overall control environment. The Council's Information Governance Manager is responsible for overseeing the Council's compliance with the UK GDPR and Data Protection Act, ensuring effective information governance, information security, information rights and records management processes are in place. The annually reviewed Data Protection Policy and Information Security Policy governs how information should be securely handled, transmitted, stored, and maintained. The Council's Data Security Breaches Policy governs the effective reporting, investigation, and management of breaches of information security. The roll out of the GDPR regulations and associated DPA has resulted in the corporate Privacy Notices being regularly updated on the Council website and new ones for different departments are being added. All staff have completed information security and GDPR training. One of the main risks to information management comes from cyber-attack.

The Council has taken out insurance policies to help manage its risk exposure and has commissioned the services of services providers at the London borough of Sutton, and commercial insurers Zurich and Allianz.

The Council recognises that it does not have the expertise internally in all matters and engages external advisors when required for example in relation to the town centre regeneration, the public realm works, and Council development projects including Ashwood House, the London Road Block and 45-51 Park Street.

The Council submits reports on its performance in complaints, planning, environmental protection, and a number of other areas to Members each year for discussion and comment.

The Council has purchased the town centre site in order to regenerate the Square and the London Road development site. The Council recognises that this carries a significant level of commercial and financial risk, and it has appointed professional agents and legal advisers to manage and advise on these areas so as to minimise these risks.

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce harmful emissions. A cross-party working group has been established which is charged with a number of actions including how the Council plans to deliver the carbon reduction target set out in the Council's Climate Change Action Plan to make Surrey Heath Borough Council carbon neutral by 2030.

The Council's corporate enforcement team continues to manage the risks associated with unauthorised encampment sites and other enforcement cases including flytipping.

Covid-19 has had a significant effect on both the Council's short term cash flow and financial situation, but equally on the long-term effect on the level of resources available, together with the uncertainty over its medium-term financial planning.

Although relatively low value, the Council will not be able to rely upon future funding from the New Homes Bonus which is in the process of being phased out. The amount of business rates the Council can retain is likely to reduce as the impact of the recession is felt by more businesses and the Government intends to reset the baseline. This will be limited to the point at which the Council will hit the safety net of 92.5% of the retained amount.

With the ongoing reduction of in-year funding the Council has made the decision to use some of its financial reserves in the short term to help balance its budget. Reserves can only be drawn on once and when spent are unlikely to be replenished; continual use of reserves to balance the budget represents a significant risk in the long term unless future budgets are balanced between expenditure and funding.

The government announced a new comprehensive package of support to help address spending pressures and to cover lost income during the pandemic. The major support package to help councils respond to the pandemic provided one-off assistance. The scheme reimbursed the Council for lost income and allowed council tax and business rates deficits to be repaid over 3 years instead of one. Where losses were more than 5% of planned income from sales, fees and charges, the government provided cover at a rate of 75p in every £1 lost.

The government also announced financial support for small businesses, retail, hospitality, and leisure sectors. The Council acted as a payment agent for three grant funding schemes- the Small Businesses Grant Fund, Retail, Hospitality and

Leisure Grant Fund and Discretionary Fund Grant. All grant applications underwent a verification process to ensure they are genuine and valid.

The aftermath of the Pandemic has continued to have a significant impact on the Council's capital programme. The increase in costs for labour and materials in the construction sector has meant that the Council has prudently placed a number of build projects on hold and new viability studies and timeframes have been developed. Major contract costs have also risen in particular at renewal stage.

The budget challenges have been recognised by the Council by undertaking more detailed analysis of the financial position of the Council. A revised Medium Term Financial Strategy was developed and approved by the Council; as part of this the Council has undertaken a Base Budget review process to examine further savings and efficiencies for 2023/24 together with opportunities to increase income. These savings and opportunities are currently being progressed.

PRINCIPLE G

Implementing good practices in transparency, reporting, and accountability

All Council agendas and supporting information, unless exempt, set out publicly the reasons for the decisions made. The Council works to provide clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.

Outstanding internal audit recommendations that are essential are periodically reported to senior management and the Audit and Standards Committee as required, to ensure that officers undertake any follow up actions as appropriate.

The Local Government Transparency Code 2015 requires local authorities in England to publish information related to spend including expenditure over £500, government procurement card information and senior salaries. Surrey Heath is committed to providing residents with information that explains how we spend their money. The Government has set down guidelines as to the format of this information to enable residents to compare the performance of one authority against another.

Surrey Heath, as a public body, is also covered by the Freedom of Information Act. This Act gives a general right of access to all types of recorded information held.

REVIEW OF EFFECTIVENESS

Management Assurance Statements – summary of key points from service areas

Finance & Customer Service (including Planning Services)

Development Control (incorporating Local Land Charges)

Areas for improvement – the service will improve the response times from internal and external consultees in order to prevent bottlenecks with the determination of planning applications and to ensure speedier decisions. They will further improve the Council's internal systems and performance monitoring tools, including reporting templates and ICT databases, to improve service efficiencies, and the quality of the service delivered. Improvements to customer service in respect of greater engagement with applicants and agents have been identified and can be tackled by following the determination of a planning application to obtain their feedback on the quality of the service delivered, and more regular developer/agent forums.

Governance weaknesses that have been addressed in-year - backlog of planning applications have been tackled by concerted efforts made by all planning officers with regular caseload meetings held and prioritisations discussed in 1-2-1s. Over-reliance on consultants has been addressed by filling vacancies and by increasing the capacity of the establishment by creating new posts. Additionally the service's urban design consultant now has a dual role by assisting with heritage matters but without an increase in hours, so removing the need for two separate consultants. The Technical Services team has also been trained to undertake householder validations, thus reducing the burden on senior planning officers who were validating applications.

The service has also reviewed and revised its fee structure where possible and appropriate to do so, including some fee increases, more fee categories and optional extras such as the introduction of heritage advice charges, concept level only meetings and specialist advice provided by environmental health, the Council's tree officer and drainage engineer. These charges have had a levelling up effect when compared with other Surrey districts.

Planning Policy & Conservation

Areas for improvement – the service has identified a specific need to provide clear and accessible procurement process information including the need to produce a separate fit for purpose JotForm to enable better approval of commissioning of consultant studies but which also allows for better tracking and monitoring of progress. There is also the potential to undertake more work to support delivery of social benefits.

Governance weaknesses that have been addressed in-year - a number of temporary service accountants in year have caused issues with communication and information sharing such as a lack of information on salaries budgets. The recruitment of a permanent service accountant for Planning Services has resolved this issue. Improving working relationships between service managers and accountants to ensure financial data is better understood has been addressed by having more regular service manager and accountant meetings. At a corporate level internal communications was identified as a weakness in the previous staff survey have been tackled by the introduction of a new staff engagement platform for all Council employees.

Building Control

Areas for improvement - providing resilience to the Building Control service as well as ensuring the Building Control Inspectors achieve compliance with the requirements set by the Building Safety Regulator. As part of this, the service was successful at achieving quality assurance accreditation for ISO 90001.

Governance weaknesses that have been addressed in-year – service resilience has been addressed by a successful recruitment campaign to recruit a fully staffed Building control team. Work has also commenced on providing a shared service with Runnymede Building Control.

Finance

Areas for improvement - some internal controls within Finance need improving around approving journals over £20,000, the management of the Council Banking app Bankline, and treasury borrowing. Improvements are also needed to budget management across the Council, by improving budget holders knowledge and also improving the level of budget monitoring both on revenue and capital areas. Training and developments by sending finance staff on training courses to improve their financial and related skills, abilities and knowledge.

Governance weaknesses that have been addressed in-year – issues around approving journals over £20,000 by senior accountants have been tackled by reviewing and approving journals centrally on a weekly basis by the Chief Accountant. Bankline Payments have been addressed by setting a maximum daily limit on transactions taking place on Bankline. Bankline admin has been improved by having two administrators within the finance section, rather than just one. Treasury borrowing controls have been tightened up including having a better approval process for borrowing.

Procurement

Areas for improvement - the Council needs to embed its Procurement Strategy across all services that procure goods, works and services and also needs to review and update its Contract Standing Orders, as contained in the Constitution, to ensure they reflect the corporate approach and strategy and best practice. The Council should continually review its pipeline of procurements to ensure that procurement processes are commenced with sufficient time to complete a thorough process. The Council needs to rollout a process of procurement awareness and training to all officers involved in the procurement process.

Governance weaknesses that have been addressed in-year - the Council has recruited a full-time procurement officer to tackle a lack of procurement resource, however the Procurement manager post within the Investment and Development service has since become vacant with the work being covered by an agency support.

To address an out-of-date Contract Register, the Council has introduced a new application called 'Airtable' which better tracks and monitors procurement exercises

but services now need to be ensure it is updated accordingly. A Procurement Strategy has now been produced and approved by senior managers. The implementation of the new Strategy has also addressed a review of its procurement considerations and criteria such as: equality diversity and inclusion, anti-poverty, social value, fairtrade considerations.

A Procurement pipeline is now operational which should be updated by services regularly. The pipeline addressed the need for visibility on procurements, particularly with the major contracts. A review by Internal Audit of the suitability and capacity of the corporate procurement function has been actioned by the Finance Stabilisation Review with a view to enhancing the capacity and capability of the Procurement team.

Customer relations/contact centre

Areas for improvement – the introduction of a coordinated approach to the measurement of customer satisfaction and public consultations is planned for Autumn 2023. A focus on Councillor engagement and understanding of services provided since the May 2023 local elections. To work in collaboration with other council services to ensure a robust council approach to safeguarding, specifically in respect of individuals presenting as homeless.

Governance weaknesses that have been addressed in-year – Mental Health awareness training for staff. All customer service staff have now attended an initial training programme. A further more in-depth programme is under development and planned for 2023/24. Improvements to several corporate policies including the Customer Service Policy, the Complaints and Compliments Policy and the Unreasonable Persistent and Vexatious Communication and Complaints Policy and Procedure. These have been reviewed, updated and agreed through the Executive. Councillor Engagement has been improved by having regular meetings and revised reporting has been very effective. Learning from all activity can and will be utilised in ensuring continued positive engagement with the new administration.

Revenues and Benefits

Areas for improvement - continue to improve training for staff in order to support them in identifying the business risks that will affect the team. Ensuring adequate controls are in place to ensure the accuracy of the work undertaken by the service area and also ensuring procedure notes are updated regularly.

Legal & Democratic Services

Democratic Services and Elections

Areas for improvement - continuous programme of development for Members by the implementation of a four year programme of training coterminous with the councillors' terms of office.

Governance weaknesses that have been addressed in-year - issues with sound production during the streaming of Councillor meetings have been tackled with better dialogue with suppliers. A Member Induction Programme 2023 has helped to address a perceived need to have a greater understanding by Members of the decision-making structure. A new fortnightly Members Briefing newsletter ensures that Members are kept up to date with latest developments taking place across the Council, the borough and the wider sector, as well as learning and training opportunities for Councillors.

Information Governance and Data Protection

Areas for improvement – develop tools and strengthen awareness to all staff helping to ensure the correct management for transferring confidential information via appropriately secure means. Improve staff awareness of cyber-crime including how to spot it and prevent malicious access to Council equipment and network information. Improve the Councils Freedom Of Information (FOI) Publication Scheme, making the content as comprehensive and up to date as possible to help reduce the number of information requests.

Improve working relationships between the FOI office and service managers to ensure Freedom of Information and Data Protection Subject Access requests are processed correctly and responded to in a time appropriate manner.

Governance weaknesses that have been addressed in-year - staff awareness and training of data protection and information security have been improved. Data protection and information security including cyber security forms parts of the Council Induction programme for all new starters and it is also a mandated annual training refresher course for all staff. The Data Security and Protection toolkit (DSPT) which allows organisations to measure their performance against the National Data Guardians 10 data security standards has been addressed by ensuring that accreditation of the DSPT is a requirement of some sharing agreements that the Council is signed up to with other authorities. Prior to 2022 the Council had not completed the DSPT but in 2023 DSPT accreditation had been achieved. Data Loss Prevention (DLP) alerts have been addressed. The Council has activated the DLP alert tool on outlook, this identifies if staff are sharing information excessively or insecurely via email.

Legal (property)

Areas for improvement – with records held separately by Corporate Property, Leisure and Investment and Development, obtaining information and instructions can be challenging. This exposes the Council to greater risks, increases costs and reduces the ability of the Council to maximise income from its property portfolio. This can be addressed by locating the management of all properties under a single 'property team'.

Wider management responsibilities has reduced capacity in the legal team for contract work so the recruitment of a contracts solicitor would assist, subject to budgetary constraints.

Governance weaknesses that have been addressed in-year – better reliance on electronic records by taking advantage of better scanning facilities has aided disaster recovery processes, helped provide faster and more effective property management and helps to free-up space within Surrey Heath House by destroying documents that are no longer needed. All Tree Protection Orders (TPOs) are currently being scanned to ensure we have a complete digital database.

One of the Principal Solicitors in the team has undertaken the diploma in Local Government Law and Practice to increase knowledge within the team and better support the Head of Legal and Democratic Services. A risk-based approach has been adopted for contract work such that lower value and lower risk contracts may not be reviewed by legal services whilst solutions are explored to manage demand. Two additional property managers have been recruited to assist with the management of retail and leisure properties which has helped to address resource, capacity, and skills issues within the team particularly in terms of the management of Leisure properties where there is a gap in expertise. This provides Corporate Property greater capacity to manage the investment property portfolio in a more effective manner and better exploit opportunities to increase revenue. This assists the legal team with faster and more comprehensive instructions.

Legal (litigation)

Areas for improvement – better utilisation of bundle documents to enable court bundles to be produced electronically, saving printing and paper resource and officer time, and the submission of electronic claims to the Courts wherever possible. Capacity requires improvement and discussions are ongoing with Joint Waste Solutions on the potential for additional resource.

Governance weaknesses that have been addressed in-year – a lack of resilience in the team to pick up litigation matters in the event of senior staff absence has been addressed by introducing a template bank in Box so that team members can access prosecution templates for enforcement and planning matters.

Internal Audit

Areas for improvement – to ensure that the Council delivers the National Fraud Initiative (NFI) data matching exercise for 22/23 and actions all outcomes. Audit provides the Key Contact role in this exercise. Ensure that the Peer Review exercise of the Audit functions involving the two Surrey districts Elmbridge and Spelthorne where the Quality Management Assurance processes are reviewed, which was postponed from 2022, is completed and actioned. To build upon the corporate consultancy activities as a support to senior management that have been delivered, especially corporate risk management. To ensure that overdue audit recommendations are monitored and reviewed on a more regular basis and reported to senior management and committee twice per year. Getting more service departments to fully engage with the audit process.

Governance weaknesses that have been addressed in-year – Capacity issues of the team have been addressed in year, with more regular monitoring and intervention.

Training and development needs have been identified and staff have attended both compulsory and discretionary training.

Human Resources, Performance & Communications

Human Resources

Areas for improvement – more efficient staff recruitment processes to be introduced focusing on identifying budget and the prompt and timely completion of Staffing Resources Forms for all recruitment or extension of contracts whether it be a Fixed Term Contract or Agency. The Human Resources team are considering introducing tighter controls including putting tasks on the forms as they are approved for Managers so they can start to consider new options approximately 6 weeks prior to the expiry date set.

A new checklist has been introduced on Warbler to enable managers to review their responsibilities and what HR or ICT complete when someone is appointed. Managers need to be encouraged to use this checklist moving forward on a timely basis.

Governance weaknesses that have been addressed in-year – sickness has been addressed by having interventions and more effective discussions between line managers and staff who have been off sick for a period of time and where ‘trigger points’ have been reached. Occupational Health guidance could also be sought to improve the events. Better use of the Council’s HR management system iTrent. Managers have always had to complete a return to work form which is now on iTrent but they also have to complete a mandatory question regarding hitting trigger points. Automated emails are also going to be introduced advising when a trigger point has been reached and actions now required.

Manager absence training has also been rolled out following a revised policy going through the Joint Staff Consultancy Group and the Employment Committee this year.

Organisation Development

Areas for Improvement - improving project management across the organisation for example through the capital programme board and escalation of issues. A report was taken to senior managers in March 2023 to agree an approach and work has been programmed for Autumn 2023.

Continuing to strengthen the corporate approach to performance management, for example by looking at more benchmarking. Improving the Council’s use of the apprenticeship levy. Continuing to improve processes around mandatory training e.g. continuing to deliver more in depth safeguarding training for front line staff. Ensuring all managers have the skills they need to manage staff effectively. Ensuring the Council responds to recommendations raised as part of the Local Government Act Peer Challenge and monitoring and managing actions to be taken as a result.

Governance weaknesses that have been addressed in-year – enhancements to the organisation’s learning and development programme including growing talent by the full use of the 2022/23 training budget through extensive corporate training programmes (impact demonstrated through staff survey results) and promotion of opportunity (highest user of Surrey Learning Partnership).

Compulsory training improvements have been made by the successful certification programmes for Data Protection and Introduction to Safeguarding training with very high completion rates as well as commissioning more in-depth safeguarding course for front-line staff. Compulsory Attendance Management and Managing Mental Health courses have begun. Some headway has been made in promoting apprenticeships linked to the apprenticeship levy but this area still needs further work. Improved performance management has been addressed by ensuring all services now own and produce annual performance reports for discussion with senior managers. A Corporate Policies list was developed and is being reported quarterly to the senior management team to monitor how and when all policies and strategies should be updated to ensure all are fit for purpose and meet the changing needs of the business.

ICT

Areas for improvement – the service has identified some Council website rebuilds will be required to modernise and improve security and accessibility. There will be some (Payment Card Industry) PCI compliance work to replace point of sale equipment in the theatre and museum. ICT has also earmarked enhancements to Data Loss Prevention (DLP) to further improve security and end-user awareness.

The further strengthening of cyber security continues to be progressed, including the rolling out of cyber security awareness training for officers.

Governance weaknesses that have been addressed in-year – the legacy Council website was no longer fit for purpose and recognising that support for the infrastructure that runs the website was due to expire towards the end of 2023, a procurement exercise was undertaken to replace the website. The result is that the organisation now has migrated its website development and management to a much larger, more experienced and robust company. Best value for this project was also ensured by joining the Local Government Drupal project, essentially shared code for building websites. ICT has also taken the opportunity to ensure its new website meets or exceeds the government requirement for websites to be compliant with the industry accessibility guidelines.

ICT also identified that a review of its Payment Card Industry (PCI) compliance was overdue by an independent Qualified Security Assessor to understand whether the organisation is complying with the latest industry best practise and security guidelines relating to PCI DSS. Some areas for improvement have been identified, but these are also tied into the upgrade of the Adelante income management system. ICT intends to replace the point of sale equipment in the theatre and museum with point of sale equipment which processes card details via the new payment gateway and merchant acquiring bank that the service will be moving to during the Adelante upgrade. ICT is also planning on implementing an

'end call' solution to remove the need for contact centre staff to manually take card payments over the phone. This will de-scope the contact centre from PCI compliance and reduce organisational risk.

The legacy door security access system at Surrey Heath House has been in place for a number of years and has become unsupportable due to age. The legacy nature of the system also resulted in expensive support and callout charges. Following a successful capital bid a suitable replacement was identified and implemented involvement from the FM and ICT teams. The system transition was fairly seamless due to compatibility with existing door passes and elements of the existing cabling. The new system is cloud-managed and also removed the need for a legacy management PC.

Community Development and Safety

Areas for improvement –the management of the Community Grant function needs addressing and there is a commitment to a clear, transparent and governance driven process. As part of this the information available about grants is to be reviewed in order to provide clear information internally and externally to make sure the process of applying for and receiving a grant is clearer and more equitable. There is a need for Community Development activities to be more strategic and focussed, the service department to become a separate function reporting directly to a head of service, and the recruitment of a Community Development Manager to enable oversight of the service area.

Communications and Engagement

Governance weaknesses that have been addressed in-year - in order to correct a Council website running on an old system with poor design and limited accessibility options, the service has launched a new website to tackle the risks and issues associated with the previous legacy system. Further development has also taken place in developing the employment engagement platform Warbler.

Investment & Development

Economic Development

Areas for improvement – continuous reviews required of services from external stakeholders, for example the Workshop Camberley, to improve the service offered to businesses, communities and individuals in Surrey Heath. There were a number of appointments made without a service level agreement and which delivery has been impacted as a result.

Weaknesses that have been addressed in-year – there has been a focus on delivering a service rather than reviewing the current service offering and continuous improvement. This has been addressed through feedback from external organisations such as holding focus groups with key stakeholders to review and improve a service.

There has been a weak delivery of some commissioned services generally relating to smaller funding amounts circa £3k. Service Level Agreements have also been simple previously especially in terms of outputs and outcomes.

Regeneration

Areas for improvement – to develop better arrangements to capture and hold all relevant data on the Council’s properties including financial information, to enable more accurate and robust income and expenditure monitoring to take place.

Weaknesses that have been addressed in-year – Project Management Office and governance have been improved by setting up a set of new governance arrangements for regeneration projects involving standard templates and regular reporting.

Corporate Property (retail)

Areas for improvement – The Square shopping centre was purchased in 2016 and the managed services had not been retendered in that time. In May 2022 the retendering of the Managed Services contract for the Council’s retail assets commenced. A new contract was awarded starting April 2023 achieving savings of around £115k pa for the Asset Management service core fee.

There was also no formal arrangement in place with a letting agency with several agencies being appointed across the assets. A new company was appointed in November 2022 as local letting agency for the Square.

The leaseholders in respect of the head lease for the Atrium were not providing statements as per the head lease obligations. More regular meetings have since been established and Head Rent payments are now getting up to date. The letting strategy for the Square had not been reviewed for some time and as a result a new Strategy Policy has since been published.

Weaknesses that have been addressed in-year – a retender of Managed Services for the retail assets with cost savings was delivered April 2023 and a new contract set up with a new asset management company. The service has set up a new letting agent appointment for the Square shopping centre. It has reviewed and appointed a local agent as part of the Managed Services contract.

A new strategy for managing The Square shopping centre vacancies has been established in year as per Council’s five year plan. The Atrium Head Lease rent collection has been addressed with additional meetings arranged with stakeholders. The service has reviewed the Head lease and statements are now received as per obligations within the contract. To bolster this regular Finance and Asset Manager meetings are taking place to help monitor the situation. There were no regular meetings held with Collectively Camberley the Business Improvement District and this has been addressed by holding more regular monthly meetings with an officer from the Investment and Development team in attendance at BID board meetings.

Corporate Property (estates)

Areas for improvement – the service has prepared an Asset plan for each individual Investment Property as defined by Wilkes Head & Eve, the Council's property surveyors. The format of the Asset Plan is to be agreed and signed off and to commence August 2023.

The Council is also improving the way it manages its community properties. There is now a dedicated resource dealing with the backlog of lease renewals, a new Head of Technical Services role has been created and recruited – putting in place an inspection regime and maintenance contract for the servicing of community properties. There are now regular meetings with portfolio holder to get direction on community issues.

Work is underway to completely overhaul the Council's approach to the inspection and maintenance of its community estate. This includes the introduction of up to date policies in respect of statutory compliance, a formal inspection regime of all properties for which the Council is responsible, forward planning for preventative maintenance and co-ordinated liaison with operational colleagues to properly support them in the delivery of their services.

The community team is also undertaking a full review of the strategic value of its community and leisure portfolio, looking at utilisation rates, and leases. The team are carrying out more rent reviews, and lease reviews upon expiry, as well as more tenancy schedules.

Environment & Community

Joint Waste Services (JWS)

Areas for improvement – on behalf of the Surrey Environment Partnership (SEP), Joint Waste Solutions (JWS) utilises the waste hierarchy to focus priorities on waste prevention and recycling, the service has developed an interim strategy, a partnership approach to waste prevention and recycling, to bridge the gap until further clarity is received from government on key emerging policy. The principles are distilled down into JWS's annual work programme of projects and initiatives that are aligned to the aims and objectives of SEP 2025.

JWS is currently building on the strength of the work programme procedure to further develop its approach to business continuity in the event of a failure in the delivery of the joint waste contract, and its approach to performance management, ensuring tangible outputs and/or outcomes; and managing its resources to ensure successful delivery of both the SEP and Joint Contract work programmes.

JWS encourages all staff to continue their professional development and actively seeks opportunities and supports team members to do so. JWS intends to develop a skills matrix and training plan, with consideration to succession planning. Due to current operational challenges and staff turnover this was not delivered in 2022-23

and will hopefully be delivered in 2023-24. JWS has identified staff who would benefit from the safeguarding training.

JWS is accountable to all 12 local authority partners of the SEP and the 4 local authorities in the joint contract area. Governance arrangements with 3 SEP officer and member meetings annually and 4 joint contract officer and member meeting annually enables approval of the work programme and associated expenditure and transparency of delivery throughout the year.

JWS is actively engaging with local authority practices and procedures to identify and where relevant implement savings and efficiencies and increase income generation.

To further improve relationships the service has implemented 2-3 meetings per annum with the SEP officers' representatives of each of the 12 local authority partners. This enables the service to build, develop and strengthen positive working relationships, remain up-to-date on current priorities and issues within each of the respective authorities and understand how JWS can support and improve service delivery for waste prevention and recycling.

Weaknesses that have been addressed in-year – to support an out-of-date Joint Municipal Waste Management Strategy the JWS team led on a project to develop an interim strategy, SEP 2025 aimed at bridging the gap between now and receiving further clarity from government on key emerging policy and provides a clear strategic direction with a vision and objectives for the next 2-3 years.

JWS have worked with SEP to develop a new funding mechanism that encourages the district and borough councils to improve their performance in line with the vision, aims and objectives of SEP 2025.

JWS intends to develop a skills matrix and training plan, with consideration to succession planning.

Environmental Health and Licensing

Areas for improvement – increase staff understanding of the financial aspects of Environmental Health and Licensing's work, particularly full cost recovery in fee setting, income generation and contract management. Improve retention processes and succession planning for professionally qualified Environmental Health and Licensing staff to maintain a competent workforce. Better use of IT to generate and analyse service performance management information. Continue to develop use of Uniform across the service to improve data recording and sharing and to improve customer response.

Governance weaknesses that have been addressed in year – there have been limited budget manager oversight of salary budgets and of the service's financial position by having more regular and comprehensive budget setting/monitoring meetings with the Environmental Health and Licensing service accountant. Increase in key performance indicator data collected across the service to address limited service performance management information. Uniform improvements have been

identified in the service with staff participating in regular meetings with ICT and action planning to address Uniform software not being used to full potential within the service.

Enforcement

Areas for improvement – the development of an overarching, Council- wide enforcement policy, and the development of an anti-social behaviour policy with relevant stakeholders.

Governance weaknesses that have been addressed in-year – the scheme of delegation has been addressed by widening powers for enforcement. The planning enforcement register is being published on the Council's website and an action plan has been agreed to tackle the Uniform system. The CCTV infrastructure is being improved by the introduction of a working group with clearly defined terms of reference and responsibilities.

Housing

Areas for improvement - work is underway with finance colleagues to improve the debt management process and rent collection for Connaught Court to allow accurate rent accounting for residents and those supporting them. The relicensing of HMOs is placing a peak autumn demand on the service due to the cyclical nature of the licensing process. The Council's Allocations Policy is being applied consistently at all times to ensure social housing is always allocated fairly. A review and upgrade of the Housing Register will be conducted in 2023 to produce a more efficient system for officers and a better experience for applicants.

Governance weaknesses that have been addressed in-year - the provision of adaptations through the Council's Disabled Facility Grant policy has been streamlined to speed up the process for means testing and the commencement of works. Adaptations works are now routinely assessed to ensure proper completion to a high standard. The very positive working relationship with Surrey County Council Adult Social Care and Registered Providers such as Accent helps ensure adaptations progress in a smooth manner.

The number of housing complaints regarding both Social and Private Landlords have remained consistent, and all have been satisfactorily resolved mostly through informal means but where appropriate more formal action has been taken.

Family Support

Areas for improvement – improvements to budget management and communication with accountants are to be improved by having more regular meetings with service accountants to ensure budgets are consistently monitored and reviewed.

Governance weaknesses that have been addressed in-year - team leaders have worked with stakeholders to increase their knowledge and understanding which has helped to address lack of stakeholder awareness of the expectations on them on engagement with the 'team around the family' process. This has led to an increase in attendance at 'team around the family' meetings, especially from hard to reach services. Low rates of family feedback at the end of Family Support Intervention has been dealt with by the reintroduction of paper 'family feedback forms' in addition to the online form to ensure accessibility for all clients.

Recreation and Leisure (Green spaces)

Areas for improvement – improved service communications at every level, even though there are regular team meetings, by the introduction of wider team meetings. Broaden the team's capability, knowledge and skill sets to be able to self-serve and operate more independently.

Governance weaknesses that have been addressed in-year – over reliance on contractors, enhanced training for officers, purchasing of new equipment to improve service and reduce operational costs. Improved non-performance of contractor by focusing on enhanced monitoring and performance improvement plans.

Camberley Theatre

Areas for improvement – The theatre continually seeks to improve how it functions and supports the delivery of a rich and diverse cultural offering within the Borough. Further improvements have been identified including:

Amendments to the method of advertising ticket prices so that all tickets advertised include the booking fee as part of the displayed ticket price. Improved project management processes are being introduced to provide consistent outcomes. A full review of the contracts for pantomime workers is also underway due to a change in employment law which has meant that the current contractual arrangements do not meet industry standards and are no longer suitable.

Parking

Areas for improvement – the service has identified that the Cleaning contract, the provision of CCTV infrastructure, and the fire system located within the borough's car parks need improvement.

Governance weaknesses that have been addressed in-year – the Cleaning contract at the town centre car park has been addressed by the introduction of regular meetings between the Council and the contractor with financial penalties being introduced if no improvement. CCTV at Main square car park has been improved through a full review of the existing system. The Fire system has benefited from an independent review carried out focusing on health & safety compliance.

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal and External Audit

The Council receives assurance each year in the form of the annual report from Internal Audit and the opinion of the Section 151 Officer. This is presented to senior management and is taken to Audit and Standards committee annually.

The Internal Audit team delivered a number of internal audits from the Plan in 2022-23. Sixteen individual audits were completed, and action plans were agreed with managers to mitigate risks and improve overall controls. Completed audits included the key finance audits conducted annually including capital, treasury management and cash and bank. A number of periodic reviews were also completed including Payroll, Insurance, Democratic Services and Corporate Health and Safety. Audit also assisted with various consultancy type activities including participating in some internal investigations, a review of the Business Improvement District, support with the IR35 regulations, and a review of corporate procurement card use.

An annual report was presented to the Audit and Standards committee in July 2023 where it was reported that the internal auditors' opinion for 2022/23 was that the Council's internal control environment and systems of internal control in the areas audited were adequate and effective.

Selected audit recommendations reported in 2022/23	Agreed action
Treasury Audit - All loans need to be supported by way of senior officer approval, such as a signed loans agreement letter or similar.	The Council's Chief Accountant or other senior officer in the accountancy service needs to sign the borrowing paperwork for any new or rolled over loan going forward. An example of the paperwork to be signed was provided by the Chief Accountant.
Capital Audit - Relevant budget holders for capital projects must update finance on a timely basis with updates of activities or developments undertaken with their respective projects, and to indicate whether their budgets were under or overspent.	Directors and Service Heads should remind budget holders to send their capital budget updates to Finance on a timely basis.
Democratic Services Audit - Councillors should make every effort to attend Mandatory training provided by the Council. Democratic Services should raise this with respective party group leaders.	Democratic Services will review training records and make any improvements necessary to enable complete training records to be provided for an audit trail. A review of the relevant section of the Constitution will also be carried out to

	ensure that the information contained is up to date and reflects training practices.
Debtors Audit - A review of the success or otherwise of the Consumer Protection Agency is undertaken including a cost benefit analysis. The Council could also consider benchmarking the performance of the existing arrangements with the CPA as the current contract is due to expire April 2023.	Agreed to be undertaken by Finance by June 2023.
Payroll Audit - Clarification should be sought as to whether certain contractual payroll items should be included in Employment Contracts.	Applicants need to sign either Essential car user allowance agreement letters or Golden Hello agreement letters using Box Sign which are issued separately to the Employment Contracts, as these terms are subject to change.

The Council's External Auditor BDO provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of securing and improving value for money.

Self-assessment and review of key outcome indicators

Internal Audit has undertaken a review to confirm that the arrangements described above have been in place throughout the year.

The key outcome indicators below have been used to assess the quality of governance arrangements in 2022/23:

Issues Identified	Performance for 2022/23
Formal reports by s.151 officer or Monitoring officer	All committee reports are reviewed by the relevant statutory officers, and contain a section on the report for their comments
Outcomes from Standards Committee of Monitoring Officer investigations	Monitoring Officer presented his annual report to the November 2022 Audit and Standards Committee which included the outcome of investigations for the Committee to note.
Proven Frauds carried out by members or officers	None identified/proven
Objections received from local electors	None received.

Local Government Ombudsman referrals upheld exceed national average	LGSCO referrals are monitored and any upheld are reviewed and a lessons learned report presented to P&F Scrutiny Committee.
Unsatisfactory/limited internal audit reports	None in 22/23

Follow up of issues identified in the previous financial year for 2022-23

The 2021/22 Annual Governance Statement highlighted seven areas for improvement. The table below sets out the actions that have been taken to address these issues in the current year:

Issues for 2022/23	Action Taken in 2022/23 to address issues
Delivery of the star chamber (now renamed Base Budget Review) process	Base Budget Review process completed with an over achievement of targeted efficiencies in the first two years of the Medium Term Financial Strategy
Joint Waste Solutions	Discussions relating to the Joint Waste contract continue between Amey and the four partner boroughs. Regular Board and Committee meetings are conducted to ensure performance against the contract is monitored, reviewed and where necessary addressed.
Commercial rent arrears	Arrears which accumulated during the times of covid restrictions have been recovered or concessions agreed where necessary to keep businesses trading. New retail asset management company, Praxis, appointed from 1 April 2023. Arrears recovery is reviewed in monthly meetings with Praxis and quarterly meetings with Portfolio Holder.
London Road Development	Market testing on potential options for development completed via Homes England procurement framework. Progress and Proposals on the way forward worked up with the Property and Regeneration Working Group.

Asset management contract	New contract in place wef 1 April 2023 with new asset manager, Praxis, resulting in considerable savings to SHBC.
Building control partnership	Discussions underway with Runnymede Borough Council. Interim arrangement in place pending full s.1113 arrangement with SHBC as host authority
Capturing actions at Committee meetings	Rolling action sheet now in place to capture agreed actions at Executive and minutes of meetings record actions to be taken.

Issues for 2023/24

Apart from the issues outlined above, the Council has identified the following areas to be addressed during the coming year and any action planned.

Issues for 2023/24	Action already taken/ to be taken
Local Government Act (LGA) Peer Challenge	The Council invited a LGA Corporate Peer Review to take place in the summer of 2023. The final report is awaited, and once received and reviewed, an action plan for the Council in response will be developed and addressed.
Delivering savings and efficiencies	The Council underwent a thorough Base budget review which was completed in July. The required base budget targets were met/exceeded for 2023/24. The Council is currently delivering the target level savings.
Local Elections (including the roll out of ID voting) and the induction of the new Council.	Successful administration of local elections were completed in May 2022 and a further election in June (due to the death of one candidate). This included a successful implementation plan to address voter ID. Implementation of a complete induction programme and training for the new Council, with a large intake of new Members.

Further strengthening project management practice	Developing and implementing a framework to provide a more consistent approach to project management across the organisation.
Further embedding Risk Management	Building on the Corporate Risk Register and Risk board level Risk Registers, the intention is to establish service and project level risk registers so that risk management becomes more embedded in the work of the organisation.
Risk of major contractor failure	Timely retendering of major contracts in need of renewal (e.g. management of the Square shopping centre). Robust contract management arrangements in place and appropriate enforcement. Exploring contingency measures should a contractor fail through poor performance or a contractor pulling out.
Public questions at Committee meetings	To promote better public engagement with the Council, the intention is to introduce public question time at Executive meetings and other Committee meetings where appropriate

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements over time. The significant impact as a result of the current economic and financial climate, in particular to the Council's funding and income receipts and use of reserves, will need to continue to be closely monitored.

Damian Roberts
Chief Executive

Cllr Shaun Macdonald
Leader