

**Monday, 13th June, 2022,
6.15 pm**

**The John Meikle Room - The Deane
House**

**Members: Lee Baker, Simon Coles, Hugh Davies, Ed Firmin,
Dawn Johnson, Marcus Kravis, Janet Lloyd, Andy Milne,
Steven Pugsley and Terry Venner**

Agenda

1. Appointment of Chair

2. Appointment of Vice Chair

3. Apologies

To receive any apologies for absence.

**4. Minutes of the previous meeting of the Audit and
Governance Committee**

To approve the minutes of the previous meetings of the Committee. Firstly, the minutes from the special meeting held on 22nd March 2022 and secondly the minutes from the meeting held on 14th March 2022.

(Pages 7 - 24)

5. Declarations of Interest

To receive and note any declarations of disclosable pecuniary or prejudicial or personal interests in respect of any matters included on the agenda for consideration at this meeting.

(The personal interests of Councillors and Clerks of Somerset County Council, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes.)

6. Public Participation

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any

questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

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The link to each webcast will be available on the meeting webpage, but you can also access them on the [Somerset West and Taunton webcasting website](#).

- 7. Audit and Governance Committee Forward Plan** (Pages 25 - 26)

To receive items and review the Forward Plan.
- 8. External Audit Progress Report and Sector Update** (Pages 27 - 42)

The attached report provides the Audit and Governance Committee with a progress update regarding the work of the external auditor, Grant Thornton LLP, together with information relating to emerging issues which may be relevant to the Council.
- 9. External Audit - Audit Plan 2021/22** (Pages 43 - 68)

This report introduces the finalised External Audit Plan for 2021/22. The Plan is prepared by the Council's external auditors, Grant Thornton, ahead of the financial year-end (31 March), and is attached as Appendix A to this report.
- 10. SWAP Internal Audit - Outturn Report 2021-22 Internal Audit Plan** (Pages 69 - 86)

This matter is the responsibility of Executive Councillor Benet Allen

Report Author: Alastair Woodland, Assistant Director, SWAP

The Internal Audit function plays a central role in corporate governance by providing assurance to the Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.

The 2021-22 Annual Internal Audit Plan is to provide independent and objective assurance on SWT Internal Control Environment. This work will support the Annual Governance Statement.
- 11. SWAP Internal Audit - Annual Opinion Report 2021/22** (Pages 87 - 104)

This matter is the responsibility of Executive Councillor Benet Allen

Report Author: Alastair Woodland, Assistant Director, SWAP

The Internal Audit function plays a central role in corporate governance by providing assurance to the Annual Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.

The 2021-22 Annual Audit Plan provided independent and objective assurance on SWT Internal Control Environment. This work supported the Annual Governance Statement.

12. Summary of Level 1 and 2 Audit Actions

(Pages 105 - 116)

This matter is the responsibility of Cllr Benet Allen, Portfolio Holder for Communications and Corporate Resources

Report Author: Malcolm Riches, Business Intelligence & Performance Manager

The purpose of this report is to update the Committee on progress against level 1 and 2 Internal Audit Actions as at the end of April 2022.

13. Going Concern Assessment 2021/22

(Pages 117 - 126)

This matter is the responsibility of Councillor Allen, Communications and Corporate Resources.

Report Authors: Paul Fitzgerald, Assistant Director – Finance (Section 151 Officer) and John Dyson, Corporate Finance Manager.

To inform the Audit and Governance Committee of the Assistant Director Finance (S151 Officer)'s assessment of Somerset West and Taunton Council as a "going concern" for the purposes of producing the Statement of Accounts for 2021/22.

14. Annual Governance Statement 2021/22

(Pages 127 - 174)

This matter is the responsibility of the Leader of the Council, Cllr Federica Smith-Roberts.

Report Author: Amy Tregellas, Governance Manager.

To present the Committee with the Annual Governance Statement 2021/22 (Appendix A) and accompanying Action Plan (Appendix B).

15. Fraud Outturn Report 2021/22 and Annual Fraud Plan for 2022/23 (Pages 175 - 184)

This matter is the responsibility of Executive Councillor Member for Communications and Corporate Resources, Cllr Benet Allen

Report Author: Amy Tregellas, Governance Manager

To present the Committee with an update on progress following the last report which came before the Committee in March 2022.

16. Landlord Health and Safety Property Compliance Update Report (Pages 185 - 198)

This matter is the responsibility of Executive Councillor Member Francesca Smith

Report Author: Ian Candlish, Assistant Director Housing Property

This report provides an updated position for the main landlord health and safety property compliance disciplines. Whilst Covid continues to have an impact upon our ability to progress with some compliance areas, due to resourcing issues for in-house staff and contractors, we continue to maintain a clear focus on all compliance requirements and have made progress in many areas.

17. Health & Safety Management System - Performance framework and Improvement Programme (Pages 199 - 244)

This matter is the responsibility of Cllr Benet Allen.

Report Authors:

Kate Lusty – Health & Safety Specialist

Dan Webb – Health & Safety Improvement Programme Manager (temp)

The purpose of this report is to provide the Audit and Governance committee with:

A) a progress update on the Health & Safety Performance Framework

B) a progress update against delivery of the H & S Management System (HSMS) Improvement Programme.

A handwritten signature in black ink, appearing to read 'A Pritchard', with a horizontal line underneath.

ANDREW PRITCHARD
CHIEF EXECUTIVE

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Members of the public are welcome to attend the meeting and listen to the discussions. There is time set aside at the beginning of most meetings to allow the public to ask questions. Speaking under "Public Question Time" is limited to 3 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chair will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate. Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chair will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group. These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room. Full Council, Executive, and Committee agendas, reports and minutes are available on our website: www.somersetwestandtaunton.gov.uk

The meeting room, including the Council Chamber at The Deane House are on the first floor and are fully accessible. Lift access to The John Meikle Room, is available from the main ground floor entrance at The Deane House. The Council Chamber at West Somerset House is on the ground floor and is fully accessible via a public entrance door. Toilet facilities, with wheelchair access, are available across both locations. An induction loop operates at both The Deane House and West Somerset House to enhance sound for anyone wearing a hearing aid or using a transmitter. For further information about the meeting, please contact the Governance and Democracy Team via email: governance@somersetwestandtaunton.gov.uk

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SWT Audit and Governance Committee - 22 March 2022

Present: Councillor Lee Baker (Chair)

Councillors Ed Firmin, Simon Coles, Hugh Davies, John Hassall, Janet Lloyd, Sarah Wakefield and Loretta Whetlor

Officers: Paul Fitzgerald, Jessica Kemmish, Kate Lusty, Amy Tregellas and Alison North

Also
Present:

(The meeting commenced at 6.15 pm)

66. Apologies

Apologies were received from Councillors Martin Peters, Dawn Johnson who was substituted by John Hassall, Terry Venner who was substituted by Loretta Whetlor and Stephen Pugsley who instead attended the meeting via Zoom.

67. Declarations of Interest

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr L Baker	All Items	Cheddon Fitzpaine & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr H Davies	All Items	SCC	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr L Whetlor	All Items	Watchet	Personal	Spoke and Voted

68. Public Participation

There were no requests for public participation.

69. Audit and Governance Committee Forward Plan

The Committee resolved to note the forward plan.

70. **Health and Safety Management System – Performance framework and Improvement Programme**

The Health and Safety Specialist introduced the report:

- The key elements of the report were business as usual performance where significant progress had been made, including each directorate having a risk management action plan in place and each directorate was able to review their risk management performance in their Tier 3 directorate health and safety meetings.
- Tier 2 and Tier 3 levels of health and safety governance boards had been meeting on a monthly basis. Monthly scorecards were provided to each directorate.
- All actions generated from any of the boards were added to a consolidated action plan and tracked.
- For the improvement programme all workstream progress was reviewed at the Tier 2 management level board. Significant progress had been made on the health and safety policy review and on the contractor management policy.
- Had been working with the procurement team on building a contractor database which would include information on health and safety vetting for all contractors the Council engaged with.

During the debate the following points were raised:

- It was asked which software was used for the health and safety database. It was responded that the database was held in SharePoint currently. Moving forward work would be undertaken within the LGR Workstreams to identify a suitable contractor for the system.
- It was asked if clarification could be given regarding different officers' roles in terms of Health and Safety. It was responded that James Barraah was lead Director for Health and Safety. Kate Lusty was responsible for leading the Health and Safety team and reported on Health and Safety to James Barraah.
- It was asked about the directorate risk assessments reviews and the percentage of reviews which had been completed and whether there was a grading system based on the occupations of officers. Officers responded that the figures included in the report were the current breakdown of what had been completed as part of the ongoing risk scoping exercise. Action plans had been pulled together with all managers across the organisation and these had been RAG (Red, Amber, Green) rated to prioritise the order in which reviews were completed.
- It was raised that there were significant number of new starters to the organisation. It was asked whether there was an individual conversation with each new starter of their risks and to what extent day one health and safety training was delivered and how it was checked that this training had been received. It was responded that training was delivered by the Health and Safety team. The team were notified whenever there was a new starter at the organisation. The new starter would then receive a Health and Safety induction or potentially several inductions dependent on their role. The task

manager also completed risk assessments and training requirements were identified.

- It was asked how concerned the committee should be about the number of accidents and how severe those accidents were. Officers responded that there had been eight accidents which needed to be reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDOR) which included accidents such as fractures. There had been a RIDOR near miss which involved a gas escape event in one of the Council's tenanted properties.
- It was raised that incidents had increased by 71% but accidents had decreased by 43%. Officers responded that accidents had decreased by 43% over the last three years. The additional 71% for incidents was a positive as it meant that more events were being reported. Incidents being reported and investigated reduced the number of accidents which occurred due to corrective action being taken.
- It was asked about Health and Safety training for members. Officers responded that a members' induction refresher pack for training was in development. A risk assessment of activities undertaken by councillors would also be completed.

The Committee resolved to note the recommendations in the report:

2.1 The committee is asked to note and endorse:

A) the H & S Performance Scorecard data, together with the observations/recommendations/conclusive summary (appendix A)

B) the HSMS Improvement Programme progress update (detailed in section 4.7.5 with further summary breakdown in appendix B)

It was asked if there could be a glossary introduced for acronyms included within future similar reports from officers across the organisation. The monitoring officer responded that they would look to implement this.

71. **Local Code of Corporate Governance**

The Monitoring Officer provided an introduction to the report:

- The report was for the year 2022-23 financial year.
- The Council was required to produce the report annually.
- The report contained seven principles which were included within the framework in the report. Changes from last year had been highlighted for ease of reference.

During the debate the following points were raised:

- It was asked what could be done to address behaviour at committee meetings. The Monitoring Officer responded that members needed to remember that meetings were recorded and webcast so comments were visible and accessible to constituents. Comments had been received from the public based on comments made during committee meetings and this had been shared with members. Any incidents which needed to be addressed

would go to the Standards Committee, as would reports on complaints received.

- It was raised that the Ethical Newsletter produced by the Monitoring Officer was good and appreciated.
- It was asked if there would be any additional action which monitoring officers would take in situations where the code was broken during a meeting. The Monitoring Officer responded that it was difficult for officers to intervene in a public meeting, but they had intervened in the past and would continue to intervene during a meeting if inappropriate comments were made. The chairs of meetings were also able to intervene. The legislation currently in place was not very specific and there were few sanctions which could be applied when poor behaviour occurred which limited officers' ability to act.
- It was asked if any complaints had been made about behaviour in a previous Full Council meeting and whether this would go to Standards Committee. The Monitoring Officer responded that no complaints had been received so there was nothing which would be going in front of the Standards Committee. The key role of the Standards Committee was to ensure that councillors were upholding high standards of conduct. There was strand of work on Governance as part of the Local Government Reorganisation work. This included member inductions and the code of conduct. A new recommended code of conduct had been drafted by the Local Government Association and it was planned for all five councils to adopt a code of conduct based on the LGA's recommended code of conduct with some changes to suit the five authorities.
- It was asked if there had been any issues raised through the whistleblowing process. The Monitoring Officer responded that none had been raised by staff or members, but some had been raised by the public.
- Thanks were expressed to the Monitoring Officer and Governance team for their work.
- It was requested that Exmoor National Park was included in the Code of Conduct process if possible. The Monitoring Officer responded that they would contact Exmoor National Park however, it was not written into legislation that adopting the new version of the Code of Corporate governance was mandatory so it would be a choice for authorities, including town and parish councils, to adopt it.
- It was raised that it would be good if all local authorities in Somerset adopted the Local Government Association (LGA) Code of Conduct as it would ensure consistency. The Monitoring officer raised that there were differing Code of Conducts to the LGA's so some authorities may adapt different codes. Government could have chosen to change the legislation which would have mandated all local authorities to adopt the Code of Conduct the LGA had created but they chose not to.

The Committee resolved to approve the recommendation in the report:
That the Committee approves the Local Code of Corporate Governance for 2022/23.

72. **Annual Governance Statement Action Plan Update**

The Monitoring Officer provided an introduction to the report:

- The report was to update members on the progress made on action which came out of the Annual Governance Statement Action Plan last summer.

During the debate the following points were raised:

- It was noted that some of the actions mentioned that work was being undertaken under the Local Government Reorganisation Programme and so would not be undertaken separately outside of the programme so as not to duplicate work.

The committee resolved to note the recommendation in the report:

2.1 That the Committee notes the progress against the Annual Governance Statement Action Plan for 2020/21.

73. **Updated Risk and Opportunity Management Strategy for 2022-2023**

The Monitoring Officer provided an introduction to the report:

- The Risk and Opportunity Management Strategy was updated annually to ensure it reflected and new and emerging risks.
- SWAP, the Council's internal auditors, recommended that the risk on Fraud and Corruption be made clearer in the strategy as part of their baseline fraud assessment last year so this had been done. It was the duty of all employees of the Council to report suspected fraud.
- The economic risks had been impacted by interest rate changes and inflation. Rising inflation had impacted the Council's supply chains. People shortages and not having enough people to fill job roles was also a risk.
- Cyber Security remained a high risk.
- The transition to a unitary council for Somerset was included as a strategic risk. There was limited time for all the necessary work as part of the transition to be done and the Council's resources would need to be maintained.
- Human Resource risk had been included due to potential retention issues as part of the transition to a unitary authority as well as there having been lots of job vacancies nationally with not enough people to fill them.
- For the environmental risk ecology had been incorporated into the risk.
- A risk relating to fraud and corruption had also been added.

During the debate the following points were raised:

- It was raised that potential fraud was quite wide and asked if staff had training on how to identify fraud and a mechanism to report any suspected fraud. The Monitoring Officer responded that several policies in relation to fraud had been brought to the committee and the mechanisms for reporting were included within those. All staff were asked to complete fraud and corruption modules on the e-learning portal and had a deadline in a few months' time to have completed the training by. Discussions were also taking place about

training for staff in particular areas within the Council where they were more likely to encounter fraud.

- It was asked if example phishing emails were used to ensure staff were aware of what to look out for and what to do or provided with more training or not. The Monitoring Officer responded that they were aware that many staff reported suspected phishing emails to IT but that this was possibly an area for further improvement.
- It was asked what the process for monitoring risks was, in particular in relation to the unitary transition. It was responded that key business risks were monitored at a monthly performance board within Somerset West and Taunton Council and reports including key business risks went to Corporate Scrutiny Committee and the Executive Committee. Regarding unitary risks more work need to be done to monitor these risks, but this was something officers were mindful of and working on.
- It was raised that there were two separate local plans for Somerset West and Taunton Council, one for Taunton Deane and one for West Somerset and concerns were raised that there would be numerous separate local plans for the new Somerset Council. The Monitoring Officer responded that Local Plans took around two years to create due to the amount of work involved. Creating a joint Local Plan would be part of the work which would continue beyond Vesting Day.
- It was raised that creating a single Local Plan may take longer than two years. Following the creation of a single Local Plan there could then be a single set of rules for planning applications across the area of Somerset Council. It was responded by the Monitoring Officer that work had already started on this and upon ensuring that terms of reference were in place for the new authority for planning, licensing and other functions.

The Committee resolved to approve the recommendation in the report:

2.1 The Committee approve the updated Risk and Opportunity Management Strategy (Appendix A) for the 2022/23 financial year.

74. **Fraud Update**

The Monitoring Officer provided an introduction to the report:

- The report was an update for members following the SWAP baseline maturity assessment which came before the Committee in September last year. The report provided updates on the actions from SWAP's assessment.

During the debate the following points were raised:

- Concerns were raised regarding fraud occurring when the finance systems of each of the five authorities merged as part of Local Government Reorganisation. The Monitoring Officer responded that this was a risk and one which Internal Auditors would keep a close eye on. The Section 151 Officer added that across the five authorities there were five different finance systems used. Work would be undertaken to move towards a single finance system for the new authority and as part of this work would involve ensuring the

appropriate financial controls were in place to minimise the risk of fraud both through the change in organisations and the change in systems.

The Committee resolved to note the recommendation in the report:
2.1 The Committee note the Fraud Update.

(The Meeting ended at 7.27 pm)

SWT Audit and Governance Committee - 14 March 2022

Present: Councillor Lee Baker (Chair)

Councillors Ed Firmin, Simon Coles, Hugh Davies, Dawn Johnson, Janet Lloyd, Martin Peters, Steven Pugsley, Terry Venner and Sarah Wakefield

Officers: John Dyson, Jackson Murray, Jessica Kemmish, Steve Plenty, Malcolm Riches, Alastair Woodland and Alison North

Also
Present:

(The meeting commenced at 6.17 pm)

53. Apologies

No apologies were received.

54. Minutes of the previous meeting of the Audit and Governance Committee

The Committee resolved to approve the minutes of the previous Audit and Governance Committee meeting held on 13th December 2021.

55. Declarations of Interest

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr L Baker	All Items	Cheddon Fitzpaine & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr H Davies	All Items	SCC	Personal	Spoke and Voted
Cllr D Johnson	All Items	SCC	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr M Peters	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr T Venner	All Items	Minehead	Personal	Spoke and Voted

56. Public Participation

No requests for public participation were received.

57. **Audit and Governance Committee Forward Plan**

The Committee resolved to note the Audit and Governance Committee Forward Plan.

58. **External Audit – Progress Report and Sector Update**

The Corporate Finance Manager provided an introduction to the report:

- The report was the progress report and sector update from our external auditors, Grant Thornton.
- The recommendation of the report was for the committee to consider and note the report.

The Director from Grant Thornton provided a further introduction to the report:

- For the 2020-2021 Audit the Financial Statement Opinion was issued on 30th September 2021 and the Auditors Opinion was issued on 15th December 2021. These dates were in line with the statutory deadlines. The final proposed fee subject to the Public Sector Audit Appointment's (PSAA) approval was £68,500, this matched the fee in the original audit plan for 2021.
- Planning and interim work for the 2021-2022 audit had begun and would continue.
- In terms of the timetable for 2021-2022 accounts the regulation stated that the authority must have produced draft accounts by 31st July 2022. The deadline for published audited financial statements to be published by the Council this year was 30th November 2022.
- The Director from Grant Thornton proceeded to provide a verbal update on item eight on the agenda:
 - Normally Grant Thornton would have brought a report on the Audit Plan to be considered and noted by the committee but were not in a position to do so at present. This was due to there being ongoing discussions nationally with PSAA around fee proposals for 2021-2022 audits and there was also an emergency consultation on potential changes to the CIPFA financial code. Audit plans would not be issued until the consultation was complete.
 - The report would be issued to relevant officers and the committee Chair outside the normal committee cycle and then be brought to the Audit and Governance Committee in June for formal noting.
 - The date for the auditor's annual report was yet to be confirmed.
- In terms of value for money the External Auditors continued with the updated code of audit practice from the prior year. An auditor's annual report would be produced and provided.
- Undertook work to certify the Council's housing benefits subsidies claim in line with the Department for Work and Pensions (DWP) regulations. This was

reported on 18th February 2022. The DWP requested a small amount of follow up work based on some documents having been deleted in line with General Data Protection Regulations (GDPR) however the DWP required the Council to go back to claimants to recover that information. That work was completed, and the updated report provided back to DWP.

- Undertook work on the Council's pooling of housing capital receipts and the report on this was issued in advance of the national deadline.
- Discussed accounting changes with officers.

During the debate the following points were raised:

- It was asked about the figures which the DWP had asked Grant Thornton to go back and check, but which Grant Thornton then found the Council had deleted due to GDPR restrictions and whether this was a cause for concern. The Grant Thornton Director responded that if information was still used in ongoing award calculations, then that document should be maintained regardless of GDPR until there was a change in circumstances. The DWP's view was that unless calculations could be evidenced then it be categorised as being wrong which could then have a monetary impact on the Council. This had been discussed with officers who were then able to go back to claimants and obtain the necessary information but in future information needed to be retained.
- The issue of storing data for the correct length of time to prevent the above issue reoccurring was to be raised with the Monitoring Officer.
- It was asked whether this was something new the DWP had started doing. It was asked how long data could be kept under GDPR and how many cases DWP had sent back. It was responded by the Grant Thornton Director that it did happen that the DWP department would come back on any items they wanted further information on and that this was not new however, this appeared to be the first year where GDPR had caused issues as it was the first year documents were being deleted as a result of GDPR retention periods. There were four or five instances where claimants' details had been deleted. The Council had been able to retrieve the details by contacting those involved.
- It was asked about the Section 144 notice and the bankruptcy procedure for councils and where Croydon Council had issued a Section 144 notice due to a substantial amount of money being missing and whether the auditors had found any case like that for Somerset West and Taunton Council (SWT). The Grant Thornton Director responded that they had not identified any case like that for SWT. Section 144 notices were issued by the Section 151 officer of a local authority if they felt that financially the council could not continue. As an authority SWT was not in that position financially.

The members resolved to note and carry the recommendation in the report:

- 2.1 Members are requested to consider and note the Progress Report and Sector Update received from Grant Thornton.

59. **External Audit - Audit Plan 2021/22**

Having received the External Auditor's verbal presentation as part of the previous agenda item the Committee resolved to carry the recommendations in the report;

2.1 Members are requested to:

- consider and note the External Auditor's verbal presentation,
- delegate receipt and consideration of the final Audit Plan for 2021/22 to the Assistant Director – Finance (S151 Officer) and to the Chair and Vice Chair of this Committee, prior to it being presented to the June meeting of this Committee.

60. **External Audit Risk Assessment 2021/22**

The Corporate Finance Manager provided an introduction to the report:

- Senior Management of the Council had contributed to the responses to the range of questions passed to officers by the auditors. These responses were set out in the report.
- The questions followed a similar trend each year but there were some additional new questions added this year.

The Director from Grant Thornton provided a further introduction to the report:

- Each year auditing standards required that a number of questions were posed by Grant Thornton to management who then provided responses. The paper then comes to the Audit and Governance Committee as it is the body charged with governance at the authority. The Committee is then asked to consider whether the responses from management are in line with their understanding of the authority.

During the debate the following points were raised:

- It was asked about the bad debt provision expected credit losses and what type of bad debt would be written off and how it would be deemed irrecoverable. Officers responded that debts on both the General Fund and Housing Revenue Account were looked at. The older a debt was the less likely it was to be repaid. Calculations were done using formulas to work out the likelihood that debts would not be repaid. Debts were not looked at on an individual basis but rather on a group basis for doubtful debt. When debts were considered for being written off debts were looked at on an individual basis.
- It was asked if in the external auditor's opinion, they would advise the Council to exit the commercial investment portfolio it had and sell all properties. The Grant Thornton Director responded that it was not their place to answer that. Looking forward nationally the view of the sector and government bodies was that investments of the same commercial nature should not be made by local authorities. Selling all properties immediately could however also be a risk particularly if all other local authorities decided to do so at the same time.
- It was asked if the external auditors felt that actions taken by the Council in response to the auditor's recommendations had reduced the risk of the commercial investment. It was responded by the Grant Thornton Director that

the recommendations were there with a view to reducing and highlighting risk and to encourage officers and councillors to recognise that risk and take action to respond to it. It was a democratic decision to invest or not. The guidance from government was not to invest in properties for yield. Officers responded that the purchase of Commercial Investments by the Council had been completed and there were no plans to purchase any more commercial properties. The purchases had been completed before the new prudential code was established. It was the prudential code which now outlined guidance not to invest

- The granularity of the report was praised.
- It was asked about the separate approval threshold for journal transactions over £50,000 and whether that was the correct level in terms of threshold as well as how long that limit had been in place. It was raised that it would be worth some of the journals below the limit being reviewed in order to reduce the risk of fraud. Officers responded that they believed the threshold had been set based on risk. They would provide a full written response after the meeting. The Grant Thornton Director raised that any journal needed to be approved. Most authorities would not authorise all of their journals, only those over a certain value. This was considered during audits and as part of risk assessments.
- Regarding non-current asset valuations, it was asked what the tender process was for appointing valuers. Officers responded that they believed it would go out to tender but would provide a full response following the meeting. Contracts over a certain value had to go through a tender process and the value of the contract was likely above that threshold. The Grant Thornton Director responded that in house valuers had also previously been used as part of valuation programmes.

The Audit and Governance Committee resolved to carry the recommendation in the report:

2.1 The Committee notes the information provided to Grant Thornton LLP to inform their risk assessment in advance of the 2021/22 audit, and considers whether the responses are consistent with its understanding and whether there are any further comments it wishes to make.

61. **SWAP Internal Audit - Progress Report 2021-22 Internal Audit Plan**

The Assistant Director from SWAP introduced the report:

- The report was a progress update to be noted by the Committee.
- Cllr Pugsley left the meeting at 19:03
- It highlighted progress against and changes to the Internal Audit Plan and brought significant findings to the Committee's attention.
- Four reviews had been completed. No adverse opinions had been given.
- Council Tax Business Rates audit was given reasonable assurance and three low priority recommendations were raised.
- Housing benefits audit was given reasonable assurance. There were two low priority recommendations around use of printers and around system access.
- The audit around GDPR received reasonable assurance. There were a few level 2 priority actions.

- A small annual piece of work was done around system parameter testing. This was done to ensure various areas had been correctly updated in terms of terms and conditions.
- Operate a rolling audit plan. The priorities were agreed for January through to March with the Council's Senior Management Team.
- There were no adverse opinions to bring to the Committee's attention.

During the Debate the following points were raised:

- It was asked whether projects such as Tonedale Mill which were partly funded by Historic England or other groups were included under Regeneration Projects in the reporting. It was responded by the SWAP Assistant Director that the Regeneration Projects audit area was a high-level scope so when an audit was undertaken it would be decided what areas of Regeneration Projects should be looked at in terms of Governance.
- It was raised that there were some advisories which needed to be considered and concerns were raised about this in relation to local government reorganisation. In particular, concerns were raised about the time officers were spending on unitary work and the hidden costs of this. It was responded by the SWAP Assistant Director that the Unitary Preparedness review was to look at lessons learned from the Transformation this council went through and to use those lessons for the current local government reorganisation. There would be pressures on staff as a result of the work involved in the transition to a unitary authority and maintaining services would be a challenge.
- It was asked what issues had been highlighted from Dorset and what lessons had been learned. The Assistant Director from SWAP responded that the report with lessons from Dorset's transition could be provided once it was completed.
- It was asked about staff retention being included in the audit and why this had been included. It was responded by Assistant Director from SWAP that staff retention had been highlighted as a risk of Local Government Reorganisation. SWAP would look at what the Council was doing to address this risk and to support staff.
- It was raised that the Unitary Programme was currently four weeks behind and it needed to be considered what could be done to prevent any last-minute rush due to running out of time. It was asked if this could be considered by the auditors as part of the Unitary Preparedness audit. The Assistant Director from SWAP responded that the report from the Unitary Preparedness audit would be a high-level report but there was a quality review being done by PricewaterhouseCoopers which would also provide assurance.

The Audit and Governance Committee resolved to carry the recommendation in the report:

2.1 Members are asked to note progress made in delivery of the 2021-22 internal audit plan and significant findings since the previous update in December 2021.

62. **SWAP Internal Audit - 2022-23 Internal Audit Plan and Internal Audit Charter**

The Assistant Director from SWAP introduced the report:

- The report asked for the Committee's approval for the Audit Plan and the Audit Charter.
- Having an agile rolling audit plan would be important for the next twelve months. The items on the plan would change over time but the rolling audit plan was tailored based on what was expected to be a priority for the year.
- This year's plan was a quarterly rolling audit plan.
- The priorities for quarter one had been agreed with the senior management team and tied into the corporate risk register. Areas included homelessness and cyber security.
- The members of the Committee were asked to submit any items which they felt should be considered for auditing to the SWAP Assistant Director.
- The Audit Charter set out the nature, role and responsibilities of the Internal Auditors. It outlined the relationship between the Internal Auditors and the Council. The Audit Charter had not changed since last year. The Charter was reviewed to ensure it met the necessary standards.

During the debate the following points were raised:

- It was raised that one of the greatest savings from Local Government Reorganisation would be financial and that most of this saving was from a reduction in staff. Concerns were raised about how this would impact upon staff retention and how everything would be kept track of in terms of aspects such as payroll systems needing to be combined. The SWAP Assistant Director responded that they were in regular contact with senior officers and with the Unitary Programme. There would not be time to review and audit every area of the programme but focus would be prioritised based on risk.
- It was raised that there would need to be large numbers of redundancies due to the level of savings being talked about. Assurance of the robustness of any redundancy packages would be needed, particularly given the differences between the five authorities.
- It was asked about the increased Cyber Security risk given world events. The Assistant Director from SWAP responded that sanctions in relation to events in Ukraine could increase the risk of Cyber Attacks, particularly on government and local government.
- It was asked if all the five councils were looking at the same areas in terms of unitary and audits. The Assistant Director from SWAP responded that the rolling audit plan was for Somerset West and Taunton. The audits in relation to Unitary were agreed with the workstream leads from all five authorities and aimed to ensure no one authority was disproportionately burdened.

The Audit and Governance Committee resolved to approve the recommendations in the report:

2.1 Members are requested to approve the Internal Audit Plan for 2022/23. 2.2 Members are requested to approve the Internal Audit Charter.

63. **Summary of Level 1 and 2 Internal Audit Actions**

The Business Intelligence and Performance Manager introduced the report:

- The report updated on progress on implementing the Level 1 & 2 Audit Actions. The report gave the position as of January 2022.
- Since the last report to the Committee there was one Audit which now had all Level 1 & 2 actions completed which was the audit on Procurement.
- Currently twelve audit actions open. Three of those were beyond their set date for completion. These were all on health and safety and whilst not yet complete progress had been made. The other nine actions had a completion date in the future.

The Audit and Governance Committee resolved to carry the recommendation in the report:

2.1 The Committee reviews the overdue actions contained in the report and notes progress to date.

64. **Capital Investment and Treasury Strategy 2022/23**

The Corporate Finance Manager delivered a presentation on the report:

- The document was a comprehensive report and included information on capital strategy, investment strategy, treasury strategy policy statements, minimum revenue provision, prudential and treasury indicators and mechanisms for control of the Council's finances. The Council were required to produce this report on an annual basis by CIPFA.
- Responsibilities for these strategies and policies were with members, the senior management team and the treasury management team.
- An update was given on some changes which had been made to the report before it would go to the Executive Committee following this Committee.
- The strategy sought to ensure that the Council's capital investment and everything around that including financing, borrowing and future revenue budgets, were affordable, prudent and sustainable.
- Public Works Loan Board (PWL) borrowing was restricted in November 2020 for the Council and other local authorities nationally who had undertaken investments in commercial strategies. The Council's strategy therefore had to work around this.
- The report included details of the Council's minimum revenue provision (MRP) and this would be reviewed by the auditors who would examine whether the Council was making adequate provision for debt repayment.
- The Council had various investments, of which the commercial properties were the largest.
- The report provided information on the Council's Treasury Management.
- The report detailed the Council's net turnover versus expenditure.
- It was raised that there was an error in two figures in the report and the correct figures were provided.

During the debate the following points were raised:

- It was asked if the financing costs to the authority for interest on loans and the MRP for debt were 1.24% of turnover in 2020/21 but would increase to

- 4.02% of turnover in 2021/22 and would continue to increase as a percentage in the following years. Officers acknowledged that this was correct.
- It was asked how the Council's investments and the financing costs associated with them would be kept safe and under control once the new authority was formed. Officers responded that a MRP would still be required and reviewed by the new authority's auditors. It may be that the new authority would make some voluntary debt repayments which was something that Somerset West and Taunton Council had done to manage the pressure of debts.
 - It was raised that the financing costs reduced in 2022/23 but the proportion of turnover increased. Understanding was that the capital on the investment properties would be being paid off so it was asked if the percentage should go down rather than increase. Officers responded that the figures went up based on predictions that interest rates would continue to rise but figures could change based on interest rates. Borrowing strategies were also applied by officers to achieve best value for the Council's borrowing costs. This was done using a balance on long-term, medium-term and short-term borrowing. For the Housing Revenue Account (HRA) the HRA's assets long life assets and so would more likely use long-term borrowing. But short-term borrowing was also undertaken to enable the new authority to make different decisions should they wish and to ensure they were not tied down and medium-term borrowing was also being undertaken to ensure best value.
 - It was asked if officers could confirm that yield per capital investment was being achieved on the properties the Council had invested on over the last 12 months. Officers responded that £98m had been invested into properties and the return for those properties had been built into budget projections. These returns would be monitored as part of budget management but was not part of the strategy report.
 - It was asked if the Council had to borrow money from banks or whether it could borrow from government or other local authorities. Officers responded that banks tended to charge higher interest. Officers looked at local authority to local authority borrowing and had done well at securing that type of borrowing. Borrowing options had had to be considered more carefully since the Council was no longer able to easily access PWLB borrowing. If it transpired that PWLB borrowing was still available to the Council then it would be used. The Council would not take out bank loans, though there may be some historical bank loans that the Council still had.
 - It was asked if it was the case that the Council could not borrow from PWLB for a period of three years after taking out borrowing for yield. Officers responded that they would provide a written response. The Director from Grant Thornton responded that there previously were conditions that a local authority seeking to use PWLB borrowing had to provide a three-year capital plan in which the stipulated that the borrowing would not be used for commercial investment, however, things had moved on since then and rules could have changed.
 - It was asked if the inability to borrow PWLB money would transfer to the new authority or whether the new authority would be able to access PWLB money. Officers responded that this question had been posed to PWLB but there had not yet been a response. Some authorities in Somerset had not used commercial investment.

The Audit and Governance Committee resolved to carry the recommendation in the report:

2.1 Full Council is recommended to approve the CIT Strategies and MRP Statement for adoption with effect from 1 April 2022

65. **Audit and Governance Committee Chair's Annual Report 2021/22 - For Information Only**

The Chair raised the need for members to complete the related party transaction forms and asked that members ensured they completed and returned them.

The Chair thanked the Committee for their support over the last twelve months.

(The Meeting ended at 8.11 pm)

	AUDIT AND GOVERNANCE COMMITTEE	
Meeting Date	Draft Agenda Items	Lead Officer
12 September 2022	External Audit - Progress Report	Grant Thornton LLP (Jackson Murray)
Report Deadline	Internal Audit - Progress Report 2022-23	SWAP (Alastair Woodland)
31 August 2022	Summary of Level 1 and 2 Audit Actions Progress	Malcolm Riches
	Treasury Management 2021/22 Annual Report and Q1 2022/23	John Dyson
	Fraud Update	Amy Tregellas
	Local Government Ombudsman Summary of Complaints	Amy Tregellas
	Health and Safety Update	Sean Papworth
	Landlord Compliance Update	Ian Candlish
27 September 2022	External Audit Findings Report 2021/22	Grant Thornton LLP (Jackson Murray)
SOA Special Meeting	External Audit Auditor's Annual Report 2021/22	Grant Thornton LLP (Jackson Murray)
Report Deadline	Annual Governance Statement 2021/22 (Final)	Amy Tregellas
	Assessment of Going Concern Status	John Dyson
	Approval of Statement of Accounts 2021/22	John Dyson
12 December 2022	External Audit Progress Report and Sector Update	Grant Thornton LLP (Jackson Murray)
Report Deadline	Internal Audit - Progress Report 2022/23	SWAP (Alastair Woodland)
30 November 2022	Treasury Management 2022/23 Mid Year Review	John Dyson
	Counter-Fraud Update Report	Amy Tregellas
	Summary of Level 1 and 2 Audit Actions Progress	Malcolm Riches
	H&S Update	James Barra
	Capital Investment and Treasury Strategy 2023/24	John Dyson
13 March 2023	External Audit Progress Report and Sector Update	Grant Thornton LLP (Jackson Murray)
Report Deadline	External Audit Plan 2022/23 Accounts	Grant Thornton LLP (Jackson Murray)
	External Audit Informing the Risk Assessment 2022/23	Grant Thornton LLP (Jackson Murray)
01 March 2023	Internal Audit - Progress Report 2022/23	SWAP (Alastair Woodland)
	Internal Audit - Audit Plan and Charter 2023/24	SWAP (Alastair Woodland)
	Summary of Level 1 and 2 Audit Actions Progress	Malcolm Riches
	H&S Update	James Barra
	Landlord Compliance Report	Ian Candlish
	Audit and Governance Chair's Annual Report 2022/23	Chair of Committee

	Annual Governance Statement 2022/23	Amy Tregellas
	Local Code of Corporate Governance	Amy Tregellas
	Risk and Opportunity Management Strategy	Amy Tregellas
	Treasury Management Q3 2022/23	John Dyson

Report Number: SWT 70/22

Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

External Audit Progress Report and Sector Update

This matter is the responsibility of Councillor Allen, Communications and Corporate Resources

Report Author: John Dyson, Corporate Finance Manager

1 Executive Summary

- 1.1 The attached report provides the Audit and Governance Committee with a progress update regarding the work of the external auditor, Grant Thornton LLP, together with information relating to emerging issues which may be relevant to the Council.

2 Recommendations

- 2.1 Members are requested to consider and note the Progress Report and Sector Update received from Grant Thornton.

3 Background and Full details of the Report

- 3.1 The Council's external audit function is undertaken by Grant Thornton. The external auditors, as part of their work, provide regular progress updates to Members via the Audit and Governance Committee together with updates in relation to emerging national issues which may be of relevance to the Council.

4 Links to Corporate Aims / Priorities

- 4.1 This report links to the Council's aim of achieving financial sustainability and also relates to statutory requirements for financial reporting and audit arrangements.

5 Legal Implications

- 5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities.

Democratic Path:

- Audit and Governance Committee – 13 June 2022

Reporting Frequency: Ad Hoc

List of Appendices

Appendix A	External Audit Progress Report and Sector Update
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Somerset West and Taunton Council Audit Progress Report and Sector Update

Year ending 31 March 2022

May 2022
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Results of Interim Audit Work	7
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local council.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

Progress at May 2022

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022. We expect to begin our work on your draft financial statements in early July following receipt of the draft financial statements.

Our interim fieldwork includes an:

- updated review of the Council's control environment;
- updated understanding of financial systems;
- review of Internal Audit reports on core financial systems;
- understanding how the Council makes material estimates for the financial statements; and
- early work on emerging accounting issues.

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

In May we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2021/22 financial statements, and this is also included on the Audit and Governance Committee's agenda.

We plan to report the findings of our work in the Audit Findings Report and aim to complete our detailed work by September 2022.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August at the latest. The Department for Levelling Up, Housing and Communities (DLUHC) states that they intend, subject to consultation, to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts.

Value for Money

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

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

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

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report before the end of 2022.

Progress at May 2022 (cont.)

Other areas

Meetings

We met with Finance Officers in March as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in March to discuss the Council's strategic priorities and plans.

Events

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

Audit Deliverables

2021/22 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2021/22 financial statements and the Auditor's Annual Report on the Council's Value for Money arrangements.	May 2022	Due at this Committee
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	May 2022	Included later in this report
Audit Findings Report We anticipate that the Audit Findings Report will be reported to the September Audit and Governance Committee.	September 2022	Not yet due
Auditors Report This includes the opinion on your financial statements.	September 2022	Not yet due
Auditor's Annual Report This Report communicates the key issues arising from our Value for Money work.	December 2022	Not yet due

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • communication and enforcement of integrity and ethical values; • commitment to competence; • participation by those charged with governance; • management's philosophy and operating style; • organisational structure; and • assignment of authority and responsibility. 	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.
Review of information technology controls	<p>We have started to perform a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>We have gained an understanding of the controls through conversations with relevant personnel but need to observe and document these controls to complete our testing in this area.</p>	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.

	Work performed	Conclusions and recommendations
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements. This includes the valuation of land and buildings, investment properties and the net defined benefit pension liability.</p> <p>Internal controls have been implemented by the Council in accordance with our documented understanding.</p> <p>Our work identified that the initial revaluation of investment property would not consider assets purchased during the year. Management have agreed to obtain a RICS compliant desktop valuation which will satisfy the code requirements.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy.</p> <p>We have identified that during the year there was inadequate segregation of duties between those with super-user access rights and those who regularly post in the financial system meaning that individuals could create new users and update their own account privileges without authorisation. An audit log of changes to user rights was not kept. Since raising these issues in planning, management have responded by requesting audit logs from the system supplier directly and updating user rights.</p> <p>Our substantive testing will take account of these control environment findings.</p>	<p>We have identified a weakness in the control environment that will be reported in our Audit Findings Report. This will impact our audit approach but we note that management has taken steps to address the issues identified.</p>

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

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

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

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

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

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

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

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

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



Grant Thornton – reaction to Levelling up White Paper

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

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

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

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

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

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

Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented “These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to have regard to their provisions. These two codes published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.”

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority’s functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \[NAO\] Report](#)



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Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

External Audit – Audit Plan 2021/22

This matter is the responsibility of Executive Councillor Allen, Communications and Corporate Resources

Report Author: John Dyson, Corporate Finance Manager

1 Executive Summary

- 1.1 This report introduces the finalised External Audit Plan for 2021/22. The Plan is prepared by the Council's external auditors, Grant Thornton, ahead of the financial year-end (31 March), and is attached as Appendix A to this report.
- 1.2 The Plan summarises the approach and programme of audit work for reviewing the financial year 2021/22. Culminating in a series of independent reports to Members of the Council, this work will assess risks, the annual Statement of Accounts, the methodologies and systems adopted in preparing the Accounts, and the Council's arrangements for securing value for money.
- 1.3 A verbal report on the Plan will be provided by the Key Audit Partner. This follows a preliminary report made to this Committee in March 2022.

2 Recommendations

- 2.1 Members are requested to consider and note the SWTC External Audit Plan for the financial year ending 31 March 2022 received from Grant Thornton.

3 Background and key detail of the Report

- 3.1 Each year our external auditors, Grant Thornton, provide a plan which details their approach to the audit work required in respect of the preceding financial year. The Plan is usually presented earlier in the year and ahead of audit work commencing. However, this year, presentation of the Plan by the auditors has been unavoidably delayed. The delay is the result of a consultation exercise required across a combination of accounting standards forums, the Chartered Institute of Public Finance and Accountancy (CIPFA), accounting practitioners and audit firms in relation to the timing and inclusion of new accounting standards in local authorities' accounts. The timing of this process was beyond the auditors' control and, whilst a verbal indication of the planned audit was provided to Members of the Audit and Governance Committee on 14 March 2022, the programme of work by external auditors has already commenced.
- 3.2 The Plan for 2021/22 is attached to this report as Appendix A. The main attention of the external auditors will be focussed on:
 - the provision of an audit opinion in relation to the Statement of Accounts for 2021/22,

- the Council's arrangements for securing value for money (VFM) and
 - identifying key risks faced by the Council.
- 3.3 Ahead of their work having commenced, the Auditors have assessed risks that they judge are faced by the Council and these are set out in their report, attached.
- 3.4 Being integral to the preparation of the Statement of Accounts, the Plan includes coverage of the Auditor's assessment of management's processes and controls regarding accounting estimates contained within the financial accounts. The high level of complexity and the short timescales for preparing a local council's accounts requires a reasonable level of estimation within the financial reporting, so the Auditors closely consider estimation processes for appropriateness.
- 3.5 Other aspects covered by the Plan include reporting arrangements (including levels of reporting materiality), additional work aspects and Grant Thornton's indicative audit fee for undertaking their work.

4 Links to Corporate Aims / Priorities

- 4.1 This report links to the Council's aim of achieving financial stability.

5 Finance / Resource Implications

- 5.1 The Audit Plan sets out the external auditor's view on key risk areas for the Council and their approach to auditing those risks.
- 5.2 Included within the Audit Plan document is an indication of Grant Thornton's proposed audit fees for the main audit. As shown on page 18 of their report the proposed fee is £73,600 (indicative fee for 2020/21 was £68,500). This is nearly 57% higher than the £47,000 scale fee set through the 5-year contract procured via Public Sector Auditor Appointments (PSAA), which covers the years from 2018/19 to 2022/23. An increasing level of fees is to be expected given the annually increasing obligations being placed on the auditors to scrutinise the Council's financial and governance activities and technical accounting practices. For example, additional audit procedures and resources are required for the review of Infrastructure Assets and the valuation of Investment Properties. It should also be noted that a proposed additional fee (estimated at £5,000) becomes due for any remote working arrangements stemming from COVID precautions.
- 5.3 Officers implemented a detailed Closedown Plan for the Council's own work for the Statement of Accounts in February. Across the entire Council, both Officers and, to some extent, Members are required to prioritise activities related to the Closedown Plan and the audit, completing stages on a timely basis. This will ensure that the audit may be completed on time, will minimise the risk of additional fees and/ or collision with other Council work plans and new work streams towards developing the new unitary council. Meanwhile, the growing trend of increasing the scope of audit testing will inevitably cost the Council more in officer time and focus both in the Finance Service and across other departments of the Council. The dynamic nature of the annual audit process means that it is not possible to quantify the impact at this stage. This may, however, detract resources from other discretionary priorities as officers prepare for and support the delivery of the audit this year.

6 Legal Implications

- 6.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities.

Democratic Path:

- Audit and Governance Committee – 14 March 2022
- Follow-up report (this report) to Audit and Governance Committee – 13 June 2022

Reporting Frequency: Annually

List of Appendices

Appendix A	External Audit Plan for 2021/22
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Somerset West and Taunton Council Audit plan

Year ending 31 March 2022



Contents



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

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Key matters

Factors

Unitary authority

On 1 April 2023 the Council, along with Mendip District Council, Sedgemoor District Council, South Somerset District Council and Somerset County Council, will transition to a single unitary authority. The Council, along with its partners, have begun to develop transition workstreams to deliver an orderly transition to the new authority. The impact of this reorganisation and work with partners will be considered as part of our work considering value for money.

Commercial investment strategy

The Commercial Property Investment Strategy has been completed in year, with a £99m portfolio of properties now held in order to generate yield. In response, this audit plan has recognised the valuation of this portfolio as a significant risk based on its size and sensitivity to assumptions and judgements, and we expect the full portfolio to have been valued at 31 March 2022 in accordance with the provisions of the CIPFA Code.

In the prior year Auditor's Annual Report, we raised a key recommendation in respect of the risks the Council could be exposed to in relation to the strategy. We will follow up this recommendation in our work on value for money.

Infrastructure Assets

The CIPFA Code of Practice on Local Authority Accounting ("the Code") prescribes the accounting treatment and disclosure requirements for infrastructure assets and requires these to be reported in the Balance Sheet at depreciated historical cost (i.e. historic cost less accumulated depreciation and impairment.)

Nationally, this has become an area of regulator interest, with CIPFA and the NAO also reviewing this issue, with CIPFA having recently convened a task and finish group to consider this specific issue and any resultant changes that may need to be enacted in the Code.

There is a risk that where authorities have incurred expenditure on the replacement or enhancement of existing infrastructure assets, they may not readily be able to identify, within the balance sheet, the original assets being replaced or enhanced. This could result in an overstatement of both gross book values and accumulated depreciation, and potentially also net book values where assets lives have not been assessed regularly and on an appropriate basis.

Our response

The impact of this reorganisation and the Council's work with partners will be considered as part of our value for money work.

We will review the valuation at 31 March of the Council's investment assets with the use of an auditor's expert, as set out on page 7.

We will follow up our prior year key recommendation through our 2021/22 value for money work.

We will continue to review the progress of the CIPFA task and finish group on this issue and will keep members of the Audit & Governance Committee updated with regard to the impact on the financial statements and our audit responsibilities.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Somerset West and Taunton Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Somerset West and Taunton. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls;
- Valuation of property, plant and equipment;
- Valuation of investment property; and
- Valuation of the pension fund net liability.

We considered the other presumed risks in relation to the fraudulent recognition of income and expenditure and rebutted these in line with our understanding of the Council and its revenue and expenditure streams.

Materiality

We have determined planning materiality to be £2.07m (PY £1.98m) for the Council, which equates to approximately 1.8% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £104k (PY £99k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified risk of significant weakness to date in respect of the arrangements for transition to the new Unitary Authority, in accordance with the NAO's AGN03. We will continue to update our risk assessment throughout the audit.

During our work we will follow up on the recommendations made in the previous year, as reported in our Auditor's Annual Report, including the key recommendation relating to the Commercial Property Investment Strategy.

Audit Logistics

Our interim visit took place in March 2022 and our final visit will take place from July 2022. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our proposed fee for the audit at the planning stage is £73,600 (PY £68,500), with a potential for further fee adjustments if we are required to complete our financial statements audit fully remotely. All fees are subject to the Council delivering a good set of financial statements and working papers. Fee variations are subject to PSAA approval.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent revenue transactions (ISA240)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of material fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • there are adequate controls in place to deter and identify material fraud; and • the culture and ethical frameworks of local authorities, including Somerset West and Taunton Council, mean that all forms of fraud are seen as unacceptable. 	At the planning stage we do not consider this to be a significant risk for Somerset West and Taunton Council. We will continue to consider this risk as we progress through the audit.
Risk of fraud related to expenditure recognition (PAF Practice Note 10)	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition.</p> <p>We have determined that the risk of material fraud arising from expenditure recognition can be rebutted because, per Practice note 10, misstatements may arise where the audited body is under pressure to meet externally set targets. This environment does not exist at the Council.</p>	At the planning stage we do not consider this to be a significant risk for Somerset West and Taunton Council. We will continue to consider this risk as we progress through the audit.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Council's pension fund net liability, as reflected in the balance sheet within other long-term liabilities, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£140.2m at 31 March 2021) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice for Local Government Accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the net defined benefit pension liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings (including Council Dwellings, and Surplus Assets)	<p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>The Council's portfolio of Council Dwellings is revalued through a rolling five-yearly cycle, with an indexation exercise applied in intervening years in accordance with the "Beacon" methodology. Last year's audit identified that there was no clear reconciliation of the number of properties shared with the valuer for council property valuations and the number at year end. There was also no formal process for valuing sub-archetypes of beacons.</p> <p>Management will need to ensure the carrying value in the Council financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date for any assets not subject to valuation in 2021/22.</p> <p>We therefore identified the valuation of land and buildings, including Council Dwellings, as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimates, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report(s) and the assumptions that underpin the valuations; • reconcile the data provided to the valuer for Council Dwelling numbers to year end property listings; • confirm the valuation method for sub-archetype Council Dwellings is appropriate; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
Valuation of Investment Properties	<p>The Council has investment properties which must be, and have been, valued annually as at 31st March in accordance with the CIPFA Code. As part of the Commercial Property Investment Strategy this portfolio has grown significantly in the year, doubling in size to £99m invested.</p> <p>As with other land and buildings, the valuation for these properties is sensitive to changes in key assumptions. Whilst the methods used to value properties are usually generic and based upon RICS guidance, the Council's valuation expert applies key assumptions in the valuation process, with small changes having the ability to create significant changes in valuation.</p> <p>We therefore consider that the significant risk of material misstatement in respect of the valuation of Investment Properties lies with the assumptions and judgements used in the valuation, specifically;</p> <ul style="list-style-type: none"> • the yield applied in the calculation; and • assumptions about annual income and future income levels. <p>Due to the size of the estimates, and the assumptions set out above, we consider the valuation of Investment Properties to be a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation. This will include testing to rental or lease contracts to check the annual income for properties; • use an auditor's expert with knowledge of investment property valuations to consider the appropriateness of rental yield figures used in valuation calculations; and • test revaluations made during the year to see if they had been input correctly into the Council's asset register

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

We identified 3 recommendations in our 2020/21 audit in relation to the Council's estimation process for the valuation of land and buildings (Council Dwellings and surplus assets).

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- how management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- how the entity's risk management process identifies and addresses risks relating to accounting estimates;
- the entity's information system as it relates to accounting estimates;
- the entity's control activities in relation to accounting estimates; and
- how management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Committee members:

- understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- valuations of land and buildings, including Council Dwellings;
- Valuation of investment properties;
- valuation of net defined benefit pension liabilities;
- depreciation;
- year end provisions and accruals;
- fair value estimates; and
- credit loss and impairment allowances (if material).

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- all accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate; and
- there are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

how management understands the degree of estimation uncertainty related to each accounting estimate; and

how management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- what the assumptions and uncertainties are;
- how sensitive the assets and liabilities are to those assumptions, and why;
- the expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- an explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have made enquiries of management. We have taken responses to the Audit and Governance Committee in March 2022.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- we read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.

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we carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

we carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

we consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements; or
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act); or
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; or
- issuing an advisory notice under section 29 of the Act.
- we certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £2.07m (PY £1.98m) for the Council, which equates to approximately 1.8% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £20k senior officer remuneration due to the sensitivity of the disclosures.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

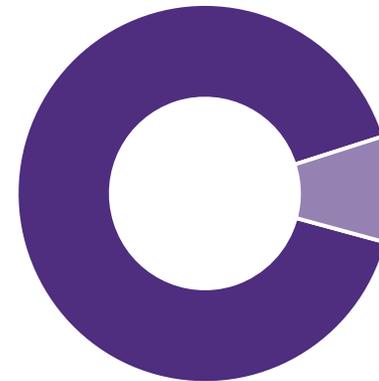
Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £104k (PY £99k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

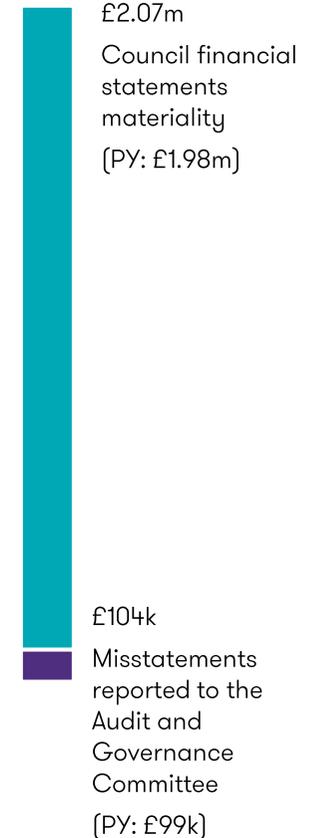
Prior year gross operating costs

£115.130m



■ Prior year gross operating costs

Materiality



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

We are not planning to rely on the operation of application controls. Therefore we will carry out a streamlined ITGC assessment on the IT systems that support the operation of the finance system rather than gaining assurance that the relevant controls of specific systems have been operating effectively throughout the period.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
e5	Financial reporting	<ul style="list-style-type: none"> Streamlined ITGC design assessment Understanding of link to feeder systems
Civica	Council Tax, Housing Benefits	<ul style="list-style-type: none"> Streamlined ITGC design assessment
iTrac	Payroll	<ul style="list-style-type: none"> Streamlined ITGC design assessment

Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

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We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's annual report. We will also follow up recommendations raised in the prior year, including the key recommendation in respect of the Commercial Property Investment Strategy.



Value for Money Approach

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

We have identified the following risk during our initial planning stage, which requires audit consideration and procedures, to address the risk that proper arrangements may not be in place at the body to deliver value for money.

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Arrangements for transition to the new Unitary Authority

Local Government reorganisation in Somerset will result in an end to the current two-tier system from 1 April 2023, with a single Unitary Authority taking responsibility for service delivery across the county. There is a risk that arrangements are not in place to support a successful transition.

In order to address this potential risk of significant weakness we will:

- consider the arrangements that have been put in place to support a successful transition across key financial and governance workstreams;
- assess how the Council is working with its partners to support the change.

We anticipate being able to achieve this by reviewing meeting papers and minutes and interviewing those officers responsible for transition workstreams.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



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Jackson Murray, Key Audit Partner

Responsible for overall quality control, accounts opinion and Value for Money conclusion, final authorisation of reports and risk communication with management and the Audit and Governance Committee.



Oliver Durbin, Audit Manager

Responsible for the management of all audit fieldwork including the accounts audit, review of work performed by the in-charge auditor and attendance at Audit and Governance Committee and liaison meetings.



Chrissa Viente, In-charge auditor

Chrissa's role is to assist in planning, managing and delivering the audit fieldwork, ensuring the audit is delivered effectively and efficiently, and is also involved in supervising and co-ordinating the on-site audit team.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement;
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing;
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit; and
- respond promptly and adequately to audit queries.

Audit fees

PSAA awarded the contract for the audit of Somerset West and Taunton Council. The scale fee agreed in the initial contract was £47,000. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on pages 8 and 9 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures. Linked to this, and as a result of the significant size of the Council's investment property portfolio at 31 March 2022, we propose to use an auditor's expert to provide sufficient assurance over the valuation of those assets. The estimated cost of this is shown below.

The 2021/22 fee also reflects recent regulatory and technical reviews in respect of accounting for infrastructure assets and the additional work that audit teams have been requested to perform considering the potential for derecognition of historic components.

The pandemic has led to considerable changes to how we all work and how we have carried out our audits over the last two years. Many local authorities are exploring new ways of working to support their officers, through use of remote and hybrid working environments. We see the positive benefits this can bring to the Council, and its workforce, both in providing more flexibility and reducing its environmental impact.

Whilst there are many efficiencies to remote working, having the ability to work together with officers face to face in conducting our audit work provides many advantages to the timely progression of the audit; both in minimising inefficiencies in gathering audit evidence, and in discussing key issues with officers and resolving and concluding outstanding queries.

As part of our planning for 2021/22, we have been engaging with the Council to explore completing some elements of our work on-site over the summer. With Covid restrictions now lifted, this is the appropriate thing to do. We have been discussing this with PSAA and propose that where councils continue to have a preference to undertake audits remotely, that audit fees would be uplifted to reflect the inefficiencies that this would cause. For Somerset West and Taunton Council, we estimate this uplift to be in the region of £5,000 at our planning stage.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2021/22, as set out below, is detailed overleaf.

	Actual Fee 2020/21	Proposed fee 2021/22
Somerset West and Taunton Council Audit	£68,500	£68,600
Infrastructure assets		£2,500
Auditor's expert for valuation of investment properties		£2,500
Total		£73,600
Remote working (additional fee if required)		£5,000
Total with remote working (if required)		£78,600

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

	Proposed 21/22
Scale fee published by PSAA	£47,000
Raising the bar/regulatory factors	£3,125
Enhanced audit procedures for Property, Plant and Equipment	£2,187.50
Enhanced audit procedures for Pensions	£2,187.50
New standards and developments	£5,100
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Infrastructure assets	£2,500
Investment property auditor expert (estimate at planning)	£2,500
Sub-total (excluding VAT)	£73,600
Uplift for remote working (if required)	£5,000
Total audit fees (excluding VAT)	£78,600 (If remote working needed)

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees	Threats	Safeguards
Audit related			
Agreed upon procedures on the Pooling of Housing Capital receipts return	£6,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Agreed upon procedures on the Housing Benefits subsidy claim	£20,000*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £20,000 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

*Covers the base cost of this work and includes the cost of 2 sets of additional testing. Additional errors identified are agreed with the Council and in accordance with the requirements of the DWP, additional testing is undertaken on each error. This additional testing is charged at £1,200 per set of additional tests. In 2021/22 we are aware of 2 sets of additional testing that will be required due to issues identified in our 2020/21 work. Further errors identified during our 2021/22 work will result in further additional costs. Therefore, at the planning stage we expect the cost will be £20,000. This may increase following completion of our work and we will report the final fee to the Audit and Governance Committee following the conclusion of our work.



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Report Number: SWT 72/22

Somerset West and Taunton

Audit and Governance Committee – 13 June 2022

SWAP Internal Audit – Outturn Report 2021-22 Internal Audit Plan

This matter is the responsibility of Executive Councillor Benet Allen

Report Author: Alastair Woodland, Assistant Director, SWAP

1 Executive Summary / Purpose of the Report

- 1.1 The Internal Audit function plays a central role in corporate governance by providing assurance to the Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2021-22 Annual Internal Audit Plan is to provide independent and objective assurance on SWT Internal Control Environment. This work will support the Annual Governance Statement.

2 Recommendations

- 2.1 Members are asked to note progress made in delivery of the 2021-22 internal audit plan and significant findings since the previous update in March 2022.

3 Risk Assessment (if appropriate)

- 3.1 Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. SWT has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement.

4 Background and Full details of the Report

- 4.1 This report summarises the work of the Council's Internal Audit Service and provides:
 - Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in March 2022.
 - A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.
- 4.2 The Internal Audit Outturn Report for 2021-22 is contained within the attached SWAP

Report.

5 Links to Corporate Strategy

5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, SWAP Internal Audit Services.

6 Finance / Resource Implications

6.1 There are no specific finance issues relating to this report.

7 Legal Implications (if any)

7.1 There are no specific legal issues relating to this report.

8 Climate and Sustainability Implications (if any)

8.1 There are no direct implications from this report.

9 Safeguarding and/or Community Safety Implications (if any)

9.1 There are no direct implications from this report.

10 Equality and Diversity Implications (if any)

10.1 There are no direct implications from this report.

11 Social Value Implications (if any)

11.1 There are no direct implications from this report.

12 Partnership Implications (if any)

12.1 There are no direct implications from this report.

13 Health and Wellbeing Implications (if any)

13.1 There are no direct implications from this report.

14 Asset Management Implications (if any)

14.1 There are no direct implications from this report.

15 Data Protection Implications (if any)

15.1 There are no direct implications from this report.

16 Consultation Implications (if any)

16.1 There are no direct implications from this report.

17 Scrutiny Comments / Recommendation(s) (if any)

N/A

Democratic Path:

- **Audit, Governance and Standards Committee – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency: Quarterly

List of Appendices (delete if not applicable)

Appendix A	SWAP Internal Audit – Outturn Report 2021-22
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Contact Officer

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Somerset West and Taunton

Report of Internal Audit Activity

2021-22 Outturn Report June 2022

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Internal Audit Plan Progress 2021-22

Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



Role of Internal Audit

The Internal Audit service for Somerset West and Taunton Council is provided by SWAP Internal Audit Services Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit, Governance and Standards Committee at its meeting in March 2021.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Senior Leadership Team. The 2021-22 Audit Plan was reported to the Audit, Governance and Standards Committee and approved at its meeting in March 2021. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Internal Audit Plan Progress 2021-22

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 3 being minor or administrative concerns to 1 being areas of major concern requiring immediate corrective action.



Internal Audit Work programme

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2021/22. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management.

In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A**.

The following table summarised Audits finalised since the previous update in March 2022.

Audit Area	Opinion
NEW: Purchasing Cards	Limited
Housing Rents	Reasonable
Open Contractor – Revised Housing Arrangements	Reasonable
ICT & Digital Minimum Viable Products (MVP) – part of LGR	Advisory
Ethical Governance and Culture	Follow Up
Management of Material Supplies Chains (Stores)	Limited
Business Improvement – Tracking benefits	Reasonable

Appendix C at the end of this report provides the details on the two limited assurance reviews and details of the follow up audit on Ethical Governance & Culture.

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.



Significant Corporate Risks

We provide a definition of the 3 Risk Levels applied within audit reports and these are detailed in **Appendix A**. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there is one final report with significant (High) corporate risks:

- **Purchasing Cards**
Purchasing card usage is poorly controlled and monitored, which leads to inappropriate spend against the budget, increasing risk of fraud and reputational damage to the Council.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.



Summary of Work Completed – Limited or No Assurance Opinions

- **Limited or No Assurance Opinions**
- **Follow-ups**

Purchasing Cards – Limited Assurance - April 2022

The Purchasing Cards Audit received a Limited Assurance. A one-page summary of the audit is provided in **Appendix C**.

As a result of the findings in this audit, we have concluded the review and agreed actions with management for prompt implementation that will mitigate against the risks. We are also undertaking a separate review of the transactions recorded on Purchasing Cards that will help to support in identifying any potential erroneous expenditure that may have occurred as a result of the weaknesses identified within the control framework. This work will be included as a separate line in the SWT 2022/23 audit plan.

Management of Material Supplies Chains – Limited Assurance – May 2022

Originally intended as a wider scope audit, early identification of a number of fundamental gaps in the control framework resulted in us pausing the wider scope and reporting on initial findings early for management to identify and implement actions in a timely manner. A one-page summary of the audit is provided in **Appendix C**.

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

SWAP now provides the Internal Audit service for 25 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective performance results for Somerset West and Taunton 2021-22 are currently:

Performance Target	Target Year End	Average Performance
<p><u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Yet to complete</p>	>90%	93% 7% 0%
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	>95%	99.1%
<p><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%	100%

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Audit Plans are undertaken on a rolling quarterly basis.



Approved Changes to the Plan

We will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation’s operations, systems, and controls. Details of our current work areas are provided in **Appendix B**.

Unplanned work, special reviews or projects carried out on a responsive basis which are requested as new and emerging risk areas and which result in significant changes to the agreed plan will be reported to the Audit Committee.

The following table highlights changes to the plan since the previous update. There are also some required/requested timing changes of reviews which would be separately identified if considered to be significant.

Our rolling plans are agreed with the Senior Leadership Team quarterly from the list of unscheduled audit areas (brought to this Committee) that constitutes the rolling Audit Plan. Members of the Audit Committee are welcome to identify area where they need assurance for priority work to assist in their role with oversight of governance, risk and control.

Revised Audit Plan	Agreed Change
NEW: ICT & Digital Minimum Viable Products (MVP)	Incident Management replaced with ICT & Digital Minimum Viable Products. A collective work to support the Unitary arrangements.
Incident Management	

Assurance Definitions	
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Non-Opinion/Advisory	In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.

Definition of Corporate Risks	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Assurance	Commercial Investment	1	Final	Substantial	2	0	0	2	
Assurance	Corporate Health and Safety	1	Final	Limited	11	0	3	8	Reported September 2021
Assurance	North Taunton Woolaway Regeneration	1	Final	Substantial	0	0	0	0	
Assurance	Data Protection Compliance (GDPR)	1	Final	Reasonable	5	-	2	3	
Advisory	Fraud Risk Assessment	2	Final	Advisory	0	0	0	0	
Follow Up	DLO External Work – Income Follow Up	2	Final	Advisory (follow up)	0	0	0	0	Reported December 2021
Assurance	Open Contractor – Revised Grounds Maintenance Arrangements	2	Final	Reasonable	3	0	0	3	
Assurance	Performance Management	2	Final	Substantial	3	0	0	3	
Assurance	Risk Management	2	Final	Reasonable	6	0	2	4	
Assurance - ICT	Data Centre Review	2	Final	Limited	7	0	5	2	Reported December 2021
Follow Up	Procurement Follow-Up	2	Final	Advisory (follow up)	5	0	4	1	Reported December 2021

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Assurance	Business Improvement – Tracking benefits	2	Final	Reasonable	5	-	-	5	
Advisory	Exploratory Work – Tenancy	3	Final	Advisory	0	0	0	0	
Assurance	Housing Benefit	3	Final	Reasonable	2	-	-	2	
Assurance	Council Tax & Business Rates	3	Final	Reasonable	3	-	-	3	
Assurance	Housing Rents	3	Final	Reasonable	7	-	2	5	
Follow Up	Ethical Governance and Culture	3	Final	Follow Up	7	-	2	5	2 P2 and 3 P3 recommendations in Progress. Reported June 2022
Advisory	Carbon Net Zero	3	Final	Advisory	3	-	2	1	
Advisory	NEW: Civica Parameter Testing	4	Final	Advisory	0	0	0	0	
Assurance	NEW: Purchasing Cards	4	Final	Limited	7	3	4	-	High Corporate Risk identified. Reported June 2022
Advisory	Open Contractor – Revised Housing Arrangements	4	Final	Reasonable	0	0	0	0	
ICT	ICT & Digital Minimum Viable Products (MVP) – part of LGR	4	Final	Advisory	0	0	0	0	
Assurance	Material Supplies Management (Stores)	4	Final	Limited	5	1	4	-	Reported June 2022

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
DRAFT									
Assurance	Post payment assurance on COVID-19 grants (ARG & Restart)	4	Draft						
Assurance - ICT	ICT Security Policy & Awareness Audit	3	Draft						
Advisory	NEW: Unitary Preparedness – lessons learnt	4	Drafting						
IN PROGRESS									
Assurance	NEW: Regeneration Projects - Governance	4	In Progress						
Assurance	NEW: Staff Retention	4	In Progress						
Deferred/Dropped									
Assurance - ICT	Incident Management	4	Dropped	Replaced by the ICT & Digital Minimum Viable Products (MVP) – LGR work					

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Purchasing Cards – Final Report – April 2022



Audit Objective To provide assurance that purchasing cards are issued according to need and card usage is appropriate and in accordance with council policy.

Assurance Opinion	Number of Actions	
	Priority	Number
<p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>	Priority 1	3
	Priority 2	4
	Priority 3	0
	Total	7

Risks Reviewed	Assessment
Purchasing card usage is poorly controlled and monitored, which leads to inappropriate spend against the budget, increasing risk of fraud and reputational damage to the Council.	High

Key Findings	
	Both physical cards and the card details are being shared between colleagues and this has resulted in purchases being made of which the cardholder is not aware. Whilst the Procurement Card Policy does allow for this in certain circumstances this in itself is a control weakness and may be in breach of the card issuer's terms and conditions.
	There have been delays in some services providing completed transaction logs and supporting documentation which has resulted in incurred expenditure not being reflected in the monthly budget monitoring reports. In addition, VAT receipts are not being provided to support all purchases made resulting in the Council not being able to recover VAT for some high-value purchases.
	Non-compliance with policy has not been investigated and therefore no subsequent action taken.
	The Procurement Card Policy requires updating and should reflect current best-practice, no training is provided to cardholders in line with the Policy and we could not confirm that all cardholders have a signed agreement in place.

Audit Scope

The audit was requested in relation to a Fraud Risk Assessment carried out at SWT in September 2021. A summary of controls assessed is included below:

- Signed agreements/policies are in place that outline the protocols for using a council issued procurement card.
- Cards are set up according to need and have appropriate limits in place.
- Expenditure is subject to independent monitoring to ensure compliance with council rules.
- Non-compliance is investigated and subsequent action taken where necessary.

We reviewed Procurement Card data for the periods 2020-21 and 2021-22.

Next Steps

Further investigatory work will be undertaken where there was little or no evidence that the transactions were legitimate council purposes.

A review of a sample of transaction logs identified that there were multiple purchases with no supporting evidence. In one transaction log, this equated to over £49k of expenditure for one month. We have assessed this as a high corporate risk, given the potential for fraud, inappropriate/uncontrolled spend and loss of recoverable VAT.

NOTE: All recommendations are due for implementation by July 2022, at point of issuing the report as final the AD had confirmed that one of the P1 recommendations was complete. Note in the 2022-23 q1 audit plan further detailed analysis of transactions is being undertaken.

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Material Supplies Management – Draft Report – May 2022



Audit Objective To establish whether adequate controls are in place for material supplies to ensure that fraud risks are minimised.

Assurance Opinion	Number of Actions	Risks Reviewed	Assessment
<p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>	Priority 1	1	<p>Ineffective or inconsistent management controls of stock, security and financial measures may result in the potential for financial loss and the increased risk of fraud.</p> <p>Medium</p>
	Priority 2	4	
	Priority 3	0	
	Total	5	

Key Findings	Audit Scope
<p>There has been no stock-check of stores supplies to confirm actual stock levels for over two years.</p>	<p>We reviewed the effectiveness of the key controls around:</p> <ul style="list-style-type: none"> Security and fraud prevention measures Efficiency of the process for stock takes and write offs and disposals.
<p>There is no inventory of the stock held on works vans.</p>	
<p>There is no separation of duties in the process for approving orders, updating the stock management system, and authorising the payment for purchased stock.</p>	

Other Relevant Information

We were initially asked to conduct a review to evaluate not only the fraud prevention measures but also management of material supply chains. However through discussion with management, we agreed that due to early identification of a number of fundamental gaps in the control framework, as well as other ongoing internal work to review supply chains, we would pause delivery of the wider scope.

This report provides a summary of the high priority issues and actions to be addressed in respect of fraud control. We have also liaised with two other local authorities within the SWAP partnership who have similar stores operations. They have provided an overview of their control frameworks and we have identified elements of recommended best practice within them. The full audit report includes action plan for management to consider when implementing the recommended actions.

Ethical Governance Follow Up – Final Report – April 2022



Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019/20 Limited opinion audit of Ethical Governance report have been implemented.



Follow Up Progress Summary				
Priority	Complete	In Progress	Not Started	Summary
Priority 1	0	0	0	0
Priority 2	0	2	0	2
Priority 3	0	3	2*	5
Total	0	5	2	7

Follow Up Assessment

The original audit of Ethical Governance and Culture was completed in February 2021 and received a Limited assurance opinion. The objective of the original audit was to ensure the Council has a robust framework in place which promotes a strong ethical culture, high ethical standards and upholds the values of good governance and behaviours within the organisation.

The follow up audit has found two recommendations have not been started as no longer relevant (in light of upcoming Unitary Council). Five of the actions remain in progress but should be concluded by the end of May 2022.

Key Findings



Two Priority 3 actions have not been started. One relates to the creation of an Ethics Policy; the Governance Manager did some research into what other Councils have with regards to an Ethics Policy and discovered much of what should be covered in an 'ethics policy' is included in the Codes of Conduct for both officers and members. The other action is no longer relevant as since the original audit the decision to create a unitary council was taken. This action was concerning ethical guidance for leadership roles and linking the values in the SWT Annual Plan to the Constitution and Codes of Conduct.



Five actions remain in progress, two Priority 2 and three Priority 3. One of the P2 actions concerned Declarations of Interest-these are now electronic records but we were unable to confirm that staff have been reminded of the requirement to declare interests. The first P3 action was agreed in reference to exit interviews, exit Interviews will take place as standard with all leavers. A section will be added to the leaver form that specifically addresses ethics and culture. The second P3 action was made around the induction process and there are now induction pages for new starters with links to HR pages policies and guides. As part of the upgrade in ITrent, new starters will be directed to policies, and which will be included will be decided by the end of March 2022. The third P3 action concerned clarity around DBS requirements, a record of which roles require one and which level is now maintained, and the backlog of checks will be completed by end of March 2022. The recruitment process has also been amended to include DBS requirements.



One P2 recommendation has been mostly complete, this relates to the updating of key policies. However, during our testing we could not find evidence of how the policies have been communicated to staff and therefore there remains a weakness where staff are not fully aware of the Council's expectations on them. It is acknowledged that the policies are now published on the intranet and the Council website and staff will be expected to complete e-learning on them by the end of August 2022.

Follow Up Scope

Testing has been performed in relation to all priority 1 and 2 actions and supporting evidence obtained where possible to support implementation of actions. Follow-up of the priority 3 actions is based on self- assessment by the responsible manager.

Report Number: SWT 73/22

Somerset West and Taunton Council

Audit, Governance and Standards Committee – 13 June 2020

SWAP Internal Audit – Annual Opinion Report 2021/22

This matter is the responsibility of Executive Councillor Benet Allen

Report Author: Alastair Woodland, Assistant Director, SWAP

1 Executive Summary / Purpose of the Report

- 1.1 The Internal Audit function plays a central role in corporate governance by providing assurance to the Annual Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2021-22 Annual Audit Plan provided independent and objective assurance on SWT Internal Control Environment. This work supported the Annual Governance Statement.

2 Recommendations

- 2.1 Members are asked to note the Annual Opinion on the effectiveness of the internal control environment in the delivery of SWT objectives.

3 Risk Assessment (if appropriate)

- 3.1 Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. SWT has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement.

4 Background and Full details of the Report

- 4.1 This report summarises the work of the Council's Internal Audit Service and provides:
 - A summary of the key risks that were identified during the 2021-22 financial year.
 - A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.
- 4.2 The Audit Opinion for 2021/22 is contained within the attached SWAP Internal Audit

Annual Opinion Report.

5 Links to Corporate Strategy

5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, SWAP Internal Audit Services.

6 Finance / Resource Implications

6.1 There are no specific finance issues relating to this report.

7 Legal Implications (if any)

7.1 There are no specific legal issues relating to this report.

8 Climate and Sustainability Implications (if any)

8.1 There are no direct implications from this report.

9 Safeguarding and/or Community Safety Implications (if any)

9.1 There are no direct implications from this report.

10 Equality and Diversity Implications (if any)

10.1 There are no direct implications from this report.

11 Social Value Implications (if any)

11.1 There are no direct implications from this report.

12 Partnership Implications (if any)

12.1 There are no direct implications from this report.

13 Health and Wellbeing Implications (if any)

13.1 There are no direct implications from this report.

14 Asset Management Implications (if any)

14.1 There are no direct implications from this report.

15 Data Protection Implications (if any)

15.1 There are no direct implications from this report.

16 Consultation Implications (if any)

16.1 There are no direct implications from this report.

17 Scrutiny Comments / Recommendation(s) (if any)

N/A

Democratic Path:

- **Corporate Governance and Standards Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency: Quarterly

List of Appendices

Appendix A	SWAP Internal Audit – Audit Opinion Report 2021/22
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Contact Officers

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Somerset West and Taunton Council

Internal Audit Annual Opinion Report 2021/22

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Internal Audit Annual Opinion – 2021/22: ‘At a Glance’

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

- Medium risk rated weaknesses identified in individual audit engagements
- Isolated high risk related weaknesses identified for isolated issues
- No critical risk rated weaknesses identified
- Internal Audit is broadly satisfied with management’s approach to resolving identified issues

The Headlines



2 Significant Risk identified in year after testing the controls in place.

These were in the Corporate Health and Safety audit and Purchasing Cards audit. Further information is contained within the body of this report.



28 reviews delivered as part of the 2021/22 Internal Audit Plan.

Includes assurance, advisory and follow up reviews (23 final, 3 Draft, 2 in progress).



Internal Audit staff supporting on the preparation work for LGR in Somerset

Attending meetings with workstream leads to support in identifying potential areas for audit work. Identifying lessons learnt from previous LGRs and providing advice on workstream delivery.



Range of innovations and enhancements made to our internal audit process throughout the year.

One-page audit report, introduction of Agile auditing and flexible rolling audit plan.

Internal Audit	21/22	20/21
Substantial	3*	0
Reasonable	8*	7
Limited	4*	3
No Assurance	0*	0
Advisory / Follow Up	8*	17**
Agreed Actions		
Priority 1	4	1
Priority 2	30	20
Priority 3	46	32
Total	80	53***

*Final Reports only

** More Advisory Reviews in 2020-21 due to Covid19

*** More advisory reviews 2020/21 would reduce number of recommendations



SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Executive Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

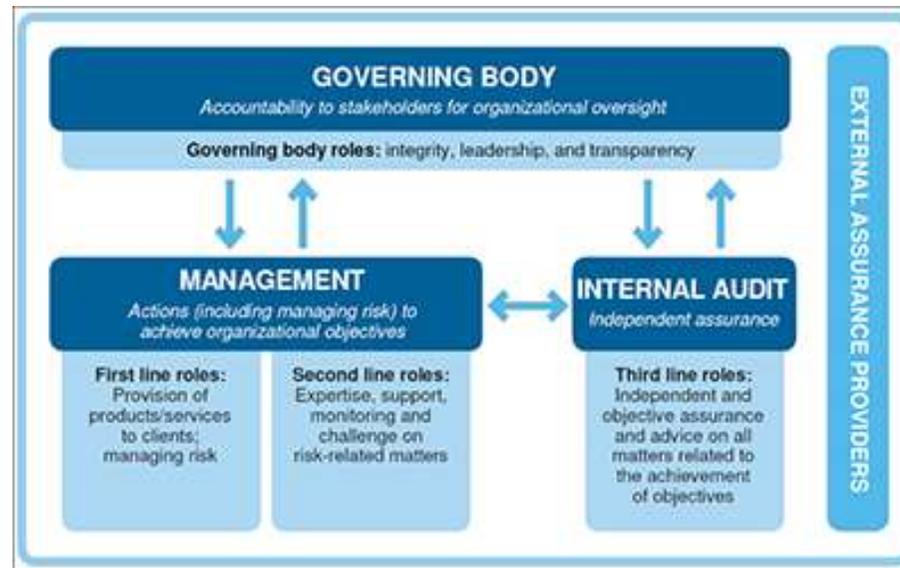


Background

The Internal Audit service for Somerset West and Taunton Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2021/22 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Internal Audit Annual Opinion 2021/22

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2021/22 audit work for Somerset West and Taunton Council, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Opinions are a balanced reflection not a snapshot in time. Information to support this assessment is obtained from multiple engagements and sources (including advice/ consultancy work). The results of these engagements, when viewed together, provide an understanding of the organisation's governance, risk and control processes and their effectiveness.

Audit work has been planned to ensure that sufficient assurance will be available to support the annual opinion. The professional requirements of PSIAS have remained unchanged and in line with these, new audit priorities to cover the risks from the ongoing impact of COVID-19 and Local Government Reorganisation have been agreed throughout the year and that work supports the annual opinion.

The additional audits performed to carry out assurance work on risks associated with Covid-19/LGR are:

- Post payment assurance on COVID-19 grants (ARG & Restart)
- Unitary Preparedness – lessons learnt
- Staff Retention
- ICT & Digital Minimum Viable Products (MVP) – part of LGR

It has been agreed to defer some of the audit work to 2022/23 and this has been reported throughout the year to the Audit, Governance and Standards Committee.

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.

Annual Opinion

The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control:

- *Fraud Risk Assessment*
- *Performance Management*
- *Risk Management*
- *ICT Security Policy and Awareness audit*
- *Ethical Governance & Culture Follow Up*
- *Finance key controls (including Housing Benefit, Council Tax & Business Rates and Housing Rents)*
- *Commercial Investment*
- *Health & Safety*

Throughout a challenging year, we have tried to ensure a balance between providing direct assistance to the Council and maintaining a continuum of audit work. We are pleased to report we have achieved this, and coverage has returned to a level more comparable to pre-pandemic time.

The table at Figure 1 below attempts to capture our audit coverage this year, mapped against the Authority's key risks. It must be noted that it is not possible to cover all key risks in any one year but to provide coverage over the medium term.

Summary of Audit Work 2021/22

Internal audit coverage should be aligned to key corporate priorities and key corporate risks.



Audit Coverage by Corporate Risk

Figure 1: Audit Coverage by Corporate Risk/Issues

The Somerset West and Taunton Risk Register is a live document and subject to change throughout the year as the risk environment that SWT operates in changes. In addition, short time high priority 'issues' are also flagged for immediate senior management attention. Therefore, the table below reflects a summary of coverage against shifting priorities throughout the year in terms of corporate risk and issues.

Table Key	Reasonable internal audit coverage 2021-22	Partial internal audit coverage 2021-22	No internal audit coverage 2021-22
-----------	--	---	------------------------------------

Corporate Risk/Issues	Coverage 2021-22	Planned Coverage 2022-23
CR 02 - Not Achieving Carbon Net Zero by 2030	Reasonable internal audit coverage 2021-22	No internal audit coverage 2021-22
CR 11 - Cyber Security	Reasonable internal audit coverage 2021-22	Reasonable internal audit coverage 2021-22
CR 30 - Financial Sustainability - Income Vulnerability	Partial internal audit coverage 2021-22	Partial internal audit coverage 2021-22
CR 16 - Land Supply/ Unplanned development	No internal audit coverage 2021-22	No internal audit coverage 2021-22
CR 23 - Landlord safety checks	Reasonable internal audit coverage 2021-22	Reasonable internal audit coverage 2021-22
CR 24 - Business Continuity	No internal audit coverage 2021-22	Reasonable internal audit coverage 2021-22
CR 28 - Rough Sleeping and Single Homeless Provision	No internal audit coverage 2021-22	Reasonable internal audit coverage 2021-22
CR 29 - Delay in recycle more project	No internal audit coverage 2021-22	No internal audit coverage 2021-22
CR 30 - Unitary Council	Partial internal audit coverage 2021-22	Partial internal audit coverage 2021-22
CR 31 - HRA Financial Sustainability	Partial internal audit coverage 2021-22	Partial internal audit coverage 2021-22
CR 32 - Data Breach with Paper Records	No internal audit coverage 2021-22	Partial internal audit coverage 2021-22
CI 14 - Health & Safety	Reasonable internal audit coverage 2021-22	Partial internal audit coverage 2021-22

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Summary of Audit Work 2021/22

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that are related to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit Committees attention. For those audits which have reached report stage through the year, we have assessed the following risks as 'High'.

Review Name / Risks
<p>Corporate Health and Safety Risk: The Council does not have sufficient arrangements in place to identify, monitor and mitigate against health and safety risks that could cause staff, stakeholders and public harm – leading to subsequent legal, financial and reputational damage.</p> <p>Purchasing Cards Risk: Purchasing card usage is poorly controlled and monitored, which leads to inappropriate spend against the budget, increasing risk of fraud and reputational damage to the Council.</p>

Summary of Limited Assurance Audits

Audit Name	Risk Rating	Priority Findings		
		1	2	3
Corporate Health & Safety	High	-	3	8
Procurement Cards	High	3	4	-
Data Centre Review	Medium	-	5	2
Material Supplies Management (Stores)	Medium	1	4	-

Note all these audits have been reported throughout 2021-22 to the Audit and Governance Committee.

Summary of Audit Work 2021/22

At the conclusion of an audit assignment each review is awarded an Audit Assurance Opinion:

- **Substantial** - A sound system of governance, risk management and control exists.
- **Reasonable** - Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.
- **Limited** - Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.
- **None** - The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.



Summary of Audit Opinion

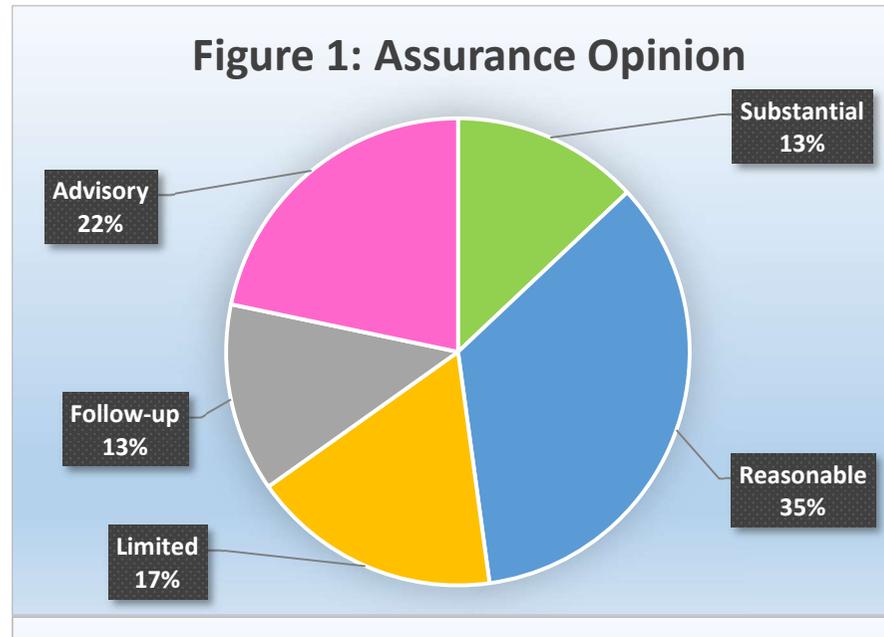


Figure 1 above indicates the spread of assurance opinions across our work during the past year (2021-22). We recognise the openness from Senior Management to identify areas for review where they have some concerns that have resulted in some Limited Assurance reviews.



Summary of Audit Work 2021/22

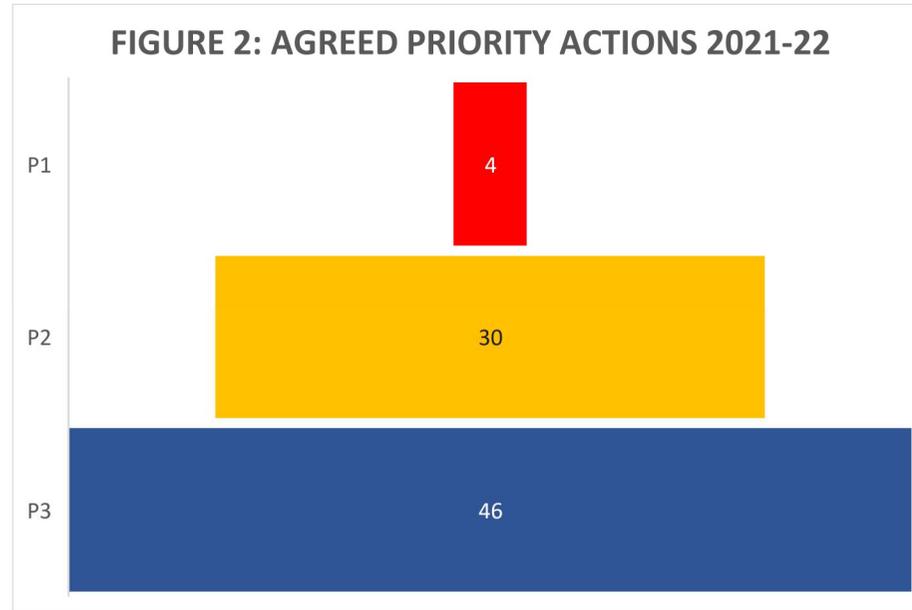
SWAP Performance - Summary of Audit Actions by Priority



Priority Actions

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action

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Internal Audit will follow up on all recommendations in relation to areas where adverse assurance (No Assurance or Limited Assurance) has been awarded. SWT also monitor the implementation of priority 1 and 2 audit recommendations with progress reported to the Audit Committee.



Plan Performance 2021/22

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for SWT for the 2021/22 year are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion > 90% In progress/Review Yet to complete	93% 7% 0%
<u>Customer Satisfaction Questionnaire</u> Feedback Target > 95%	99.1%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was assessed in February 2020 and confirmed that we are in conformance to PSIAS. Our on-going annual self-assessment shows continued conformance.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP’s Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Assurance	Commercial Investment	1	Final	Substantial	2	0	0	2	
Assurance	Corporate Health and Safety	1	Final	Limited	11	0	3	8	Reported September 2021
Assurance	North Taunton Woolway Regeneration	1	Final	Substantial	0	0	0	0	
Assurance	Data Protection Compliance (GDPR)	1	Final	Reasonable	5	-	2	3	
Advisory	Fraud Risk Assessment	2	Final	Advisory	0	0	0	0	
Follow Up	DLO External Work – Income Follow Up	2	Final	Advisory (follow up)	0	0	0	0	Reported December 2021
Assurance	Open Contractor – Revised Grounds Maintenance Arrangements	2	Final	Reasonable	3	0	0	3	
Assurance	Performance Management	2	Final	Substantial	3	0	0	3	
Assurance	Risk Management	2	Final	Reasonable	6	0	2	4	
Assurance - ICT	Data Centre Review	2	Final	Limited	7	0	5	2	Reported December 2021
Follow Up	Procurement Follow-Up	2	Final	Advisory (follow up)	5	0	4	1	Reported December 2021

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Plan Performance 2021/22

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Assurance	Business Improvement – Tracking benefits	2	Final	Reasonable	5	-	-	5	
Advisory	Exploratory Work – Tenancy	3	Final	Advisory	0	0	0	0	
Assurance	Housing Benefit	3	Final	Reasonable	2	-	-	2	
Assurance	Council Tax & Business Rates	3	Final	Reasonable	3	-	-	3	
Assurance	Housing Rents	3	Final	Reasonable	7	-	2	5	
Follow Up	Ethical Governance and Culture	3	Final	Follow Up	7	-	2	5	2 P2 and 3 P3 recommendations in Progress. Reported June 2022
Advisory	Carbon Net Zero	3	Final	Advisory	3	-	2	1	
Advisory	NEW: Civica Parameter Testing	4	Final	Advisory	0	0	0	0	
Assurance	NEW: Purchasing Cards	4	Final	Limited	7	3	4	0	High Corporate Risk identified. Reported June 2022
Advisory	Open Contractor – Revised Housing Arrangements	4	Final	Reasonable	0	0	0	0	
ICT	ICT & Digital Minimum Viable Products (MVP) – part of LGR	4	Final	Advisory	0	0	0	0	
Assurance	Material Supplies Management (Stores)	4	Final	Limited	5	1	4	0	Reported June 2022

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Plan Performance 2021/22

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
DRAFT									
Assurance	Post payment assurance on COVID-19 grants (ARG & Restart)	4	Draft						
Assurance - ICT	ICT Security Policy & Awareness Audit	3	Draft						
Advisory	NEW: Unitary Preparedness – lessons learnt	4	Drafting						
IN PROGRESS									
Assurance	NEW: Regeneration Projects - Governance	4	In Progress						
Assurance	NEW: Staff Retention	4	In Progress						
Deferred/Dropped									
Assurance - ICT	Incident Management	4	Dropped	Replaced by the ICT & Digital Minimum Viable Products (MVP) – LGR work					

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Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

Summary of Level 1 and 2 Internal Audit Actions

This matter is the responsibility of Cllr Benet Allen, Portfolio Holder for Communications and Corporate Resources

Report Author: Malcolm Riches, Business Intelligence & Performance Manager

1 Executive Summary / Purpose of the Report

- 1.1 The purpose of this report is to update the Committee on progress against level 1 and 2 Internal Audit Actions **as at the end of April 2022.**

2 Recommendation

- 2.1 The Committee reviews the overdue actions contained in the report and notes progress to date.

3 Risk Assessment

- 3.1 It is important to ensure that the Council has actioned the high priority actions that come out of Internal Audit reports to strengthen governance arrangements

4 Background and Full details of the Report

- 4.1 The Council has engaged the South West Audit Partnership (SWAP) to carry out its Internal Audit functions, checking the adequacy of controls and procedures across the whole range of Council services.
- 4.2 At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.
- 4.3 When an audit takes place, a report is provided to the service manager concerned which gives an audit conclusion and opinion.
- 4.4 Any control or procedural weaknesses are identified within an action plan within the audit report.

4.5 All findings will be allocated one of 3 priority ratings as follows:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention

4.6 Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.

4.7 All priority 1 and 2 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to the Audit, Governance and Standards Committee.

4.8 This report gives the Committee a progress update on all priority 1 and 2 audit actions, including those where the agreed remedial action is overdue. A summary of the priority 1 and 2 actions is provided in Appendix 1.

4.9 As the council moves towards being part of the new Somerset Council it is increasingly likely that some audit actions will be resolved as part of the transition process and new working arrangements within the new authority. Where this is the case it will be mentioned in the narrative for the relevant actions.

4.10 The current position as at 30th April 2022:

- 2 audit reports with all Priority 1 and 2 actions completed since the last report (see Appendix 1)
- 11 audit actions completed since the last report (see Appendix 2)
- 13 audit actions currently open.
 - There are 10 actions whose due date is further ahead than 30/4/22 and detailed updates will be reported nearer the time.
 - There are currently 3 audit actions that are beyond their target date as at 30/4/22. All 3 of these actions relate to Health and Safety and a separate update on progress is being presented to the meeting on 13th June.
 - Details of the progress being made together with a RAG status are in Appendix 2.

5 Links to Corporate Strategy

5.1 There are no direct links to corporate aims/priorities although good governance and robust controls form part of the overarching Governance Framework within which the Council operates.

6 Finance / Resource Implications

6.1 Unmitigated risks identified by SWAP could expose the Council to unanticipated claims, expenditure or exposure to fraud.

7 Legal Implications

7.1 There are no direct legal implications within this report although unmitigated risks could expose the Council to unanticipated claims.

Democratic Path:

- **Audit and Governance Committee – Yes 13 June 2022**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Quarterly

List of Appendices

Appendix 1	Summary/Status of Audit Reports
Appendix 2	Update on Priority 1 and 2 Audit Recommendations

Contact Officers

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Summary/Status of Audit Reports

Report	Status	Date	Judgement	Priority 1 and 2 identified	Position as at 30 th April 2022	
					Priority 1 and 2 actions still open	Overdue (at 30/4/22)
Health and Safety	Final	Aug 2021	Limited	3	3	3
Data Centre	Final	Oct 2021	Limited	5	1	0
GDPR	Final	Jan 2022	Reasonable	2	1	0
Climate Change	Final	Mar 2022	Advisory	2	1	0
Housing Rents	Final	Apr 2022	Reasonable	2	2	0
Purchasing Cards	Final	Apr 2022	Limited	7	5	0
				21	13	3

Audit Reports with 1 & 2 Actions Completed (Since last report)

Report	Status	Date	Judgement	Priority 1 and 2's identified	All 1/2 actions complete
Housing Compliance - Governance & Reporting	Final	Mar 2021	Reasonable	2	Yes
Risk Management	Final	Oct 2021	Reasonable	2	Yes

Appendix 2 – Update on Priority 1 and 2 Audit Recommendations at 30th April 2022

Audit Report	Recommendation/Agreed Action	Priority Scoring	Responsible Officer	Target Date	Progress	Progress RAG Status
Health & Safety (2/8/21)	In the short term we will request that an existing Portfolio Holder accepts the responsibility of championing health and safety. In the medium to long term we will look into health and safety being a specific responsibility of Portfolio Holder. We will endeavour to provide an overview of the Health and Safety Management System to Members to enable them to understand the health and safety risks within the organisation and help them to act in their capacity as critical friends. This may be done by video that can be reviewed remotely. We will also provide a quarterly update to Members on the Health and Safety work carried out to keep everyone safe, including performance against key targets set.	2	Health and Safety Specialist	31/8/21	Members Induction Courses developed and Member's activity risk assessment complete. Next stage is to book delivery dates - aiming for June 2022. Proposal - Members to be invited to half day session (TEAMS) where they will receive the H & S Induction and also will be taken through the body of the risk assessment to ensure all are familiar with recommended safety control measures.	In Progress
Health & Safety (2/8/21) Page 111	Risk Management Scoping Sessions have been delayed by a Health and Safety Partner leaving. They should now be completed by the end of July 2021. We are continuing with recruitment to fill the vacant post.	2	Health and Safety Specialist	31/8/21	Exercise completed during April & May to ensure that all generic risk assessments across all teams are communicated (and declaration sheets completed for audit trail), this in ongoing. Tier 3 continue to monitor risk action plans on a monthly basis - progress stats provided to ADs. Works still outstanding to bring all teams to 100% completion - stats available in Audit & Governance Reports.	In Progress
Health & Safety (2/8/21)	We will investigate the potential of iTrent to record the Training Needs Analysis, Learning and Development Records, develop training plans and produce detailed analysis on the training delivered.	2	Health and Safety Specialist	31/8/21	HR/PEOPLE Team has completed an exercise with all Depot Operations Managers to ensure that all compliancy training has been documented. Triggers built in for refresher training. Also, an additional indicator has been added to the spreadsheet for managers to identify 'operational minimum' levels where compliancy training is not 100% complete (where services can still be delivered by employees with in-date training certificates), this additional indicator will avoid unnecessary Safety Action Notices being applied and lost service time. Work continues to address compliancy training other than Depot Operations.	In Progress
Housing Compliance Governance & Reporting (2020/21)	The Compliance Manager has appointed specialist Contractors to expedite the programme of property inspections for water safety. They expect to have completed this by March 2022.		Compliance Manager	31/3/22	Specialist Contractors have completed all Water Risk Assessments to all communal apparatus.	COMPLETED

Audit Report	Recommendation/Agreed Action	Priority Scoring	Responsible Officer	Target Date	Progress	Progress RAG Status
Data Centre (2021/22)	To support ICT management oversight of resilience testing, it was agreed that a formal program would be introduced to detail the periodic tests undertaken and results recorded. The frequency of these tests would be determined by management according to the risk arising. These tests would be designed to ensure that all resilient equipment was able to function as expected in the event of a recovery or continuity event arising.	2	Head of ICT	31/03/22	As part of the monthly 'Patch Day' operation performance of the resilient connections (which are used during the patching operation) are now monitored to ensure the continuity of connections are available if required.	COMPLETED
Data Centre (2021/22)	It was agreed that an examination of the PDC's UPS would be undertaken to confirm that load balancing was in place, and additionally to replace the SDC UPS. The Head of ICT will liaise with Facilities Management to ensure these actions are completed	2	Head of ICT	31/03/22	SDC Uninterruptable Power Supply has been replaced. On investigation the UPS at both the PDC and SDC are optimally load balanced.	COMPLETED
Data Centre (2021/22) Page 112	To improve physical security at the Council's data centre facilities it was agreed to: a) Document the process required to gain entry to the data centres along with details of those that would be required to authorise access. This process could be documented as a distinct policy or absorbed by existing Information Security Policies used by the Council. b) Review and reduce where practicable the number of cards that allow access to the data centres.	2	Head of ICT	28/02/22	Data Centre policies are under review as part of the LGR Cyber Security sub-workstream and new policies will be drafted for approval. Data Centre access has been reviewed and unnecessary access has been removed.	COMPLETED
Data Centre (2021/22)	It was agreed to conduct an inspection of both data centres to confirm the inventory details of all equipment located in these facilities and to apply any updates to the Council's inventory records where necessary.	2	Head of ICT	31/12/21	This is now complete.	COMPLETED
Risk Management (2021/22)	We will ensure that services will identify and document key risks. We will look to align this with the Unitary project.	2	Business Intelligence & Performance Manager	31/3/22	We have worked with the Asst Directors to identify & document the risks for their services. These will continue to be monitored on a regular basis. We have now implemented a single Sharepoint risk register, which contains details of all service, directorate & corporate risks. This list can easily be filtered at AD level to isolate risks for each service area. Details of our risk audit and key actions have been provided to the element of the LGR programme that is looking at risk.	COMPLETED
Risk Management (2021/22)	We will feed the finding (the need for Service level Risk Registers, better analysis of Risk data and strengthened independent risk management) to the Unitary Project Management Team for consideration as part of the Unitary process.	2	Assistant Director - Customer	31/3/22	SWT officers are working as part of the risk management workstream within the LGR programme and have shared the SWT audit actions & audit report.	COMPLETED

Audit Report	Recommendation/Agreed Action	Priority Scoring	Responsible Officer	Target Date	Progress	Progress RAG Status
GDPR (2021/22)	The existing Complaints and FOI reporting system will be updated to include an overview of requests received under GDPR, such as SARs, breaches and amendment requests for onward distribution to senior managers.	2	Customer Service Manager	31/3/22	The Complaints and FOI Report has been amended to include SARs and is shared with SMT weekly.	COMPLETED
Climate Change	To create the risk register for the Partnership.	2	Programme Manager for Climate Change	31/3/22	There is now a risk register for the SWT/SDC partnership located on the partnership sharepoint page https://swtcouncil.sharepoint.com/sites/PRJ10154/Lists/Risks/AllItems.aspx The risk register is reviewed on a regular basis via the partnership review meetings between SWT and SDC leads.	COMPLETED
Purchasing Cards Page 113	Pending complete review and restructure of accounts and cards, the AD Finance will complete interim review and reduce existing card credit limits where appropriate to minimise risk. Next, the card scheme 're-launch' will require Asst Directors to agree card limits for individual officers in their respective teams; Assistance Director - Finance (or Deputy) will independently review limits requested, challenging where necessary and approve. NB -An initial review has been completed by the AD – Finance and the Corporate Finance Manager and card credit limits will be reduced significantly. This will be implemented now with an initial advice to the cardholders to identify material concerns about reduced limits to ensure business continuity is not adversely affected. Essentially, new limits have been agreed.	2	Assistant Director - Finance	27/4/22	This is now complete.	COMPLETED
Purchasing Cards	Reminder to all cardholders/ co-ordinating officers of requirement to complete logs and provide transaction evidence promptly including VAT invoice/receipt where appropriate. Failure to provide fully evidenced transaction logs on timely basis will be escalated to Asst Directors or Directors. Repeated delays or incomplete logs will result in card being withdrawn or blocked. NB This action was completed following the issue of the Draft Report.	1	Assistant Director - Finance	30/4/22	This is now complete.	COMPLETED

There are a further 10 actions listed below where the due date is further ahead and detailed updates will be reported nearer the time.

Audit Report	Recommendation/Agreed Action	Priority Scoring	Responsible Officer	Target Date	Progress RAG Status
Data Centre	It was agreed to formally document emergency procedures relating to the data centres and that training would be provided to the appropriate staff according to their roles and responsibilities. This would support the Council's compliance with Health and Safety legislation	2	Head of ICT	30/06/22	In Progress
GDPR	A final sweep of the paper data held will be completed by the end of January, after which a discussion with Somerset CC to understand their storage system will be held. This is to establish whether paper data that needs to be retained can be incorporated into their storage facility. The overall review of paper data held, and the storage requirements will be completed thereafter.	2	Records Officer	31/12/22	In Progress
Climate Change	To ensure that the business cases developed include the timescales budgets and resources.	2	Programme Manager for Climate Change	Ongoing	In Progress
Housing Rents	The Housing Service has an established process to maximise uptake of capital works by tenants. This includes major contracts including specifications for tenant liaison as part of the implementation by contractors. This tenant liaison will include attempts at written and phone contact to persuade the tenant to participate. Where this is unsuccessful, the Tenancy Management team will also try and advocate the case to the tenant to allow access to undertake the works. We will investigate the option to bring in a bespoke Resident Liaison Officer into the structure, if this is affordable, to improve uptake of major works – particularly for tenants who are vulnerable and anxious about disruption.	2	AD (Housing Property) & AD (Housing & Communities)	30/09/22	In Progress
Housing Rents	It needs to be clear that the issue with high levels of voids at our Extra Care schemes is as a direct result of the Extra Care Placement panels not working properly and primarily the lack of (or poor quality) of referrals from Adults Social Care to place suitable residents into void properties. This issue has been raised by all of the Somerset Housing Providers – including at a Housing Directors meeting to the Adults Social Care Strategic Commissioning Manager. The action we commit to is to ensure the Lettings team challenges whether each Void property can be let outside of the agreed placement policy to a suitable household if the Panel is unable to find a suitable placement. This should lead to a reduction in the current number of Extra Care void properties.	2	Lettings Manager	30/06/22	In Progress
Purchasing Cards	The policy and guidance are being reviewed and updated. This will include tighter rules including usage to be limited to named cardholder only. Training and guidance will be provided to all cardholders as part of a card scheme 're-launch. [Note: Card holders will only be allowed to receive / hold cards with confirmed acceptance and understanding of policy and guidance.	2	Corporate Finance Officer	31/7/22	In Progress
Purchasing Cards	Process to manage registration of card and policy acceptance to be reviewed and implemented. Recent agreement with bank that opportunity to be taken to replace all cards with new Mastercard debit cards; this will ensure cards will only be provided following declaration of acceptance by prospective card holder.	2	Corporate Finance Officer	31/7/22	In Progress

Audit Report	Recommendation/Agreed Action	Priority Scoring	Responsible Officer	Target Date	Progress RAG Status
Purchasing Cards	The policy and guidance are being reviewed and updated. This will tighten rules and clarify that usage shall be limited to the named cardholder only, with misuse subject to card blocking and/ or disciplinary action. In meantime, cardholders will be reminded they are responsible for all transactions on their cards; and requested to cease sharing details or allowing others to use their card pending the policy review that is underway. Departments will be required to nominate a co-ordinating officer who may make on-line purchases on behalf of colleagues so that card details are not passed to other officers; those transactions will be verified by originating officers.	1	Corporate Finance Officer	31/7/22	In Progress
Purchasing Cards	Process to be reviewed to include confirmation of card administrator/ co-ordinator within cardholders' service areas prior to cards being issued. To ensure independent checks are in place, this may either require card holders to administer their transactions with a nominated second officer verifying, or a nominated administrator administering all department transactions (not same as cardholder). New guidance to include requirement for cardholder to identify budget and coding in advance of purchase, or in timely manner post purchase when used under urgency, and good practice for maintaining logs and coding after each transaction.	2	Systems and Project Accountant	31/7/22	In Progress
Purchasing Cards	Cardholders will be reminded of current policy and responsibilities; and advised that policy is under review. In addition, the following actions linked to findings above will further strengthen the controls around the use of cards: - The process for independent monitoring is to be reviewed and will include independent checks on processes - Rules around card usage will be tightened and will prohibit card-sharing - A review and reduction of card limits will take place - A reminder will be issued to cardholders/administrators of the requirement to complete logs and provide transaction evidence promptly. Internal Audit requested to complete further audit investigation into possible non-compliance, with any clear misuse escalated to Asst Director or Director for further action.	1	Assistant Director Finance	15/5/22	In Progress

Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

Assessment of Going Concern for 2021/22 Accounts

This matter is the responsibility of Councillor Allen, Communications and Corporate Resources

**Report Authors: Paul Fitzgerald, Assistant Director – Finance (Section151 Officer)
John Dyson, Corporate Finance Manager**

1 Purpose of the Report

- 1.1 To inform the Audit and Governance Committee of the Assistant Director Finance (S151 Officer)'s assessment of Somerset West and Taunton Council as a “going concern” for the purposes of producing the Statement of Accounts for 2021/22.

2 Recommendations

- 2.1 Members review and note the assessment made of the Council's status as a “going concern” as a basis for preparing their 2021/22 Statement of Accounts.

3 Risk Assessment

- 3.1 There is a presumption that, as a local authority, the Council is a going concern. However, for the purposes of preparing the accounts, the assessment becomes important if the financial reporting indicates that the Council is not a going concern because this would place at risk both the ongoing viability of service delivery as well as the valuations of assets and liabilities. Such a risk is mitigated through effective governance and financial control.

4 Background and Full details of the Report

- 4.1 Work to compile the draft Statement of Accounts for 2021/22 is underway. As a precursor to issuing the draft accounts, it is the opinion of the Assistant Director Finance (S151 Officer) that the SWTC accounts for 2021/22 should be prepared on a going concern basis. The assessment and his conclusions are set out in detail in this report.
- 4.2 The concept of a “going concern” assumes that an authority, its functions, and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Accounting Code of Practice (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).
- 4.3 If an authority were to encounter financial difficulty, the prospects are such that

alternative arrangements might be made by central government, either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.

- 4.4 The reorganisation of the five councils in Somerset into one new unitary authority Somerset Council follows consideration by both Houses of Parliament and the Secretary of State has made the Somerset Structural Changes Order 2022. This paves the way for the new Somerset Council to be established on 1 April 2023 and transfers responsibility to the new council for the continuity of locally provided public services. The Code is clear that transfers of services under combinations of public sector bodies, such as the Somerset reorganisation, do not negate the presumption of going concern. Moreover, the services currently provided by both the County and District Councils will be continued under the management of the Unitary Council from the point of transfer.
- 4.5 Therefore, in accordance with the Code, the Statement of Accounts are to be prepared on the assumption that the Council will continue to operate in the foreseeable future and that it will continue to do so within the current and anticipated future resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.
- 4.3 The main factors which underpin this assessment are:
- The Council's current financial position
 - The Council's projected financial position
 - The Council's governance arrangements
 - The regulatory and control environment applicable to the Council as a local authority.

5 Current Position

- 5.1 The Council set a balanced budget for 2021/22 and, at the time of writing this report, the S151 Officer expects to report the Council has operated within budget and will report an underspend to be transferred to General Fund reserves, and a small surplus in the Housing Revenue Account. These projected revenue outcomes are reported here ahead of completing the financial Statement of Accounts for 2021/22 and carry a likelihood of movement upon completion of the draft accounts at the end of June 2022.
- 5.2 Financial risks during the 2021/22 financial year were influenced largely by the following fundamental factors:
- The practical impact of COVID for the Council, local businesses, and the community
 - Completion of the Council's objectives relating to generating income from Commercial Property Investments to preserve the level and quality of services
 - The UK Economic challenges, including recent substantial increases in inflation and interest rate rises
 - Continuation of bedding-in the new council following integration in 2019
 - Preparation towards the new Somerset unitary council.

- 5.3 The COVID-19 global pandemic continues to have a significant influence over the work of the Council and its resources. The most significantly damaging COVID-related impact on the Council's resources has been from a reduction in parking income with parking demand far below pre-COVID levels. The timing of any recovery to those levels cannot yet be determined. The projection is for an adverse variance of £1.6million below the 2021/22 budget. This sum includes a cushioning to some degree by compensation from government COVID grant allowances for the first quarter of the financial year.
- 5.4 The Government's emergency funding arrangements and income loss compensation scheme have largely mitigated the additional impact of COVID on net costs for the Council. Whilst the onset of COVID had resulted in a reduction in reserves in 2020/21 and 2021/22, the Council's Senior Management Team (SMT) and the S151 Officer had recognised the heightened levels of risk early on and prudently managed reserves with the aim of supporting future budgets for the delivery of services. During the heightened pandemic period, updates to the Council's Medium Term Financial Plan (MTFP) forecasts and assumptions have recognised the ongoing impact to on-costs and income caused by COVID as well as the risks placed on the Council's resources and normal service delivery.
- 5.5 The Council's latest Budget Plans for 2022/23 and the combined Medium Term Financial Plan were agreed by Full Council in February 2022. These Plans highlighted in detail the financial pressures and risks that lie ahead, along with uncertainties facing the Council in quantifying the true extent of funding and resources under the new Somerset Unitary Council. In the short-term the financial plan looks to reduce these pressures by some continued use of available reserves, taking advantage of new income streams from commercial property investments and benefitting from investment and treasury gains and containment of costs associated with capital financing. The long-term financial sustainability will, ultimately, need to be ensured by the newly-elected Council and delivered through the design and establishment of the new Somerset Unitary Council structure.
- 5.6 The MTFP includes reasonable and prudent estimates regarding future core funding, however forecasting in respect of government grants carries a high degree of uncertainty, making medium to long-term financial planning extremely difficult. The absence of the Government's finance settlement for 2023/24 and beyond produces continued uncertainty upon which to base future funding assumptions.
- 5.7 Despite the uncertainties depicted above, the Council's current financial position provides a high degree of financial resilience in the short to medium-term, underpinned by still-healthy financial reserves. Through continued vigilance, the Council has continued to absorb the pressures from COVID and has ensured funding has been available to support local economic recovery. Looking out towards the local business community, the potential volatility in the local economy presents onward unpredictability to Business Rates, so the Council's prudent management of general reserve balances and earmarked reserves will also help to mitigate against potential losses in Business Rates funding. In addition, imposing stringent controls to protect the Council's dependence on property investment income through carefully managed development of its property portfolio underpinned by prudent earmarked risk reserves have further preserved the Council's financial resilience.
- 5.8 The economic challenges that have arisen from a range of national and international

drivers have been closely monitored and responded to. A combination of careful budget management at operational level, government constraints on public sector salary increases and carefully managed borrowing and investment activities have all served to protect the Council from substantial financial disadvantage.

- 5.9 Planning and preparations for the local government reorganisation of Councils in Somerset have devised a scheme to share the implementation costs for the creation of the new authority, which includes a contingency sum for unforeseen cost variations.
- 5.10 In addition, budget provision has been made to meet the anticipated need for additional capacity and backfill in key areas of activity, including both forward-facing services and support services. The aim is to keep costs to a minimum with most transitional work delivered within existing management and staff resources through prioritisation of activity. Full details are set out in the February budget and MTFP report.

6 The Council's Year-End Position

General Fund

- 6.1 The financial outturn position is due to be reported to the Executive in July 2022. Ahead of both this and of completion of the draft Statement of Accounts, the S151 Officer anticipates the General Fund underspend to exceed £2million with the General Reserves year-end balance exceeding £7million. This is comfortably above the adequate minimum reserves benchmark of £2.4million and provides sufficient funds to manage known commitments in 2022/23 and to maintain strong financial resilience for all but extreme unforeseen financial risks.
- 6.2 Balances on Earmarked Reserves as at 31 March 2022 are anticipated to comprise a total of approximately £28million (£33.8million as at 31 March 2021). The anticipated reduction in Earmarked Reserves balances in 2021/22 by nearly £6million is substantially due to the application and repayment of government COVID grant monies and release of a budget risk contingency that is no longer required. The adequacy of reserves, and the ongoing requirement for specified earmarked reserves, is reviewed on a regular basis.

Housing Revenue Account (HRA)

- 6.3 As noted above the S151 Officer anticipates reporting nearly break-even position against the 2021/22 budget for the HRA, with a small surplus to return to HRA general balances.
- 6.4 The HRA balance as at 31 March 2022 is anticipated to stand at £3.4million (£2.7million as at 31 March 2021), which includes earmarked reserves movements. Thus, the HRA balance remains above the minimum balance for financial resilience (£2.0million). Close control of costs and management of financial risks continues to be important in the year ahead to ensure adequate reserves are maintained. The longer-term position for the HRA is expected to improve as identified in the 30-Year Business Plan.

7 The Council's Projected Financial Position

- 7.1 The Council has maintained a medium-term financial plan (MTFP) that is updated annually to reflect a longer-term assessment (currently three years forward) of the Council's spending plans and associated funding. It includes the ongoing implications

of approved budgets and service levels and the revenue costs of the Council's capital programme, as well as the management of debt and investments.

- 7.2 A balanced budget for 2022/23 was approved by Full Council in February 2022 and was supported by the S151 Officer's professional opinion regarding the robustness of the budget and adequacy of reserves.
- 7.3 The MTFP is projected forward to 2023/24 to provide an indicative position based on extrapolation of costs and income under the current district council structure. In practice through the combination of the councils into the Somerset unitary authority in April 2023, a new MTFP for the new authority will need to be prepared during the coming months to establish new forecasts for the new single entity. Whilst SWTC's MTFP projects an indicative budget gap in 2023/24 of approximately £5m this will be incorporated and updated within Somerset Council's MTFP to be considered through the new financial strategy and 2023/24 budget process. The SWTC projected gap potentially includes pessimistic funding forecasts, however this may be countered by rising inflationary pressures on service delivery costs.
- 7.4 Despite the projected financial challenges, LGR provides an opportunity to reduce costs in the short to medium term across local government in Somerset, which will contribute to ongoing financial sustainability of services.
- 7.5 Challenges presented by events highlighted earlier in this report, such as the pandemic, the economy, funding streams and variations in service demand, emphasise the importance of close budget monitoring. Detailed monthly budget monitoring provides updated forecasts for the Senior Management Team Performance Board, and quarterly corporate level reports are presented to the Council's Executive. These routines ensure costs and income are accurate and up to date and enable effective management control and reporting to continue through the financial year. The directors and their management teams, supported by the finance team, closely analyse base budgets to inform forecasts for the year and to take responsive action that may be deemed necessary.

8 The Current Financial Position (Balance Sheet)

- 8.1 The Balance Sheet shows the value of the Council's assets and liabilities at the end of the financial year. The net assets (assets less liabilities) are matched by reserves held. As at 31 March 2021, the final Balance Sheet position as at 31 March 2021 shows the Council had net assets of £248m at the start of 2021/22. This is matched by £86m of usable revenue and capital reserves plus £162m of unusable reserves (such as the pensions reserve and capital adjustment account).
- 8.2 At the time of writing this report the final balance sheet position as at 31 March 2022 is in preparation. The final position will be formally reported to Audit and Governance Committee in September, but the Draft Statement of Accounts is on track to be published by the end of June. Material changes to the overall balance sheet position are expected to include:
- An increase in non-current assets through capital asset acquisitions and completions during 2021/22 per the General Fund and HRA capital programmes.
 - An increase in long-term liabilities and provisions through the Council's planned increase in borrowing to support capital expenditure, and potentially through the

annual valuation of pension fund liabilities.

- Planned use of earmarked reserves during the year.

8.3 One of the main components within long-term liabilities is the pension scheme net liability which stood at £140.2m on 31 March 2021. This will reduce over the long-term through deficit reduction payments which are built into medium term financial projections to be met from income / funding received each year. The other main component relates to long-term external borrowing which largely relates to the Housing Revenue Account and the Council's strategy of investing in property for yield with acquisitions completed between August 2020 and December 2021.

8.4 HRA borrowing is to be funded through housing rent income with affordable debt repayment built into the Business Plan and Budget. Investment property acquisition has been funded largely through borrowing, plus some up-front revenue funding in 2021/22. The residual borrowing requirement in respect of investment properties is projected by March 2023 to be 92.5% of the £99m initial capital invested. This will reduce year-on-year through annual Minimum Revenue Provision of circa £2m, which is funded through rental income. Budget risk is underwritten by prudent earmarked investment risk reserves.

9 Governance Arrangements

9.1 In its current structure, the Council operates within a governance framework commonly used in local government, the Leader and Cabinet model. The Executive composition, committees, terms of reference, committee allocation and appointments to committees and outside bodies were reviewed at the meeting of Full Council on 24 May 2022. Following local elections to Somerset County Council, held on 6 May 2022, those elected as county councillors will take responsibility for all current County Council services for their first year and oversee the local government reorganisation to establish the single unitary Somerset Council on 1 April 2023 and then continue as councillors of the unitary authority for a four year term. District councils will remain until 31 March 2023 and the councillors serving on them will continue in their roles until that date. Meanwhile, the Council's current Senior Management Team comprises the Chief Executive and four Director posts. The S151 Officer and Monitoring Officer attend SMT meetings as required. Assistant Directors oversee day-to-day operations within each Directorate.

9.2 The Annual Governance Statement (AGS), which is reported separately to the Audit and Governance Committee, provides a comprehensive overview of governance arrangements and associated action plan. (The draft AGS is scheduled to appear as a separate item on this meeting of the Committee on 13 June 2022.)

10 The External Regulatory and Control Environment

10.1 As a principal local authority, any English local council operates within a highly legislated and controlled environment. An example of this is the requirement for councils to set a balanced budget each year combined with the legal requirement for Council to have regard to such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and extensive controls imposed by Central Government, there are other regulatory factors. For example, the independent role undertaken by the External Auditor in assessing a council's financial controls, providing an opinion on a council's annual accounts, as well as reviewing governance

arrangements and arrangements to ensure effective use of resources. Other regulatory factors include the statutory requirements to adopt professional codes of practice and guidance, many of which are published by CIPFA and other relevant accounting and financial bodies.

11 Evolving Risks

COVID and The Economy

- 11.1 As reported above, COVID continues to impact on local government services and its finances. Financial risks have been carefully considered within financial planning assumptions and forecasts, with prudent estimates built into service budgets.
- 11.2 More recently, we have seen a sharp increase in inflationary cost pressures, which is exacerbated through Russia's invasion of Ukraine. This will drive up the cost of service delivery and presents a risk to the 2022/23 budget performance. Similarly, supply chain issues may increase costs but slow down spending in the short-term. The Bank of England has increased interest rates, most recently in May 2022 to 1%. It is more likely than not that interest rates will increase further in 2022. This presents risks in terms of borrowing costs however we have largely mitigated this through effective treasury management and prudent budgeting.
- 11.3 Pressures on household income increase the risk of lower tax collection rates and higher demand for local services and financial assistance such as local council tax support. Such events can lead to increased costs and reduced income. Again, prudent budgeting and reserves help to mitigate any short-term impact for SWTC.

Funding

- 11.4 The Government announced a 3-Year Spending Review in 2021 but only provided a one-year Finance Settlement for 2022/23. This provides clarity for 2022/23 but continues to leave significant uncertainty for financial planning assumptions for subsequent years.
- 11.5 For SWTC we have reduced our core business rates funding budget to the safety net with the expected imminent decommissioning of Hinkley B power station. Although this has significantly reduced funding it also reduces adverse risk of funding volatility through this income stream.
- 11.6 The planned review of local government funding continues to be deferred, as does the related reset of baseline funding. The Government again provided 'one-off' grant allocations for 2022/23 which is helpful in the short term but does not support longer term financial planning. Through the LGR Programme, S151 Officers will work with Government officials to consider the implications of the transition to a unitary council on baseline funding and grants.
- 11.7 A consultation was undertaken by Government in early 2021 regarding the future of New Homes Bonus. Despite the consultation closing some time ago the Government has yet to publish its response. We have assumed nil grant in 2023/24 within the MTFP pending clarity on the future of this funding source.
- 11.8 Council Tax remains the most stable form of funding, however forecasts contain risk due to rate of growth, demand for council tax support, and the continuation of annual

announcements from Government on tax increase limitations.

Business Rates

- 11.9 Business Rates funding assumptions contain material risks due to COVID and the anticipated Reset, as referred to above. In addition, the Council carries a potentially material risk in respect of business rates funding linked to Hinkley Point B nuclear power station, which represents almost 20% of the total Business Rates tax base in the district. However, this risk is largely mitigated in 2022/23 with income budget reduced to reflect the imminent decommissioning of Hinkley B.
- 11.10 SWTC is liable for 40% of these losses through the Business Rates Retention funding system. However, with the closure of Hinkley B the risk of such losses is now largely mitigated through the Safety Net provision which is funded by central government within the Business Rates Retention system. Equally the benefit of growth is only positive for SWT when net rating income is above the safety net.

Commercial Investment and Income Generation

- 11.11 Following the Council's decision to implement a new Commercial Investment Strategy in December 2019, the Council has invested £99m in property in order to provide income to fund local services and mitigate cuts in central government funding. This strategy is exposed to market risk; however, it is underpinned by robust governance and due diligence arrangements. Whilst this strategy diversifies the Council's income and helps to mitigate reductions in other funding streams, there is a risk of volatility e.g. through voids. Budget volatility and landlord risk is managed through reasonable budget estimates and holding prudent risk reserves.
- 11.12 HM Treasury has imposed restrictions on borrowing from the Public Works Loan Board (PWLB) where an authority invests in assets primarily for yield. As such, SWTC will not be able to borrow from the PWLB in 2022/23 other than for treasury management purposes which may include refinancing of existing loans and internal borrowing not related to investments for yield. The implications for SWTC are expected to be minimal with facilities already secured to meet current debt requirements and readily available access to alternative lending sources.

12 Section 151 Officer Opinion

- 12.1 It is considered that, having regard to the Council's arrangement and such factors as are highlighted in this report, it is my opinion that the Council remains a "going concern" and that it is appropriate to prepare the 2021/22 accounts on this basis.
- 12.2 The Council set a balanced budget for 2021/22, and despite the impact of COVID and economic challenges, the Council remains resilient to in-year financial pressures with prudent budgeting and the strength of the Council's reserves position.
- 12.3 The short-term nature of the finance settlement from Government increases the level of uncertainty in financial planning, however prudent and potentially pessimistic assumptions are included in the MTFP in this regard.

- 12.4 The Council's reserves are currently healthy enabling planned support to the budget and adequate mitigation for significant financial risks. General Reserves are currently projected to remain comfortably above the minimum adequate level and earmarked reserves contain further contingencies for the more-significant financial risks.
- 12.5 The Council also approved a balanced budget for 2022/23 in February 2022. The longer-term picture is currently projected to be more challenging with a potentially significant structural deficit in 2023/24. This contains cautious estimates in relation to funding but is still expected to require action to address the underlying gap between income and projected costs. Planning for this will need to be undertaken alongside the implementation of the unitary council in Somerset, for which the business case anticipates savings of £18.5m can be achieved.

Democratic Path:

- **Audit and Governance Committee – Yes 13 June 2022**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Annually

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Report Number: SWT 76/22

Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

Annual Governance Statement 2021/22

This matter is the responsibility of the Leader of the Council, Cllr Federica Smith-Roberts

Report Author: Amy Tregellas, Governance Manager

1 Executive Summary / Purpose of the Report

- 1.1 To present the Committee with the Annual Governance Statement 2021/22 (Appendix A) and accompanying Action Plan (Appendix B).
- 1.2 Appendix C contains an outturn position on the Action Plan from the 2020/21 Annual Governance Statement.

2 Recommendations

That the Committee:

- 2.1 Approves the draft Annual Governance Statement and Action Plan (Appendix B) for 2021/22.
- 2.2 Notes the outturn position for the 2020/21 Action Plan

3 Risk Assessment

- 3.1 Failure to have robust governance arrangements in place could impact on the Council's control environment and ability to operate in an economic, efficient and effective manner. This could lead to recommendations being made by Internal and External Audit.

4 Background and Full details of the Report

- 4.1 The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements and control environment within the Council.
- 4.2 The Accounts and Audit Regulations 2015 set out that 'a relevant authority must, each financial year: (a) conduct a review of the effectiveness of the system of internal control; and (b) prepare an annual governance statement
- 4.3 The Statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) guidance titled '*Delivering Good Governance in Local Government: Guidance Notes for English Authorities and Framework.*'
- 4.4 The Statement has also been prepared taking into consideration the contents of the CIPFA Bulletin 10 – closure of the 2021/22 Financial Statements, which concerns the impact of the continuing Covid-19 pandemic on governance

arrangements, the need to focus and reflect on the weaknesses in governance to identify learning points and to mitigate the risk of similar issues arising and compliance with the Financial Management Code adopted in 2021/22 and identify any outstanding areas for improvement or change.

- 4.5 The Framework defines the principles that should underpin governance as:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - D. Determining the intervention necessary to optimise the achievement of the intended outcomes
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - F. Managing risks and performance through robust internal control and strong public financial management
 - G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
- 4.6 The Annual Governance Statement includes an Action Plan to address any governance issues identified as a result of the review of the effectiveness of the system of internal control. Details of the Council's Governance Framework is included as part of the Annual Governance Statement (Appendix A).
- 4.7 In order to ensure that the actions are being delivered it is important that the Committee review progress against the Action Plan, and update reports will be brought to the Committee in September and December 2022 and March 2023. As 2022/23 is the last year of operation for Somerset West and Taunton Council, before it becomes Somerset Council, the Annual Governance Statement for 2022/23 will be presented to the Audit & Governance Committee in March 2023.
- 4.8 The final version of the Annual Governance Statement will be presented to the Committee at the meeting where the Annual Statement of Accounts are considered – in order to make any amendments following the External Audit process.

5 Links to Corporate Strategy

- 5.1 Having a robust, effective and efficient governance framework in place is a fundamental element of being a 'well managed' council and avoiding recommendations from Internal and External Auditors.

6 Finance / Resource Implications

- 6.1 None arising from this report

7 Legal Implications

- 7.1 None arising from this report

8 Climate and Sustainability Implications

8.1 None arising from this report

9 Safeguarding and/or Community Safety Implications

9.1 None arising from this report

9.2 **Equality and Diversity Implications** None arising from this report

10 Social Value Implications

10.1 None arising from this report

11 Partnership Implications

11.1 None arising from this report

12 Health and Wellbeing Implications

12.1 None arising from this report

13 Asset Management Implications

13.1 None arising from this report

14 Data Protection Implications

14.1 None arising from this report

15 Consultation Implications

15.1 None arising from this report

Democratic Path:

- **Audit, Governance and Standards Committee – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency: Annually

List of Appendices (delete if not applicable)

Appendix A	Annual Governance Statement
Appendix B	Action Plan
Appendix C	Annual Governance Statement Action Plan outturn position for the 2020/21 AGS

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Annual Governance Statement (2021/2022)

1.0 Introduction

- 1.1 This is the third Annual Governance Statement for Somerset West and Taunton Council.
- 1.2 Everything the Council does is focused around delivering our ambitious vision for Somerset West and Taunton and to ensure that we deliver the best possible services and outcomes for our community whilst providing good value for our stakeholders.
- 1.3 This statement provides an overview of how the Council's governance arrangements operate.
- 1.4 Corporate governance refers to the processes by which organisations are directed, controlled, led and held to account. It is also about culture and values - the way that Councillors and employees think and act.
- 1.5 The Council's corporate governance arrangements aim to ensure that it does the right things in the right way for the right people in a way that is timely, inclusive, open, honest and accountable.
- 1.6 This statement describes the extent to which the Council, has, for the year ending 31st March 2022, complied with its Governance Code and the requirements of the Accounts and Audit Regulations 2015. It also describes how the effectiveness of the governance arrangements have been monitored and evaluated during the year and sets out any changes planned for the 2022/2023 period.
- 1.7 The Statement has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 1.8 The Statement has also been prepared taking into consideration the contents of the CIPFA Bulletin 10, dated April 2022 – closure of the 2021/22 financial statements which concerns:
 - the impact of the continuing Covid-19 pandemic on governance arrangements,
 - the need to focus and reflect on the weaknesses in governance to identify learning points and to mitigate the risk of similar issues arising,
 - compliance with the Financial Management Code adopted in 2021/22 and identify any outstanding areas for improvement or change.

2.0 Key elements of governance

- 2.1 Somerset West and Taunton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also has a duty to continuously improve the way that it functions, having regard to effectiveness, quality, service availability, fairness, sustainability, efficiently and innovation.
- 2.2 To meet these responsibilities, the Council acknowledges that it has a duty to have in place sound and proper arrangements for the governance of its affairs, including a reliable system of internal control, and for reviewing the effectiveness of those arrangements.
- 2.3 The Governance Framework has been in place at Somerset West and Taunton Council for the year ended 31 March 2022 and will be reviewed up to the date of the approval of the 2021/22 Statement of Accounts. The key elements of the Council's governance framework are highlighted in Appendix A.
- 2.4 The Governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the strategic themes and expected outcomes as set out in our Corporate Strategy.
- 2.5 The Council's Local Code of Corporate Governance was last reviewed and approved by the Audit and Governance Committee on 22 March 2022.

Our commitment to good governance is made across the following core principles:
A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
B. Ensuring openness and comprehensive stakeholder engagement
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
D. Determining the interventions necessary to optimise the achievement of the intended outcomes
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

3.0 Evidence based opinion

3.1 Some of the key pillars of the Council's governance framework are:

3.2 Corporate Strategy & Business Planning

3.2.1 The Council's Corporate Strategy for 2020-24 contains the four priority strategic themes and outcomes, as follows:



3.2.2 The Corporate Strategy helps us to focus our resources and drive improvement and sets out where we will focus our energies and our increasingly limited resources and how we will measure our success.

3.2.3 A video has been produced to set out the Annual Plan priorities for the Council in 2022/23 and this will also highlight achievements from the 2021/22 annual plan.

3.2.4 The Corporate Performance Report, Quarter 4 and Outturn position for 2020/21 went to the Corporate Scrutiny Committee on 7 July 2021 and then to the Executive on 21 July 2021. Quarterly Performance Reports have gone to both the Corporate Scrutiny Committee and Executive during 2021/22. The Quarter 4 and Outturn position for 2021/22 is scheduled to go to the Corporate Scrutiny Committee on 6 July 2022 and Executive on 20 July 2022.

3.2.5 There is a Directorate Plan in place for each Directorate which links to the Corporate Strategy 2020-2024 and Annual Plan 2021/22. The Directorate Plans are regularly reviewed to ensure

that they are living documents and pick up and new and emerging priorities. In the 2021/22 financial year this included the Coronavirus Pandemic and the Unitary Councils in Somerset debate.

3.2.6 All Directors meet regularly with their Assistant Directors, Human Resources Business Partner and Finance Business Partner to review their directorate plans, budgets and people.

3.3 Evaluating Performance

3.3.1 The Council has a Performance Management Framework in place. This was refreshed and signed off in May 2021.

3.3.2 There is a Corporate Performance Scorecard in place, as well as a Performance Scorecard for each Directorate.

3.3.3 The Corporate Performance Board met monthly in the 2021/22 financial year and this includes the Senior Management Team and other appropriate officers. In September 2021, the terms of reference for the Corporate Performance Board were reviewed, and as a result some changes were made. Due to the pressures of Local Government Reorganisation, the decision was made that the Assistant Directors would attend the Corporate Performance Board.

3.3.4 The Corporate Performance Board meetings now focus on the standing items of:

- Performance Summary – Corporate Scorecard and Directorate Scorecards
- Budget Monitoring Reports

3.3.5 The Corporate Risk Register and Project Management overview now go to the Senior Management Team meetings on a monthly basis. Each directorate also has its own Performance Board and this includes reviewing budget, performance, risks and projects. The Audit actions are reviewed through the Directorate Performance Boards on a quarterly basis (if appropriate – i.e. if there are any audit actions relating to the directorate). Human Resources data relating to sickness and turnover goes to the Directorate Health and Safety Boards on a monthly basis.

3.3.6 Quarterly Performance Reports went before Members in 2021/22. These were taken to the Corporate Scrutiny Committee (Q1 on 01/09/21, Q2 on 01/12/21 and Q3 on 02/03/22) and Executive (Q1 on 15/09/21, Q2 on 15/12/21 and Q3 on 16/03/22).

3.3.7 The Internal Auditors carried out an audit of the Council's performance management arrangements in November 2021 and confirmed that the

arrangements give substantial assurance.

3.4 Managing Risk

3.4.1 The management of risk is key to achieving what is set out in the Corporate Strategy and Directorate Plans to ensure that we meet all of our responsibilities.

3.4.2 Our Risk and Opportunity Management Strategy is fundamental to the system of internal control and forms part of a sound business operating model. It involves an ongoing process to identify risks and to prioritise them according to likelihood and impact. The Risk and Opportunity Management Strategy is reviewed and updated on an annual basis and went before the Audit and Governance Committee on 22 March 2022. The Risk and Opportunity Management Strategy was updated for 2022/23 to include strategic risks relating to:

- the economy (inflation, interest rates, energy bills, supply chain disruption and people shortages);
- Unitary Council for Somerset (impact on resources in 2022/23 and the knock-on impact this may have on service delivery);
- Human Resources (impact of Covid-19, the recruitment and retention of staff due the Unitary and the number of jobs available in the UK)

3.4.3 The Key Business Risk Register is reviewed and challenged by the Senior Management Team on a monthly basis. New and emerging risks are added to the Register.

3.4.4 All members and managers are responsible for ensuring that risk implications are considered in the decisions they take. This is especially important in meeting the Council's financial challenges.

3.4.5 In 2021/22, the Key Business risk register was reviewed and challenged by Members as part of the Corporate Performance Report that went before the Corporate Scrutiny Committee and Executive on a quarterly basis (as per the dates set out in section 3.3.6). This is to ensure that, as far as possible all significant risks have been identified and that the controls manage the risks efficiently, effectively and economically. A report was taken to the Corporate Scrutiny Committee and Executive in May 2021 giving an update on all risks and issues.

3.4.6 Whilst the Council's Risk Management arrangements were much more robust in 2021/22, work still needs to be done to embed risk management across the organisation. The Internal Auditors carried out an audit on the Council's Risk Management arrangements in October 2021 and confirmed that the arrangements give reasonable assurance. They recommended some low priority actions including:

- Moving the risk registers from an excel spreadsheet to Sharepoint. This has been completed.
- Risk Management training for Members. This is included as an action within the Action Plan at Appendix B.
- Risk Management training for staff. The Council is investigating an e-learning module for staff and this is also going forward as an action for the LGR work stream dealing with Risk Management. This is included as an action within the Action Plan at Appendix B.
- Job descriptions to outline in greater detail the responsibility for risk management. This is being picked up with the LGR work.

3.5 Financial Management

- 3.5.1 The Assistant Director for Finance is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972, and our financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's 'Statement on the Role of the Chief Financial Officer in Local Government' (2016).
- 3.5.2 To fund the Corporate Strategy, the Council prepares a Medium Term Financial Plan. This sets out the Council's strategic approach to the management of its finances and outlines some of the financial issues that we will face over the next three years. This covers how we will use our reserves, our investments, the approach to Council Tax, and how we will deploy our capital. It also looks over the medium term at the cost pressures we are likely to face and how these could be financed.
- 3.5.3 The COVID-19 pandemic led to a significant increase in financial risks and uncertainty, as well as significant additional costs for the Council and its services. The Senior Management Team have adapted the financial strategy and budget control regime flexibly through the year to mitigate risk and support the Council's priorities in response. We have managed the impact and maintained the Council's financial resilience through this turbulent time.
- 3.5.4 Our Treasury Management arrangements, where the Council invests and borrows funds to meet its operating requirements, follow professional practice and are subject to regular review. The Capital, Investment and Treasury Strategy for 2021/22 was approved on 17/03/21, and the Strategy for 2022/23 was approved on 16/03/22.
- 3.5.5 The Reserves Strategy enables the Council to meet its statutory requirements and sets out the different types of reserve, how they may be used and the monitoring arrangements.

- 3.5.6 Budget monitoring reports are made to the Corporate Performance Board on a monthly basis and have been taken to Committees on a quarterly basis during 2021/22, setting out any variances. These were taken to the Corporate Scrutiny Committee (Q1 on 01/09/21, Q2 on 01/12/21 and Q3 on 02/03/22) and Executive (Q1 on 15/09/21, Q2 on 15/12/21 and Q3 on 16/03/22). The Q4 and outturn position reports are scheduled to go to the Corporate Scrutiny Committee on 01/06/22 and Executive on 15/06/22.
- 3.5.7 All members and officers are responsible for ensuring that financial implications are considered in the decisions they take.
- 3.5.8 CIPFA issued a new Financial Management Code (the 'FM Code' in December 2019. The Council has operated within the principles of the Code through last year, for example with the S151 Officer being a member of SMT from the summer of 2020. A full assessment of compliance with the Financial Management Code was taken to the Audit and Governance Committee in September 2021. The self assessment set out that the Council was meeting all areas of compliance. There were some areas of improvement also highlighted in the assessment and any areas not actioned are included in the action plan (Appendix B). The current position is that there has been no step-down from the levels of controls and assessment practices employed across the Council, SMT, Member forums or audit. Audit assurances continue to substantiate the findings included in the September 2021 report. There has been no update to the Financial Resilience Statement. As stated in the September 2021 report, the preparations towards, and impact of, Local Government Reorganisation (LGR) continue to shape the Council's planned activities, longer-term sustainability and resource measures. Following the budget round reported and approved in February 2022, development of the MTFP will now be transferred to the development phases of the new Unitary Council.

3.6 Climate Emergency

- 3.6.1 The Council declared a Climate Emergency in March 2019.
- 3.6.2 The Council's Corporate Strategy includes the priority strategic theme of 'Our Environment and Economy' and has the objective of:

1 Work towards making our District carbon neutral by 2030 - deliver projects based on a Carbon Neutrality and Climate Resilience Plan that work toward this goal (for example installing electric vehicle charging points across the District) .

- 3.6.3 The Somerset Climate Strategy and Somerset West and Taunton Carbon Neutrality and Climate Resilience Plan were approved by the Council on 26 October 2020.
- 3.6.4 The Action Plan set out that the focus would be on:

- District-wide retrofit
- New build and retrofit of existing Council Housing
- Renewable Energy
- Electric Vehicles
- Taunton Park & Ride and Town Centre Parking
- Active Travel
- Re-opening Wellington Station
- Working with Somerset County Council on transport projects
- Digital connectivity
- Growing a carbon neutral local economy
- Green and Blue Infrastructure
- Tree Planting
- Wildflower meadows and open space management
- Coastal change management
- Taunton Strategic Flood Alleviation Improvements Scheme
- Local Plan Review

3.6.5 Officers continue to work on delivering the Plan and projects are included in the relevant Directorate Plans.

3.6.6 A report on Carbon Neutrality and Climate Resilience Finance was taken to the Community Scrutiny Committee on 3 June 21. This report included details on expenditure to date, as well as which projects money would be spent on going forward.

3.6.7 The Community Scrutiny Committee also received the Annual Carbon Neutrality and Climate Resilience progress update report on 27 January 22. The action plan accompanying the report provided an update on progress in relation to Year One immediate actions.

3.6.8 In March 2022, the Council approved 'Climate positive planning: interim guidance statement on planning for the climate emergency'.

3.6.9 All members and officers are responsible for ensuring that climate change implications are considered in the decisions they take.

3.6.10 Climate Change and Environmental Training was rolled out across the organisation in April 2021 and was offered to officers and Members. The training was designed to help individuals to understand their impact on the environment and what they can do to have a positive impact on it.

3.7 Decision Making and Responsibilities

3.7.1 The Council consists of 59 elected Members, with an Executive consisting of the Leader and nine Portfolio Holders who are supported and held to account by the Scrutiny Committees.

- 3.7.2 From May 2021, the Council resumed holding Committee meetings back in the Chamber at Deane House, due to the fact that we were unable to legally hold virtual committee meetings after 04/05/21. All Members on the Committee were required to attend in person along with officers playing a key role in the meeting. Members of the public were given the option of attending the meeting to ask a question or read out a statement, or a member of the Governance Team could read out their question(s)/ statement. We continued to webcast our Committee meetings, so that as many people as possible were able to participate in the democratic process.
- 3.7.3 During the 2020/21 financial year, the Council reviewed its governance arrangements and resolved that the Council moved to a Committee system of governance from the Council AGM on 10 May 2022, unless a decision was made to set up a Unitary Council for the area from 2023. The decision was made by the Secretary of State to move to one Unitary Council for Somerset, so the Council continues with Executive arrangements until its end date on 31/03/23.
- 3.7.4 Our Constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, and a section on responsibility for functions, which includes a list of functions which may be exercised by officers. It also contains the rules, protocols and codes of practice under which the Council, its Members and officers operate.
- 3.7.5 The Articles and Terms of Reference within the Council's Constitution clearly define the roles and responsibilities of:
- Full Council
 - The Cabinet
 - Corporate Scrutiny Committee
 - Community Scrutiny Committee
 - Audit and Governance Committee
 - Planning Committee
 - Licensing Committee
 - Standards Committee
- 3.7.6 The Constitution is updated at least annually to take account of changing circumstances. Recent updates to the Constitution have included:
- A Member Champions Protocol
 - A Member Working Group Protocol
 - A protocol on speaking at Planning Committee Meetings
 - Planning Committee Members Code of Good Practice
 - Updated Financial Procedure Rules
 - Updated Committee Terms of Reference and Procedure Rules following changes to the governance structure (outlined in section

3.7.5).

3.7.7 The Constitution sets out the functions of key governance officers, including the statutory posts of 'Head of Paid Service' (Chief Executive), 'Monitoring Officer' (Governance Manager) and 'Section 151 Officer' (Assistant Director - Finance) and explains the role of these officers in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also for providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.

3.8 Openness and Transparency

3.8.1 Article three of the Council's Constitution sets out citizens' rights in respect of:

- (a) Voting and petitions;
- (b) Information;
- (c) Public Participation; and
- (d) Complaints

3.8.2 No petitions were presented to the Council in 2021/22.

3.8.3 Agendas and papers for all Committee meetings are published at least five clear working days before the meeting and members of the public are able to participate in meetings through Public Question Time. Members of the public are also able to watch Committee meetings via the live webcast or watch the recording of the meeting at a time that suits them.

3.9 Ethical Behaviour and Conduct

3.9.1 Our Codes of Conduct for Members and for Officers set out the standards of conduct and behaviour that are required. They are regularly reviewed and updated as necessary and both groups are regularly reminded of the requirements.

3.9.2 These include the need for Members to register personal interests and the requirements for employees concerning gifts and hospitality, outside commitments and personal interests.

3.9.3 The Council also has a Standards Committee which is responsible for promoting and maintaining high standards of conduct by Councillors.

3.9.4 The first edition of the Member's ethical newsletter was published in March 2022, and this will now be sent to Members on a quarterly basis. The next newsletter is scheduled for early June 2022.

3.9.5 A follow up on the Audit of ethical behaviour and conduct was carried out in 2021/22 and the outstanding recommendations

arising from the report have been included in the Action Plan in Appendix B.

3.10 Member Training and Development

3.10.1 In April 2021, the Executive approved a Member Training and Development Policy.

3.10.2 All Councillors were invited to have a one to one session to talk about personal development so that any training and development needs can be identified. This information is then used to inform training sessions for Members and the topics for Member briefing sessions.

3.10.3 Regular Member Briefings are held to keep them updated on matters of importance.

3.10.4 Where possible and appropriate, Members have received specific training and development for their roles and any positions of special responsibility. Due to the Coronavirus Pandemic, most of the training in 2021/22 has continued to be held virtually.

3.11 Equality

3.11.1 The Council is committed to delivering equality and improving the quality of life for the people of the District. We have five Corporate Equality Objectives for 2019-2023, which are:

1. Councillors and officers will fully consider the equality implications of all decisions they make.
2. Those with protected characteristics feel empowered to contribute to the democratic process and any Council activity that affects them; their input is used to inform the planning and delivery of services.
3. People with protected characteristics are able to access services in a reasonable and appropriate way.
4. Actions are taken to identify and reduce any inequalities faced by our staff or our potential employees.
5. Work with communities and voluntary sector groups to address inequalities experienced by low-income families and individuals

3.11.2 The Council is also a member of the Somerset Equality Officer Group (SEOG) which also have five Equality Objectives for 2019-2023, which are:

1. Work with Communities to improve the opportunities for integration and cohesion.
 2. Improve understanding and reduce the stigma of mental health and Disability within and across communities
 3. Work with the Gypsy and Traveller community to improve relationships and the provision of pitches
 4. Create an Equality Working group for staff in the Public Sector in Somerset (to be revised to 'Review and where necessary improve recruitment practices to make them more inclusive')
 5. Improve the consistency of Accessibility standards across the Public Sector for service users including the Accessibility Information Standard
- 3.11.3 In order to meet these objectives, the Council has a Corporate Equalities Action Plan, which sets out what we are already doing to support each objective as well as actions we will take to deliver against the equality objectives. This was last considered by the Audit and Governance Committee in September 21.
- 3.11.4 Any new Council policy, proposal or service, or any change to these that affects people must be the subject of an Equality Impact Assessment to ensure that equality issues have been consciously considered throughout the decision making process.
- 3.11.5 All members and officers are responsible for ensuring that equality implications are considered in the decisions they take.
- 3.12 Procurement of goods and services
- 3.12.1 The Council recognises the value of considering different service delivery options in delivering our Council Plan. The effective commissioning and procurement of goods, works and services is therefore of strategic importance to our operations, while robust contract management helps to provide value for money and ensure that outcomes and outputs are delivered.
- 3.12.2 Operational procedures for tendering, contract letting, contract management and the use of consultants are included in the Contract Procedure Rules which form part of the Council's Financial Procedure Rules.
- 3.13 Whistleblowing
- 3.13.1 People who work for or with the Council are often the first to realise that there may be something wrong within the Council. However,

they may feel unable to express their concerns for various reasons, including the fear of victimisation.

3.13.2 The Council has a Whistleblowing Policy that advises staff and others who work for the Council how to raise concerns about activities in the workplace. Full details are provided on the Council's website.

3.13.3 The Whistleblowing Policy was updated in April 2021 and forms part of the Council's Anti-Fraud Framework.

3.14 Anti-Fraud Framework

3.14.1 We recognise that as well as causing financial loss, fraud and corruption also detrimentally impact service provision and morale, and undermine confidence in the Council's governance and that of public bodies generally.

3.14.2 The Council has an Anti-Fraud Framework, which adopts a zero tolerance approach to fraud and corruption. This was updated in April 2021 and includes:

- Anti-Fraud and Corruption Strategy
- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy

3.15 Audit and Audit Assurances

3.15.1 South West Audit Partnership (SWAP) are the Council's Internal Auditors.

3.15.2 During the 2021/22 financial year, SWAP have carried out a number of Audits across the Council and given their opinion on the level of assurance as well as risk and priority in terms of taking action in terms of any recommendations.

3.15.3 The Internal Audit Outturn Report for 2021/22 and Internal Audit – Annual Audit Opinion for 2021/22 are both going to the Audit and Governance Committee meeting on 13/06/22.

3.15.4 There were four limited assurance Audits in 2021/22, relating to Corporate Health and Safety, Procurement Cards, Data Centre Review and Stores. The recommendations from each of these Audits have been added to the Audit recommendation tracker and this is monitored on a regular basis by the Business Intelligence Team and the Audit and Governance Committee. SWAP have also scheduled follow ups to be completed for each of these Audit areas in 2022/23 to provide assurance that control measures have been improved.

3.15.5 All priority 1 and 2 Audit recommendations are included in an Audit tracker and this is considered at Directorate Boards, if appropriate. Reports on priority 1 and 2 audit actions also go to the Audit and Governance Committee on a regular basis, and during the 2021/22 financial year they were considered on 12/04/21, 14/06/21, 13/09/21, 13/12/21 and 14/03/22.

3.15.6 The Corporate Health and Safety Audit was completed in July 2021. Since receiving the final Audit Report, the Council has improved its Health and Safety arrangements, and is confident that a follow up audit would now class the arrangements as giving reasonable assurance. The changes that have been put into place are:

- Portfolio Holder for Resources is now the Member Champion for Health and Safety
- A three tier Health and Safety Governance Framework has been put into place. Tier 1 is quarterly reporting to the Audit and Governance Committee. Tier 2 is the Health and Safety Committee which meets monthly. Tier 3 is a Health and Safety Directorate Group for each of the Directorates and these meet monthly.
- Terms of Reference for each of the three tiers which include roles and responsibilities
- The Health and Safety Team has been strengthened to ensure that there is enough capacity within the organisation.
- The Health and Safety Policy has been updated
- The Health and Safety Action Plan is on the Intranet for all officers to view
- Service Risk Assessments are held on Sharepoint
- Health and Safety training has been rolled out, including through the e-learning system
- The lead officer for Health and Safety has taken quarterly progress reports to the Audit and Governance Committee from September 2021, which include information on Health and Safety performance and a summary of workstreams.

3.15.7 The Data Centre Review Audit was completed in September 2021 which gave limited assurance and listed 5 priority 1 and 2 recommendations. As at the end of April 2022, all but one of the actions has been completed. The Council is confident that if another review was completed now that this would now be classed as giving reasonable assurance.

3.15.8 The Audits for Purchasing Cards and Stores have just been completed (Quarter 4) and will be going to the Audit and Governance Committee in June 2022, as part of the Internal Audit Outturn report. Actions picked up in the Audit Action Tracker to be monitored and reported to the Audit and Governance Committee as

appropriate.

- 3.15.9 SWAP report regularly to the Audit and Governance Committee, highlighting any areas of concern.
- 3.15.10 During the 2021/22 financial year the Internal Audit team have been involved in supporting the preparation work for Local Government Reorganisation.
- 3.15.11 The Annual Opinion of the Internal Auditor for 2021/22 is that they are able to offer an opinion of Reasonable Assurance.
- 3.16 Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.
- 3.16.1 The Council's Internal Audit function is provided by SWAP. The Assistant Director from SWAP is the equivalent of the Head of Internal Audit (HIA). The HIA role is separate and independent of other roles within the Council. The Internal Audit function is independent of the external audit function.
- 3.16.2 SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The Council's Internal Audit function complies with the governance requirements set out in the CIPFA 'Statement on the Role of the Head of Internal Audit in Public Service Organisations' (2010)
- 3.16.3 The HIA:
- Ensures that SWAPs work programme (Audit Plan) is risk-based, is aligned to the Council's strategic objectives and supports the Internal Audit Annual Opinion
 - Identifies where SWAP assurance will add the most value or do most to facilitate improvement
 - Produces an evidence based annual internal audit opinion on the overall adequacy and effectiveness of the Council's governance framework including risk management and internal control
- 3.16.4 The HIA reports to management (SMT) and the Audit and Governance Committee in his own right, and reporting includes:
- Annual Audit Plan and Charter
 - Internal Audit – Progress Report (quarterly)
 - Internal Audit – Outturn Report (Annually)
- 3.16.5 The HIA submits an Internal Audit Plan to Management (SMT) and the Audit and Governance Committee for approval, setting out the recommended scope of work and which will be developed with reference to

current and emerging risks. The plan is reviewed on a quarterly basis to ensure it remains relevant and adequately resourced.

3.16.6 SWAP carry out the work as agreed, report the outcomes and findings both during and on completion of reviews, and make recommendations on action to be taken to the appropriate officers (including the relevant Director) and copied to the S151 Officer.

3.16.7 The HIA presents a regular summary of their work to Management (SMT) and the Audit and Governance Committee through the Internal Audit Progress Report, including assessing the organisation's implementation of previous recommendations along with any significant, persistent and outstanding issues.

3.16.8 Internal audit reporting comprises of a brief presentation to relevant officers and accompanied by an appropriately detailed written report, with the format tailored as necessary to the nature of the work. The detailed report is copied to the relevant Director and Section 151 Officer.

3.16.9 The HIA submits the Internal Audit – Outturn Report to the Audit and Governance Committee providing an overall opinion of the status of risk and internal control within the Council, based upon, and limited to, internal audit activity conducted during the previous year.

3.16.10 In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit and Governance Committee, the Council's Chief Executive Officer or the External Audit Manager.

3.17 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (2013)

3.17.1 The Council's Audit and Governance Committee undertakes the core functions as per the CIPFA guidance.

3.17.2 An appropriate committee structure has been selected, which excludes Executive Members. The Audit and Governance Committee consists of 11 Members. Members plus substitutes are provided with training as and when it is appropriate.

3.17.3 The Terms of Reference within the Constitution clearly set out the purpose of the Committee in accordance with the CIPFA position statement guidance. The Audit and Governance Committee provide independent assurance on the adequacy of the Council's governance framework including risk management and internal control. The Committee is also responsible for reviewing and approving the Annual Governance Statement and Annual Report and Accounts. The Committee also monitor the progress implementing recommendations from auditors.

- 3.17.4 The Committee raise significant concerns over controls with appropriate senior managers, and they are invited to update the Committee. The Committee is able to report directly to Council. During the 2021/22 financial year the Committee has monitored the Landlord Compliance Safety checks and progress against the Health and Safety Internal Audit Report and recommendations.
- 3.18 Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations
- 3.18.1 The Council's Finance Team work closely with the external auditors to ensure that they provide timely support, information and responses as and when appropriate.
- 3.18.2 Audit findings and recommendations are incorporated into the recommendation tracker and regular progress updates go forward to the Audit and Governance Committee. Any areas of concern are raised with senior managers, and appropriate updates given to the Committee.
- 3.19 Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures
- 3.19.1 The Council ensures that there are appropriate governance arrangements in place for any partnerships and joint working arrangements. This includes partnership agreements, client/contractor arrangements and reports going through the democratic process where appropriate.
- 3.19.2 The Council's major contracts include; Waste (Somerset Waste Partnership), Leisure (SLM), Street Cleaning and Public Toilets (Idverde), Building Control (Somerset Building Control Partnership), Fleet (SFS), Parking Partnership (SCC) and Legal Services (SHAPE).
- 3.19.3 Risks relating to major contracts are included in the risk register which has been reviewed by the Corporate Performance Board (and SMT from September 2021) on a monthly basis during 2021/22. During 2021/22 those risks scoring 15 or above were reported to the Corporate Scrutiny Committee and Executive as part of the quarterly performance report.

4.0 Reflecting on the challenges from the Coronavirus Pandemic

- 4.1 This section considers the impact that the Covid-19 Pandemic has had on the Council and its governance arrangements during the 2021/22 financial year.
- 4.2 The Council has taken action to play its part in dealing with the ongoing Coronavirus Pandemic during the 2021/22 financial year.

- 4.3 The MHCLG regulations relating to local authority and police and crime panel meetings only covered the period of meetings held between 4 April 2020 and 6 May 2021. From 7 May 2021, we were required to hold meetings back in the Chamber. A risk assessment was completed to ensure the safety of Members, staff and the public attending the meetings to ensure Covid safety measures were in place.
- 4.4 The Council has continued to live webcast all of our Committee meetings and then made them available on our website. We have also continued to see an increase in the number of members of the public that have watched via the webcast rather than coming into the Chamber.
- 4.5 We have continued to do Member briefings or training sessions virtually to encourage as many attendees as possible.
- 4.6 Mobile and flexible working has continued to be business as usual for many of our staff. This transition was achieved relatively early on during the first lockdown where all staff who could work from home were equipped to do so within the first few weeks. This involved the roll out of Teams in a very short space of time.
- 4.7 Messages have been issued by the Chief Executive and/or Internal Communications Team on a regular basis. This has ensured that all members of staff have been kept up to date with pertinent information and key messages. Sessions with the Chief Executive have also taken place via Teams.
- 4.8 A weekly newsletter continues to be produced, which has gone out to all District Councillors as well as Town and Parish Councils. This has kept them up to speed with the key information that they need to know. The newsletter has also included information from key partners, such as the County Council, Police and Fire and Rescue Service. It also has signposted people to sources of funding and information to assist during the Pandemic.
- 4.9 Newsletters were also produced for the Business sector and also the Community and Voluntary Sector.
- 4.10 To keep staff and residents safe, our reception areas have reopened but still have some Covid restrictions in place. All key services have remained available through a variety of other channels. Where essential, home visits and business inspections are still carried out under Covid-19 secure protocols.
- 4.11 For our customers we have worked hard to ensure they feel comfortable in using the new ways of accessing our services and website. Dedicated webpages were developed and updated with

relevant information to support residents and businesses throughout the pandemic.

4.12 This Statement does not attempt to capture all of the additional work the council has undertaken in the 2021/22 year in response to the pandemic. In many cases, the response has required setting up completely new services or processes. Among the many measures implemented since restrictions were announced SWT has:

- Distributed a further £18.5m of Covid business support grants during 2021/22, bringing the total to in excess of £80m since the start of the pandemic.
- Continued to deliver the government's 'Everyone In' mandate, by providing a range of accommodation and support for rough sleepers in our District. During the latter part of the financial year we started to taper down provision at our main facility at Canonsgrove in readiness to return this to the college in 2023 and therefore have also been undertaking a significant move-on project to ensure that all of the residents staying there are assessed and appropriate accommodation and support is provided to them to move into.
- Awarded 1,808 Test and Trace Support payments to those on low incomes who were told to self-isolate.

The funding and logistical consequences of delivering the local government response

4.13 The continuing Covid-19 pandemic has had a significant impact on local council finances, the effects of which continued through the 2021/22 financial year. The financial impact is due to both unforeseen but necessary expenditure and reduced income from fees and charges, Council Tax and Business Rates.

4.14 The impact varies by area, dependent on factors such as geography, demographics, services delivered and the nature of the local economy. However to a large extent, it will depend on if and how quickly the national and local economies return to normal levels of activity. The impact for SWT was summarised in the Financial Outturn report to Executive 21 July 2021 and the ongoing impact for 2021/22 will be in the outturn report in July 2022.

4.15 To offset the additional financial pressures being faced by Local Government, the Government has provided the following support:

- **Additional grant funding** - additional general funding protection through the 2021/22 Finance Settlement through Lower Tier Services Grant and COVID Pressures Grant

- **Sales, fees and charges scheme** - compensation for reductions in income in first three months of 2021/22
- **Local Council Tax Support Grant** - a grant for 2021/22 to compensate authorities for the expected additional cost of Local Council Tax Support schemes in 2021/22

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic

- 4.16 It is essential that the Council focuses on the likely impact that the crisis, and its aftermath, will have on income levels both now and potentially into the future.
- 4.17 The Covid-19 crisis is likely to be long-lasting and far reaching, affecting more than one financial year. It could be difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially if the local economy is in recession.
- 4.18 This means that the assumptions underlying later years in the MTFP will almost certainly need to change, making the 'funding gap' for 2021/22 and beyond larger. Contingencies have been included in the 2021/22 budget and the Council's reserves increased to provide additional mitigation for the increased risk.
- 4.19 In terms of the impact of the Coronavirus pandemic on the Council's Corporate Strategy Annual Plan, the Corporate Performance Report shows that during 2021/22, the Council has performed well against its targets. The Quarter 4 and outturn report will go to the Corporate Scrutiny Committee on 01/06/22 and then on to the Executive on 15/06/22,
- 4.20 In overall summary, the Council and its governance framework were able to be agile to deal with the Covid-19 pandemic. This is confirmed by a recent customer survey where the public and businesses were very positive about the services provided by the Council.

5.0 Local Government Reorganisation in Somerset

- 5.1 As set out in section 3.4.2, Local Government Reorganisation (LGR) to One Unitary Council for Somerset, was a risk to Somerset West and Taunton (SWT) Council in 2021/22 and remains a risk in 2022/23.
- 5.2 The Secretary of State, and Parliament have approved the Statutory Change Order for Somerset, which states that 'on or after 1 April 2023 the Somerset Council is the sole principal authority for Somerset.' Somerset County Council is classed as a continuing authority, in that they will become the Unitary Authority on 1 April 2023 and take on the functions, powers and duties of the County Council and District Councils. On 1 April 2023 the

district Councils of Somerset West and Taunton, Sedgemoor, Mendip and South Somerset are abolished i.e. wound up and dissolved.

- 5.3 The key risks relating to LGR, and its impact on SWT are:
- Capacity and resources – if SWT staff are involved in the preparatory work for the Unitary Authority this has the potential to impact on being able to deliver business as usual and the Council's priorities.
 - Recruitment and retention – staff may find jobs elsewhere due to the uncertainty around jobs in the new Council. SWT may also find it hard to recruit staff to backfill positions where staff are working on LGR projects.
 - SWT may have to use consultants if recruitment is problematic, and this could have an impact on the Council's budget.
- 5.4 In terms of managing these risks, SWT has:
- Worked with the Executive to ensure that the Annual Plan for 2022/23 is challenging but realistic in terms of the risks to the Council
 - Directors have reviewed their Directorate Plans to ensure that they are realistic in terms of what can be achieved by their teams
 - The Corporate Performance Board have been, and will continue to monitor the Council's performance against the Annual Plan and Performance Indicators
 - SMT have been and will continue to monitor the key business risks of the Council. They will also pick up any new or emerging risks relating to service areas across the Council and the impact of LGR work on delivering the Annual Plan
- 5.5 In terms of managing resources during the transition period the LGR Joint Committee, comprising lead Members for all five Councils, agree a joint (non-binding) Finance and Assets Protocol. This sets out an agreed set of principles through which all five councils will consider and safeguard the interests of the new council and future tax payers, by not entering new financial commitments above those agreed in approved budgets, or dispose of assets of material value, or spend Council reserves without the consent of the LGR Implementation Team. This protocol becomes effective from 1 April 2022 and applies to the 2022/23 financial year. The principles apply to:
- Increasing revenue costs by more than £100,000 above current approved budget
 - Acquiring, disposing or transferring assets valued above £1,000,000
 - New contracts not included in budget or service plan with annual revenue costs more than £100,000 or capital costs more than £1,000,000
 - Allocating general, earmarked or capital reserves not already included in the approved revenue or capital budgets

The joint Finance and Assets Protocol is due to be superseded on 16 June 2022 by the requirements of a S24 Direction issued by the Secretary of State, which states that SWTC (and the other 3 district Council's in

Somerset) may not without the consent of the County Council’s executive:

- Dispose of any land if the consideration for the disposal exceeds £100,000
- Enter any capital contract under which the consideration payable by SWTC exceeds £1,000,000 or which includes a term allowing the consideration payable by SWTC to be varied
- Enter any non-capital contract under which the consideration payable by SWTC exceeds £100,000 where (i) the period of the contract extends beyond 1 April 2023; or (ii) under the terms of the contract, that period may be extended beyond that date.

The County Council’s executive may consider arrangements for providing a General Consent enabling disposals or contracts that fall within these parameters to proceed. Where the General Consent does not enable this a Specific Consent will be required before a disposal or contract may be lawfully entered.

The aims of the supporting principles is that district councils may continue to deliver services without disruption, and the S151 Officers of the five councils will work together to implement an efficient process to support decision making.

LGR Process and Governance

- 5.6 There are six workstreams looking at transition and how the new Somerset Council will work. These six workstreams have sub-workstreams, which are looking at more detail (see the table below).
- 5.7 Each workstream has been asked to identify what needs to be done before Vesting Day on 1 April 2023 to make sure that the new council is ‘safe and legal’ in its operations. This means what absolutely has to be in place on 1 April 2023 for the new authority to be able to operate legally and safely.
- 5.8 Workstreams and sub workstreams are being asked what high-level things that each service area will need to deliver – known as products:
- Must Have – Non-negotiable products that are mandatory for Vesting Day (to be safe and legal)
 - Should Have – Important products that are not vital, but will add significant value if delivered on Vesting Day
 - Could Have – Nice to have products that will have a small impact if left out.
 - Won’t Have – products that are not priority for delivery on Vesting Day
- 5.9 The Workstreams and sub workstreams are, as follows:

Workstream	Sub-workstreams
Governance	Constitution Contract Standing Orders Code of Conduct(s) Governance and Democratic Arrangements

Workstream	Sub-workstreams
	Programme Legal advice and support Members Allowances, appointment and training Electoral arrangements and election to new council Taunton Town Council Democratic Services Structure New Operating Model Corporate Planning? Corporate Performance Commercial Information Management
People	Behaviours and Culture Organisational Development Organisational Design Payroll/HR system Recruitment (including senior recruitment) Terms and Conditions and Policies TUPE and organisational change Wellbeing and Ways of Working Diversity and Inclusion Health and Safety
Property Asset Optimisation	Asset management plan and Policy Asset rationalisation – customer delivery points Asset rationalisation – depots and operational properties Commercial property management Consolidated management of surplus property and asset disposals Facilities, printing and staff services Land and property management system Office accommodation and strategy and blue-print Property Asset records Valuation function, policies and process
Technical Asset Optimisation	Applications Roadmap and Contracts review, integration strategy and systems architecture CAPITA contract plan Consolidated management of Inflight Projects Cyber Security strategy and Framework End User Hardware and services GIS system integration including Local Land & Property Gazetteer Hybrid Meeting / Committee Facilities ICT compliance and assurance ICT Disaster Recovery and Business Continuity system ICT service alignment and improvement including a) Operating Model for ICT function b) ICT traded

Workstream	Sub-workstreams
	services, c) Solution and approach agreed for hosted partnerships ICT Service Management Function – Priority Products Mobile Telephony Network & Telephony Single platform / domain for new unitary & Single Identity Management Solution Technology adoption and change plan Technology Strategy and Transition planning
Service Alignment and Improvement	Housing 1 – Housing Landlord Functions Housing 2 – Operational Housing Services Housing 3 – Private Sector / Universal Provision Building Control Growth 1 – Prosperity & Economic Development Growth 2 – Planning & Enabling Infrastructure Delivery & Active Travel Highways Traffic Management Commissioning Environment & Climate Change – Sub-Group 1 (Climate Change and Water) Environment & Climate Change – Sub-Group 2 (Waste & Neighbourhood Services) Environment & Climate Change – Sub-Group 3 (Environmental Health, Licensing and Coastal Services) Environment & Climate Change – Sub-Group 4 (Sports, Leisure & Countryside) Culture & Universal Community Services Community & Family Safety Business Intelligence Civil Contingencies & Emergency Planning Communications
Finance	LGR Savings Budget setting and Medium-Term Financial Plan for new authority Commercial Investment Implementation costs Insurance and risk arrangements Existing budgets Finance function Revenues Housing Benefit and subsidy Housing Revenue Account Treasury Management Exchequer Finance Web profile

Workstream	Sub-workstreams
	Internal and External Audit Statement of Accounts Fees and Charges Grant support to voluntary sector Reconciliations Community Infrastructure Levy and Section 106's Pensions Capital Programme VAT and Taxation
Community, Customer and Partnerships	Digital Leadership and Strategy Website Customer Engagement Platform Telephony Face-to-Face Enhancing Partnerships Local Community Networks Customer Strategy Digital Services Information Governance & Data Management Digital Services Information Governance & Data Management

- 5.10 A significant amount of work has already been carried out in the various workstreams.
- 5.11 The Elections took place on 5 May 2022, and 110 Councillors have been elected to Somerset County Council (until 1 April 2023)/ Somerset Unitary Council (from 1 April 2023). New Member Induction commenced on 9 May 2022. The Annual Meeting of SCC will take place on 25 May when the Leader of the Council will be elected. He/she will then provide details as to who the Executive Councillors will be.
- 5.12 The advert for the recruitment of the Chief Executive for the Unitary Council has gone out and the recruitment and selection process will continue in due course.
- 5.13 Governance arrangements have been put in place to oversee the transition to the Unitary Authority. This includes:
- **The LGR Joint Committee** - The purpose of the Board is to ensure that LGR in Somerset is delivered effectively and with appropriate stakeholder engagement and involvement (including elected Members from all 5 Councils). This was in place until the Structural Change Order was approved in March 2022.
 - **The Implementation Executive** - This replaces the LGR Joint Committee. The Implementation Executive included the five existing council leaders and four cabinet members of the county council, will maintain oversight of

the new council's development until the new administration is appointed following the 5 May Elections. After that date the Executive of the newly elected Council will be responsible for managing the implementation of the transition to the new unitary council for Somerset.

- **The LGR Joint Scrutiny Committee** – This Committee allowed the Constituent Councils to scrutinise the LGR Joint Committee in an effective and timely manner in relation to the preparation for the establishment of the unitary council in Somerset. It ensures that all Councils can play an important role in helping shape the direction of the implementation process but without leading to duplication and delay. Following the approval of the Structural Change Order, this will become a Scrutiny function of the newly elected Council, holding the Implementation Committee to account.
- **Chief Executive Programme Board**, comprising the five councils' Chief Executives, the lead authority's Monitoring Officer and Finance Director and the LGR Programme Director. It drives the programme forward to deliver the agreed outcomes and benefits and provide assurance to the LGR Joint Committee that the programme is on track.
- **The LGR Advisory Board**, comprising eight elected county and district members and representatives from Somerset Association of Local Councils, Somerset Society of Local Council Clerks, health, police, education and voluntary/community sector (Spark Somerset).

6.0 Significant governance issues

- 6.1 At the current time, there are no significant governance issues but a number of recommendations for improvement are set out in Appendix B. The action plan details the governance issues that have been identified, the proposed action, the responsible officer and the target date for completion.
- 6.2 The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated. The review highlighted no areas as representing a significant weakness in Governance or Internal Control during 2021/22.

7.0 Conclusion

- 7.1 Currently we can provide reasonable assurance that the Somerset West and Taunton Council's governance arrangements are fit for purpose.
- 7.2 However, addressing the issues set out in the Action Plan

(Appendix B) will further improve the Council's arrangements.

Signed

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Andrew Pritchard
Chief Executive Officer
Date:

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Cllr Federica Smith-Roberts
Leader of the Council
Date:

APPENDIX A - CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Key Documents: Annual Review/Production:

- Annual Governance Statement
- Annual Statement of Accounts
- Directorate Plans
- Committee report procedure
- Constitution
- Corporate Plan
- Annual Plan
- Performance Report
- Corporate Risk Register
- Delegations from/to Senior Management Team
- Equality Information
- Medium Term Financial Plan
- Members Allowances Scheme
- PSIAS Checklist
- Capital, Investment and Treasury Management Strategy

Key Documents: Ad-hoc Review/Production:

- Corporate Strategy 2019-2023
- Anti-Fraud Policy Framework
- Business Continuity Plans
- Community Engagement Framework
- Declarations of Independence
- Financial Procedure Rules
- Contract Procedure Rules
- Health and Safety Policies
- Information Governance Framework
- Member/Officer Relations Protocol
- Members' Code of Conduct
- Officer Employment Procedure Rules
- Officers' Code of Conduct
- Record of Decisions
- Risk & Opportunity Management Policy
- Whistleblowing Policy

Contributory Processes/ Regulatory Monitoring:

- Audit, Governance and Standards Committee
- Budget Monitoring Process
- Corporate Performance Board
- Corporate Health & Safety Committee and processes
- Corporate Intranet
- Council Tax leaflet
- Customer feedback process
- External Audit
- Joint Independent Remuneration Process
- Internal Audit
- Job Descriptions
- Job Evaluation Process
- Law & Governance
- Member Training Scheme
- Monitoring Officer & S151 Officer
- Partnership Arrangements
- Schedule of Council meetings
- Scrutiny Framework
- Staff Induction

Appendix B – Annual Governance Statement Action Plan

Issue Identified	Action to be taken	Lead Responsible Officer	Deadline
Corporate Governance			
The procedure for dealing with complaints about Councillors needs to be reviewed and updated	<p>The procedure for dealing with complaints about Councillors has been amended as part of the work by the LGR Governance workstream.</p> <p>This will now go forward to the SWT Standards Committee in July 2022 and on to Full Council in September 2022.</p> <p>This will mean that any complaints that come in after Full Council approval will be dealt with in a consistent way across SCC and the 4 District Councils in the interim period before the Unitary Council vesting day on 1 April 2023.</p>	Governance Manager and Monitoring Officer	30/09/22
The information on the Council website relating to complaints about Councillors needs to be reviewed and updated	This links to the action above. Once this has been approved by Full Council the amendments will be made to the SWT website.	Governance Manager and Monitoring Officer	30/09/22
The Member's Code of Conduct needs to be reviewed and updated following the publication of the Local Government Association model Code of Conduct.	<p>The Member's Code of Conduct has been reviewed and updated as part of the work by the LGR Governance workstream.</p> <p>This will now go forward to the SWT Standards Committee in July 2022 and on to Full Council in September 2022.</p>	Governance Manager and Monitoring Officer	30/09/22

<i>Risk Management</i>			
Whilst Performance and Finance report have been going before the Scrutiny Committee and Executive on a quarterly basis. This now needs to happen with the Key Business Risk Register	Quarterly reporting took place in 2021/22. The Q4 and outturn report is scheduled to go to the Corporate Scrutiny Committee on 06/07/22 and Executive on 20/07/22	Business Intelligence and Performance Manager	31/07/22
The Internal Audit report on Risk Management highlighted that staff training needs to be carried out	Investigate with the Learning and Development team if a mandatory training module can be set up on the e-learning platform for all staff to complete	Business Intelligence and Performance Manager	31/12/22
The Internal Audit report on Risk Management highlighted that Member training needs to be carried out	Carry out a Member Briefing/training session on Risk Management	Business Intelligence and Performance Manager	30/09/22
<i>Member Training and Development</i>			
Ethical awareness needs to be improved	<p>Ethical awareness training for Councillors at least twice a year.</p> <p>The Governance Manager and Monitoring Officer will provide the Standards Committee with an update regarding awareness training on 26 July 2022. Key messages about ethical behaviour and conduct will continue to be highlighted through the ethical newsletters – scheduled to be published in early June, September and December 2022. The newsletters will include reminders on declaring interests and gifts & hospitality</p>	Governance Manager and Monitoring Officer	By 31/12/22

	Monitoring Officer to send quarterly updates to Officers reminding them to declare any interests and gifts & hospitality		By 31/12/22
Need to carry out Member refresher training on Data Protection	A training session to be arranged for Members	Governance Manager & Monitoring Officer and Information and Records Manager	By 30/09/22
Member Communications			
Members are not currently getting feedback from reps on outside bodies	Information from reps on outside bodies will be included in the SWT Member newsletter, as and when the information is available.	Governance Manager and Monitoring Officer	Throughout the year ending 31/03/22
Limited Assurance Internal Audits			
The Corporate Health & Safety Internal Audit report gave limited assurance in July 2021	Ensure that all outstanding Internal Audit recommendations arising from the Corporate Health & Safety report are actioned by the target dates agreed by officers.	Health and Safety Specialist/ Assistant Director Corporate	As per deadlines set out in the Internal Audit report
The Data Centre Review Internal Audit report gave limited assurance in September 2021	Ensure that all outstanding Internal Audit recommendations arising from the Data Centre review report are actioned by the target dates agreed by officers.	ICT Manager/ Assistant Director Corporate	As per deadlines set out in the Internal Audit report
The Procurement Cards Internal Audit report gave limited assurance in April 2022	Ensure that all Internal Audit recommendations arising from the Procurement Cards report are actioned by the target dates agreed by officers.	Assistant Director Finance	As per deadlines set out in the Internal Audit report

The Stores Internal Audit report gave limited assurance in April 2022	Ensure that all outstanding Internal Audit recommendations arising from the Stores report are actioned by the target dates agreed by officers.	Director of Housing	As per deadlines set out in the Internal Audit report
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Appendix C – Annual Governance Statement Action Plan outturn position for the 2020/21 AGS

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
Corporate Governance			
The Constitution should be reviewed and amended to make it more user friendly and clearer to use	The Monitoring Officer to review the various sections of the Constitution and then to take reports forward to the Constitution Working Group for consideration.	Governance Manager & Monitoring Officer 31/12/21	Amendments to the Constitution have been made as and when appropriate and come before Council. This will continue whilst SWT is still in existence. More detailed work on the Constitution has been superseded by the Unitary Council and the Governance work stream is drafting the new Constitution for the Unitary Authority. Update: The SWT Constitution is being updated as and when needed, with the last update going to Full Council in February 2022. The issue regarding the Constitution being user friendly and clearer to use will feed into the LGR governance workstream
The procedure for dealing with complaints about Councillors needs to be reviewed and updated	Review and update the procedure for dealing with complaints about Councillors	Governance Manager & Monitoring Officer 31/10/21	The procedure for dealing with complaints has been amended and the Monitoring Officer will convene a meeting of the Standards Committee in July 2022. This will then go to the Annual Meeting of Full Council for sign off.

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
			<p>The Governance workstream for the Unitary Council has drafted a new complaints process for the Unitary Council.</p> <p>Update: The Standards Committee has been scheduled for 26 July 2022 where this will be considered. This item has carried forward to the action plan for the 2021/22 AGS.</p>
The information on the Council website relating to complaints about Councillors needs to be reviewed and updated	Review and update the information on the Council website in respect of complaints about Councillors	Governance Manager & Monitoring Officer 31/10/21	Completed
The Officer Scheme of Delegation needs to be reviewed following the revision to the directorate structure	The Monitoring Officer to send each Assistant Director the Officer Scheme of Delegation to review for their area and to ensure that the legislation is still current and relevant	Governance Manager & Monitoring Officer 31/10/21	<p>Each Assistant Director was sent the Scheme of Delegation 05/10/21 and provided updates. This is being amended again following the decision not to fill the Director of External Operations role at the current time.</p> <p>Update: this action has now been completed</p>
Performance Management			
The Council doesn't currently have a Data Quality Policy	Draft a Data Quality Policy	Business Intelligence & Performance Manager 31/12/21	<p>It is proposed that this action is picked up by the Corporate Policy workstream for the Unitary Council.</p> <p>Update: This action will feed into the LGR workstream covering corporate policies and procedures</p>

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
<i>Risk Management</i>			
Whilst Performance and Finance reports have been going before the Scrutiny Committee and Executive on a quarterly basis, this now needs to happen with the Key Business Risk Register	Ensure that there is quarterly reporting to the Scrutiny Committee(s) and Executive on the key business risks	Business Intelligence & Performance Manager Quarterly from June 2021	Completed – quarterly reports have been going to the Scrutiny Committees and Executive during the 2021/22 financial year as part of the Corporate Performance Report Update: Q1, Q2 and Q3 reports went to the Corporate Scrutiny Committee on 01/09/21, 01/12/21 and 02/03/22. They also went to the Executive on 15/09/21, 15/12/21 and 16/03/22. The Q4 an outturn reports are scheduled to go to Corporate Scrutiny Committee on 01/06/22 and Executive on 15/06/22.

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
<p>The level and detail of risks captured at service level is weak. Some services are piloting the use of service risk registers which feed into the directorate register</p>	<p>Once the pilot has been completed ensure that the process for service risk registers is rolled out across the whole organisation.</p> <p>Any service risks scoring 15 or more should be included as part of the key business risk register</p>	<p>Business Intelligence & Performance Manager 31/12/21</p>	<p>Work to develop service risk registers is still ongoing and is being included as part of the transition arrangements to the new unitary authority. The councils risk registers are being migrated from Excel documents to Sharepoint lists and the new format will make it easier to facilitate the further development of service risk registers, and will enable risks to more easily be escalated to the Directorate or Corporate risk register when necessary.</p> <p><i>Update: From an SWT perspective, colleagues in the Project Management Office (PMO) and Business Intelligence (BI) have been working with services to focus on service risks and to incorporate them into the key business risk register if appropriate.</i></p> <p><i>In respect of LGR – there is a risk assessment for the delivery of the new Council and SWT is also keeping its key business risk register updated with any LGR risks impacting on SWT.</i></p>

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
Staff have not received risk management training recently	Run a number of training sessions for officers on Risk Management, ensuring it aligns to the Risk and Opportunity Management Strategy.	Business Intelligence & Performance Manager 30/11/21	Further training for officers is still in development and we are looking at e-learning modules for risk management training within SWT. Update: As outlined above, colleagues from PMO and BI have been working with services to identify risks. This is on job training rather than rolling out a specific training course for service managers.
<i>Openness and Transparency</i>			
Currently we do not publish the feedback from complaints on the website	'You said, we did' on the website to demonstrate what we have changed as a result of complaints and feedback	Assistant Director – Customer 30/09/21	Completed – this is now available on the website
Currently going into confidential session in a meeting is confusing for members of the public and we need to change our approach in favour of transparency	Give a better explanation re public interest test v confidential session. Use better wording on agendas and at Committees. Give more information on the website (this is part of the work in the Constitution)	Governance Manager & Monitoring Officer 31/12/21	Completed – additional wording has been added to agendas that include confidential items. Where part of an item of business is confidential wording has also been added to agendas to make it as clear as possible as to what will be considered in the public domain and what will require going into confidential session.
Information relating to accessing information is	Set up a page on the website called 'Access to Information'. This is to include Data	Governance Manager & Monitoring Officer 31/12/21	Work in progress – new target date 31/03/22

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
currently not on one place on the website or easy to find	Protection information including Privacy Statements, Freedom of Information including disclosure log, Publication Scheme and Transparency Code requirements		Update: This has now been completed.
We do not currently publish our responses to FOI requests	Publish a Freedom of Information Disclosure log on the website	Assistant Director – Customer 30/09/21	Complete - We now publish FOI statistics on the website but not a disclosure log. However, individuals submitting an FOI request are able to search the Firmstep log for previous similar requests before submitting their request.
Member Training and Development			
Ethical awareness needs to be improved	Ethical awareness training for Councillors at least twice a year	Governance Manager & Monitoring Officer 31/03/22	Ethical items have been covered in the March 2022 ethical newsletter and further awareness training will be arranged following the May 2022 elections Update: The first ethical newsletter was publishing in March 2022 and the next edition is in the process of being drafted to go out to Members in early June 2022.

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
			<p><i>The Governance Manager and Monitoring Officer will provide the Standards Committee with an update regarding awareness training on 26 July 2022. This item has carried forward to the action plan for the 2021/22 AGS.</i></p>
<p>Work with the Member Training and Development Group to produce a Members' training plan</p>	<p>Feed the information from the Members training and development requirements into a Member training plan and use this information to source future training</p>	<p>Governance Manager & Monitoring Officer 31/10/21</p>	<p>Feedback from Member one to ones has been used to inform Member Briefings for 2022/23. Work on Member Training and Development is being picked up as a workstream under the Unitary Council Governance work, to ensure that there is appropriate induction training for the new Unitary Councillors <i>Update: The uptake from SWT Members to have a one to one was low.</i> <i>It is recommended that, given where we are with LGR, the Member Training and Development Group is disbanded.</i> <i>The LGR Governance workstream is picking up Member Induction and training going forward for the new Council.</i></p>

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
<i>Ethical Standards</i>			
Ethical awareness needs to be improved	Monitoring Officer to send quarterly updates to Officers and Members reminding them to declare any interests, and gifts & hospitality	Governance Manager & Monitoring Officer Quarterly from 30/09/21	Completed - Ethical newsletter sent to Members in March 2022. Next edition to be sent to Members in June 2022. <i>This item has carried forward to the action plan for the 2021/22 AGS.</i> Electronic registers now in place for Officer declarations of interests and gifts & hospitality. Update sent to officers and quarterly reminders now scheduled.
Ethical awareness needs to be improved	Quarterly ethical newsletter for Councillors	Governance Manager & Monitoring Officer Quarterly from 30/09/21	Completed - Ethical newsletter sent to Members in March 2022. Next edition to be sent to Members in June 2022. <i>This item has carried forward to the action plan for the 2021/22 AGS.</i>
<i>Member Communications</i>			
Members are not currently getting feedback from outside reps on outside bodies	Gaining information about what the outside bodies are all about is Member Training and Development. Investigate with the Member Training and Development Group how best to ensure that information from reps on outside bodies is	Governance Manager & Monitoring Officer 31/10/21	Expand and change the focus on the SWT newsletter. <i>This item has carried forward to the action plan for the 2021/22 AGS.</i>

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
	captured and disseminated to wider membership		
<i>Policies and Procedures</i>			
We do not currently have an up to date Communications Strategy	Communications Strategy to be drawn up	Service Lead - Communications Operations 31/12/21	The Communications Strategy is in draft. Next steps are to finalise and publish. This piece of work will be superseded by the Unitary Council workstream on communications <i>Update: This piece of work is being picked up by the LGR workstream focusing on communications</i>
<i>Contracts</i>			
The Contracts Register is out of date	Ensure that the Contract Register is reviewed and updated	Strategic Procurement Specialist	Complete
Officers need to have training on the procurement process	Training for officers on the procurement process. E-learning courses set up to be instigated for service contract/project managers and service procurement users	Strategic Procurement Specialist	Further training for officers is in development and is being picked up through the LGR Procurement workstream. <i>Update: Managers responsible for new staff pick this up as part of the induction process. The LGR worksteam focusing on procurement will pick up training for staff as part of the new Council arrangements.</i>

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
<i>People Management</i>			
The Council doesn't currently have a People/Workforce Strategy that aligns with the Corporate Strategy and MTFP	Once the Unitary decision is known, work with colleagues to align a People/Workforce Strategy	HR Business Partner Target date to be confirmed in line with Unitary	This action is being picked up as part of the People (Staff) workstream for the Unitary Authority <i>Update: This is being picked up by the LGR People workstream</i>
HR Policies and procedures are out of date	Ensure that all HR policies and procedures have been updated to be relevant for SWT.	HR Business Partner 30/11/21	Policies have been re-written. A number of them are currently with Unison for comment. Next steps will be to finalise the policies and publish on the staff Intranet.
Job descriptions are generic	Job descriptions to be updated to include job related person specifications and wording to make it clear that all staff are responsible for Health & Safety, FOI and complaints	HR Business Partner Target date to be confirmed in line with Unitary	This action is being picked up as part of the People (Staff) workstream for the Unitary Authority.

Issue Identified	Action to be taken	Lead Responsible Officer & Deadline	Update
The induction process needs to be improved	Review and update the Induction process for officers and focus on basic things that all officers need to know as well as a tailored induction for items that are more job specific	HR Business Partner 31/10/21	Completed – The corporate induction process has been reviewed and is available on the Learning and Development pages on the Intranet. There is a separate induction process for Health & Safety. Job specific induction is handed over to the employees Line Manager
<i>Community Engagement Strategy</i>			
We don't currently have an up to date Community Engagement Strategy	Draft a Community Engagement Strategy to include the type of issues that we will meaningfully consult on or involve communities, individual citizens and service users	Director for Housing and Communities 31/03/22	Housing have confirmed that the Engagement Policy is in draft and being reviewed by the Housing Quality Network before being finalised.
<i>IT Policies and Procedures</i>			
IT Policies and procedures need to be reviewed in light of the change to working arrangements	To carry out a review of IT Policies and Procedures	IT Manager 31/10/21	Complete - IT Usage Policy reflects current working arrangements. Other policies are being picked up through the LGR IT workstream.

Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

Fraud Outturn Report 2021/22 and Annual Fraud Plan for 2022/23

This matter is the responsibility of Executive Councillor Member for Communications and Corporate Resources, Cllr Benet Allen

Report Author: Amy Tregellas, Governance Manager

1 Executive Summary / Purpose of the Report

1.1 To present the Committee with an update on progress following the last report which came before the Committee in March 2022.

2 Recommendations

2.1 The Committee approve the Fraud Outturn Report and Annual Plan for 2022/23.

3 Risk Assessment

3.1 Failure to have a robust Anti-Fraud framework in place to reduce the risk of fraud and corruption could result in the Council suffering financial loss, impacting on the services delivered by the Council and ultimately its reputation.

4 Background and Full details of the Report

4.1 The SWAP Internal Audit – baseline assessment of maturity in relation to fraud dated March 2021, was presented to the Committee in September 2021. A progress update was presented to the Committee in March 2022. The purpose of this report is to provide an update on actions at the end of the 2021/22 financial year and, to set out the Annual Plan for 2022/23.

SWT Fraud outturn position for 2021/22

4.2 The action plan outturn position for 2021/22 is, as follows:

Action	Priority	Update
Present the baseline assessment of maturity in relation to fraud to key stakeholders and assign responsibility for management of actions	Now	<p>Completed - the report was presented to the SMT and then the Audit & Governance Committee in September 2021. This has been published on the Council website along with the Anti-Fraud policies.</p> <p>Monitoring of actions assigned to the Governance Manager and Monitoring Officer.</p>

Action	Priority	Update
Present to the Audit & Governance Committee an annual report which assesses the effectiveness of fraud prevention and detection	Now	<p>Completed - A report was brought to the Audit, Governance and Standards Committee on 12 April 2021, which included an update on the provision of Counter Fraud and Error Services from Powys. The next report from Powys will be brought to the Committee as soon as it is available.</p> <p>This report gives a further update as to progress against the action plan.</p>
Present to the Audit & Governance Committee an annual fraud plan for agreement	Now	<p>Completed – the SWT annual fraud plan for 2022/23 is included as part of this report for approval (Audit & Governance Committee meeting on 13 June 2022).</p>
Present to the Audit & Governance Committee reviewed Anti-Fraud and Corruption Policy/Strategy	Now	<p>Completed - The Anti-Fraud and Corruption Strategy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>
Present to the Audit & Governance Committee reviewed whistleblowing policy	Now	<p>Completed - The Whistleblowing Policy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>
Present to the Audit & Governance Committee reviewed Anti-Bribery Policy	Now	<p>Completed - The Anti-Bribery Policy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>
Present to the Audit & Governance Committee reviewed Anti-Money Laundering Policy	Now	<p>Completed - The Anti-Money Laundering Policy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>

Action	Priority	Update
Complete risk assessment process with SWAP and assign responsibility for ongoing management of the process	Immediate Future	In progress - Responsibility assigned to the Governance Manager and Monitoring Officer and she is working with colleagues from SWAP on the risk assessment. Meetings are quarterly to pick up any new or emerging risks. This is included in the Annual Fraud Plan for 2022/23
<p>Publish the following and make available to key stakeholders:</p> <p>The approved:</p> <ol style="list-style-type: none"> 1. Anti-Fraud and Corruption Strategy 2. Whistleblowing Policy 3. Anti-Bribery Policy 4. Anti-Money Laundering Policy 	Immediate Future	Completed – the approved policies have been published on the website
Ensure contractors sign up to the Council's Whistleblowing Policy	Immediate future	In progress - Governance Manager and Monitoring Officer liaising with colleagues to ensure that any agency staff and contractors are signposted to the Policy. This is being picked up as part of the Procurement workstream for Local Government Reorganisation (LGR)
Agree and implement a training plan for staff and Members in relation to fraud and ethics	Shorter-Term	In progress - Staff have been asked to complete the e-learning modules of Fraud Prevention, Anti-Fraud Policy and Whistleblowing by 31 August 2022. The Governance Manager and Monitoring Officer is liaising with SWAP to plan in a training session for Members.

Action	Priority	Update
Ensure that fraud and corruption risk is referenced in the Risk and Opportunity Management Strategy and the strategic risk register	Shorter-Term	Completed - The Risk and Opportunity Management Strategy for 2022/23 was amended to include reference to Fraud and Corruption risks and was approved by the Audit & Governance Committee on 22 March 2022.
Consider fraud risk in the Directorate Risk Registers	Medium-Term	In progress - SWAP carried out a fraud risk assessment and this is now being reviewed by the Governance Manager and Monitoring Officer. This action is to be fed into the transition work for the Unitary Council
Update staff and Member code of conduct documents to direct fraud reference	Medium-Term	In progress - The LGR Governance workstream have drafted the Code of Conduct for the Unitary Authority. They are recommending that all 5 Councils adopt it by end September 2022. This will go to Standards Committee (scheduled for 27 July 2022) and then on to Full Council in September 2022 for approval.
Ensure relevant strategies and policies are subject to ongoing scrutiny and review by trained counter-fraud resource	Longer-Term	Ongoing - This action is to be fed into the transition work for the Unitary Council

4.3 The outturn report from SWAP Internal Auditors is attached as Appendix A

SWT Annual Fraud Plan for 2022/23

4.4 In terms of the Annual Fraud Plan for 2022/23, as per the Anti-Fraud and Corruption Strategy, the Council has the following policy statement:

Fraud against Local Government is estimated to cost billions of pounds per year. This is a significant loss to the public purse. To reduce these losses Somerset West and Taunton Council is committed to:

- The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
- The prevention of fraud and the promotion of an anti-fraud culture.

- A zero-tolerance attitude to fraud, requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
- The investigation of a risk based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.
- The Local Government Fraud Strategy: Fighting Fraud Locally which means the Council will:



4.5 During the 2022/23 financial year, the Council will focus on the following:

Action	Responsible Officer & Target Date
Ensure that all staff have completed the e-learning modules of Fraud Prevention, Anti-Fraud Policy and Whistleblowing by 31 August 2022.	Governance Manager and Monitoring Officer 31/08/22
Ensure that a training session for Members is carried out by 31 August 2022. The Governance Manager and Monitoring Officer is liaising with SWAP to plan in a training session for Members.	Governance Manager and Monitoring Officer 31/08/22
Ensure that the fraud risk assessment is reviewed on a quarterly basis to ensure that all new and emerging risks are captured. Where risks become key business risks, ensure that they are fed through to SMT and Members.	Governance Manager and Monitoring Officer By 30/06/22, 30/09/22, 31/12/22 and 31/03/23.

Action	Responsible Officer & Target Date
Ensure that the Code of Conduct for the Unitary Authority goes to the SWT Standards Committee (scheduled for 27 July 2022) and then on to Full Council in September 2022 for approval.	Governance Manager and Monitoring Officer By 30/09/2022
Where appropriate, continue to use Powys and SWAP for counter fraud work until 31/03/2023	Governance Manager and Monitoring Officer Until 31/03/2023
Continue to have quarterly meeting with colleagues from SWAP on the fraud matters. Ensure that meetings cover SWT matters during 2022/23 and also updates on progress from the LGR workstream dealing with Fraud.	Governance Manager and Monitoring Officer Until 31/03/2023
<p>Work with colleagues in the LGR workstream dealing with fraud and risk to ensure that:</p> <ul style="list-style-type: none"> • Appropriate policies are in place for the new authority relating to Anti-Fraud and Corruption, Anti-Bribery, Anti-Money Laundering and Whistleblowing • The Risk and Opportunity Management Strategy includes reference to fraud and corruption risks • LGR risks relating to fraud and corruption are included in the key business risk register and reviewed on a regular basis • Fraud and corruption work is adequately resourced for the new authority • The workstreams dealing with Human Resources and Procurement ensure that contractors sign up to the organisations whistleblowing policy 	Governance Manager and Monitoring Officer to liaise with relevant LGR workstream leads By 31/03/23

5 Links to Corporate Strategy

- 5.1 Having an effective Anti-Fraud framework in place is crucial for identifying risks associated with fraud and corruption and ensuring that the delivery of the Council's Corporate Strategy is not impacted. It also forms a fundamental element of being a well-managed Council.

6 Finance / Resource Implications

- 6.1 Failure to mitigate fraud and corruption risks could result in financial loss to the Council.

7 Legal Implications

- 7.1 Failure to mitigate fraud and corruption risks could result in a number of legal implications for the Council

8 Climate and Sustainability Implications

- 8.1 None arising from this report

9 Safeguarding and/or Community Safety Implications

9.1 None arising from this report

10 Equality and Diversity Implications

10.1 None arising from this report

11 Social Value Implications

11.1 None arising from this report

12 Partnership Implications

12.1 None arising from this report

13 Health and Wellbeing Implications

13.1 None arising from this report

14 Asset Management Implications

14.1 None arising from this report

15 Data Protection Implications

15.1 None arising from this report

16 Consultation Implications

16.1 None arising from this report

Democratic Path:

- **Audit and Governance Committee – Yes**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Annually

List of Appendices

Appendix A	SWAP fraud outturn report
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Contact Officers

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A Baseline Assessment of maturity in relation to fraud was completed for Somerset West and Taunton Council in February 2021. The results of the assessment are shown as follows:

Key Findings	Assessments per Area Reviewed	
 There is no process to ensure that contractors and third parties are required to sign up to the Council's Whistleblowing Policy.		
 There is no agreed fraud plan and the following policies are overdue for review: Anti-Fraud and Corruption Policy and Strategy; Whistleblowing Policy; Anti-Bribery Policy; Anti-Money Laundering Policy		
 There is no agreed training plan for staff and Members in relation to fraud and ethics.		
 Fraud and corruption risk is not referenced in the Risk and Opportunity Management Strategy, the strategic risk register, nor within the directorate risk registers.		
 The Council has access to trained counter fraud resources, including the Powys Counter Fraud Team and the SWAP Counter Fraud Team. These resources have unfettered access to information as required.		
 The local authority has put in place arrangements for monitoring compliance with standards of conduct, including declarations of interest and gifts and hospitality.		

The assessment was taken to Senior Leadership Team (SLT) and Audit Committee following completion and the Monitoring Officer and the Section 151 Officer have been jointly responsible for coordinating and implementing the recommended actions.

One of the actions was to complete a fraud risk assessment and this was completed in September 2021 by SWAP.

SWAP will be revisiting the Baseline Assessment in 2022-23 for a more detailed opinion, but it is clear already that fraud has taken greater prominence across the organisation following the work completed in 2021-22.

The Council will need to continue to monitor and manage fraud and corruption risks during the current period of change, both nationally and locally. The Council will be reliant on its stakeholders, including staff and members of the public, to help prevent and detect fraud. It is important that awareness and training is provided effectively so that stakeholders are aware of how to spot fraud and are comfortable in reporting it.

SWAP has agreed the following plan for 22-23 with the Monitoring Officer:

- Revisit of the Baseline Assessment
We will revisit the original assessment and expect to be able to demonstrate a greener picture with regards to the areas of maturity.
- Baseline Assessment Cross-Somerset comparison exercise
Following the above, and in line with the impending Unitary Council, work will be completed, which draws together findings from each of the five Somerset Councils.
- Fraud awareness training
SWAP will provide a fraud awareness session to staff and will continue to develop an eLearning module which can be used as mandatory, refresher training.
- Sharing of intelligence bulletins, including fraud threats and trends
SWAP will continue to provide bulletins, which are based upon intelligence within the partnership and from wider established professional networks around the UK.

In addition, SWAP will continue to provide internal audit work for the Council, which includes a fraud theme, as per the roles and responsibilities under the Institute of Internal Auditors guidance.

SWAP will also be present at the relevant Unitary Council workstream meetings to discuss and promote fraud risk.

SWAP will continue to be on hand to react to possible fraud at short notice, should the Council require any work in this area.

It is expected that management continue to implement the actions from the original Baseline Assessment and that the Fraud Risk Assessment is revisited at regular intervals and kept live.

Finally, the Council should continue to consider the risk of fraud and corruption and ensure that the appropriate resource is available to support proactive fraud work in 2022-23.

Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

Landlord Health and Safety Property Compliance Update Report

This matter is the responsibility of Executive Councillor Member Francesca Smith

Report Author: Ian Candlish, Assistant Director Housing Property

1 Executive Summary / Purpose of the Report

1.1 This report provides an updated position for the main landlord health and safety property compliance disciplines. Whilst Covid continues to have an impact upon our ability to progress with some compliance areas, due to resourcing issues for in-house staff and contractors, we continue to maintain a clear focus on all compliance requirements and have made progress in many areas.

1.2 The information within this report summarises the current compliance of Somerset West and Taunton Council in relation to the following six key areas:

- Asbestos management
- Electrical safety
- Fire safety
- Gas safety
- Passenger lift and stairlift management
- Water safety

Each compliance area is monitored separately as defined by properties contained within either the Council's Housing Revenue Account (HRA) or General Fund (GF) accounts. HRA Blocks refer to all communal area(s) within the block (including any meeting halls), HRA Commercial refers to non-residential properties (e.g. shops or offices), HRA Dwellings refers to the individual property (e.g. house, bungalow, flat, etc.) and GF Property refers to the entire building.

1.3 The report identifies:

- Somerset West and Taunton Council's current compliance status (as of 25th May 2022).
- Comparative performance from the previous report submitted on 13th September 2021 wherever possible. This is shown in brackets on each dataset on the relevant table.
- Achievements and successes since the last report.
- Issues adversely affecting compliance and action being taken.
- Regulations / legislation which affects the way Somerset West and Taunton Council manages its property safety compliance.

1.4 Risk ratings and timescales:

- Somerset West and Taunton Council will review and where suitable use the ratings and timescales suggested by its approved contractors when receiving an inspection report.
- Where no timescales are given by the contractor, Somerset West and Taunton Council timescales as set out in its relevant policies will be adopted.
- Hazards deemed as urgent or as emergency works will be actioned as soon as reasonably practicable. This may include restricting access to areas immediately until the hazard can be removed.
- Somerset West and Taunton Council may at times review hazards and change their priority if the original priority does not reflect the current use of the building or if there have been additional measures put in place that reduces the overall risk.

1.5 The information presented within this report has been compiled from data supplied by the Housing and Communities teams, the Facilities team and external contractors.

1.6 A summary of key activities and successes since the last report include:

- Additional procurement activity to deliver compliance programmes, including fire compartmentation, further electrical property testing and remedial works (additional contractors), another asbestos surveying company to accelerate the programme, and extension and renewal of compliance contracts.
- New programmes established, procured and ready for mobilisation this financial year are radon monitoring where required within the housing portfolio, and street lighting safety assessments.
- Production of a new compliance policy and associated procedures for Non-Gas Heating Appliances.
- Obtaining up-to-date Fire Risk Assessments for all properties, including those not previously required under the Regulatory Reform Fire Safety Order 2005, as amended by the subsequent change in legislation under the Fire Safety Act 2021.
- Maintaining 100% compliance for annual gas safety checks.
- Maintaining 100% compliance for annual asbestos re-inspections (excluding dwellings).
- Maintaining 100% compliance for fire detection and emergency lighting inspections.
- Achieving 100% compliance for passenger lifts and stairlifts service and inspection.
- Third party audits commenced on both gas and electrical safety checks and programmes.

1.7 Whilst the works outlined in this report are undertaken to ensure safety, several of them have a consequential effect of mitigating negative impacts on the environment and climate change. For example, regular servicing of gas boilers to maximise their efficiency, and fire safety measures to reduce the likelihood of fires occurring (such as fire safety housekeeping) both minimise the release of harmful emissions.

2 Recommendation

- 2.1 The contents of the report and progress being made in relation to landlord property safety compliance be noted.

3 Risk Assessment

- 3.1 Somerset West and Taunton Council has an obligation to comply with landlord statutory health and safety responsibilities. The required arrangements for managing these responsibilities are in place and activities are carried out in accordance with the relevant regulations, approved codes of practice and associated HSE guidance. These provide the default position of the organisation whether internal procedures, policies and practices exist.

4 Background and Full Details of the Report

4.1 Asbestos Management

- 4.1.1 Asbestos management activities continue for all property types, both for new management surveys and re-inspections. However, progress on undertaking new management surveys to HRA dwellings continues to be challenging due to both specialist contractor resource availability, and access issues from tenants not wishing a survey to be undertaken in their home. An additional contractor has been utilised in the period to accelerate completion of the surveys, but we have reworked the programme to allow for the issues being found (see graph in item 4.1.6 below).
- 4.1.2 Somerset West and Taunton Council has a legal duty to manage asbestos containing materials within areas deemed as non-domestic, as outlined in Regulation 4 of the Control of Asbestos Regulations 2012 (CAR2012). It should be noted that any domestic property where works are to be undertaken is deemed as a workplace under the Health and Safety at Work Act 1974, and therefore will require asbestos information to be supplied as part of the pre-construction information. This is a requirement of the Construction (Design and Management) Regulations 2015 (CDM 2015).
- 4.1.3 Somerset West and Taunton Council holds an Asbestos Register containing relevant asbestos information to keep its staff, contractors and visitors safe during normal activities. This information is held within a cloud-based server and as a hard copy (commercial properties only) in the building compliance folder.
- 4.1.4 Somerset West and Taunton Council holds asbestos information on both its housing stock and GF Property. However, following a review of the data held, it has been decided that only surveys undertaken after August 2018 (which follow a more robust methodology) will be used to manage asbestos containing materials and supplied to contractors as pre-construction information. This will ensure that a detailed asbestos register of SWT's stock portfolio is maintained, and surveys are suitable for works being carried out. Asbestos surveys to communal areas where required by Regulation 4 of CAR2012 have been undertaken, and a programme of updated domestic surveys to validate those currently held by the Council is underway. The approved Asbestos Procedures document allows for safe management of asbestos pending completion of these surveys, i.e. prior to undertaking construction work when asbestos-containing materials are most likely to be disturbed a refurbishment and demolition survey'

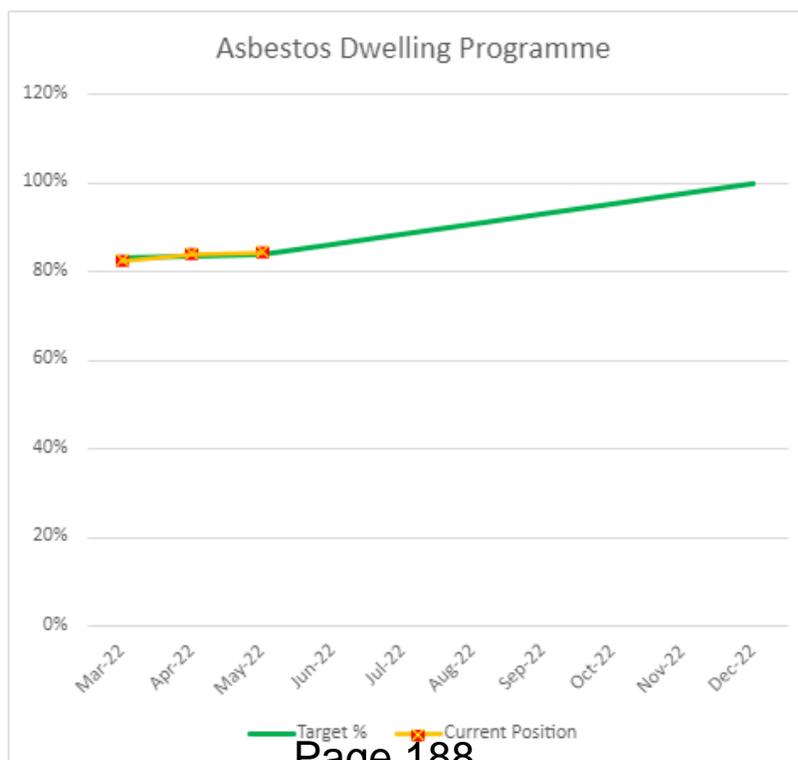
is undertaken, and all void properties have an asbestos management survey undertaken prior to re-letting.

4.1.5 The following table shows the current position for asbestos surveys undertaken post-August 2018. Where properties are found to contain asbestos (except for dwellings) they will be subject to future re-inspection.

Property Account Type	Number of Properties	Number Surveyed	Future Re-inspection	Re-inspection surveyed	Percentage Surveyed
HRA - Blocks	524	524	408	408	100% (100%)
HRA – Meeting Halls	18	18	8	8	100% (100%)
HRA – Guest Rooms	10	10	6	6	100% (100%)
HRA – Dwellings	5523	4664	N/A	N/A	84.45% (70%)
HRA - Commercial	3	3	1	1	100% (100%)
GF – All Properties	50	50	20	20	100% (100%)

Note: The HRA dwelling programme for asbestos surveys undertaken post-August 2018 has achieved 84.45% completion, although if all surveys are considered this would rise to an overall percentage surveyed figure of 92%.

4.1.6 The following graph shows the current position for the HRA Dwellings asbestos management survey programme:



Note: As detailed in 4.1.1 above, the programme of asbestos management surveys for HRA Dwellings programmed for completion by March 2022 has been extended to the end of the calendar year. In addition to this programme, it should be noted that the ongoing need for 'refurbishment and demolition surveys' to capital investment programmes, together with surveys to void properties, continues to be undertaken.

4.2 Electrical Safety

- 4.2.1 Electrical safety checks continue for all property types, although progress on undertaking testing, including any consequent remedial works, to HRA dwellings continues to be challenging due to a lack of staff resource capacity by both our external contractors and our in-house electrical team, as well as an ongoing high level of remedials being found during testing. Recruitment of appropriately qualified and experienced electricians is an issue generally within the sector, and we continue to undertake an active recruitment exercise for our own electrical team, as well as carrying out further procurement exercises to engage additional external contractors to accelerate progress for both testing and remedial actions. We have therefore reworked this programme to allow for the issues being found (see graph in item 4.2.9 below).
- 4.2.2 Somerset West and Taunton Council have a duty to periodically inspect and test electrical installations within its stock. All void properties have an electrical inspection undertaken prior to re-letting.
- 4.2.3 Somerset West and Taunton Council have an Electrical Safety Policy and associated procedures in place.
- 4.2.4 Somerset West and Taunton Council have adopted the following periodic inspections:
- Domestic Properties – 5 yearly cycle
 - Common Parts of domestic buildings – 5 yearly cycle
 - Commercial buildings owned and operated by SWT – As recommended from previous test certificate
- 4.2.5 Inspections are actively monitored by the Housing Property Compliance team to ensure that the periodic inspection regime is suitable from the amount and type of remedial works that are identified following inspection.
- 4.2.6 All electrical inspections are undertaken by both our in-house electrical team and external contractors, project managed by the Housing Property Compliance team.
- 4.2.7 All Code 1 hazards ('Danger present - Risk of injury') which are identified during the inspection are rectified on site, and if they cannot be rectified the areas are made safe until works can be completed. Code 2 hazards ('Potentially dangerous') are programmed to be undertaken urgently. Any Code 3 hazards ('Improvement recommended') are reviewed and, if required, are included in future planned programmes.

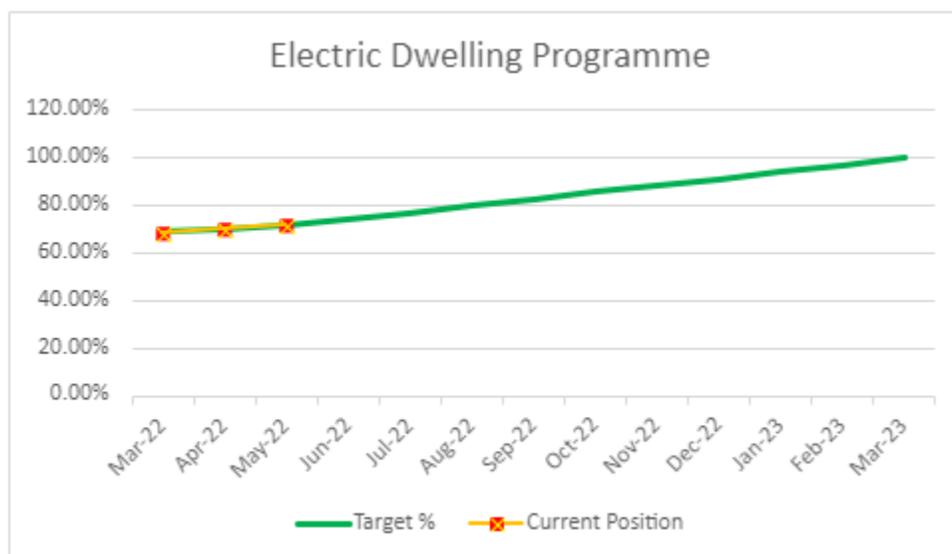
4.2.8 The following table shows the current position for electrical inspections:

Property Account Type	Number of Properties	Number Inspected	Percentage Compliant
HRA - Blocks	338	338	100% (99%)
HRA – Meeting Halls	18	18	100% (100%)
HRA – Guest Rooms	10	10	100% (100%)
HRA - Dwellings	5680	4057	71.43% (57%)
HRA - Commercial	3	3	100% (100%)
GF - Properties	57	55	96.49% (87%)

Note: As detailed in 4.2.1 above, the programme of electrical inspections for HRA Dwellings has been extended to deliver both the outstanding balance as well as this year’s requirements. We have now procured and mobilised a total of seven external contractors to deliver the full programme. The HRA Dwellings completed figure in the table above excludes those properties where a satisfactory EICR has been undertaken, but we are awaiting receipt of the certificate to complete the quality assurance process – if these are included the overall percentage compliant would rise to 76.23%.

For GF Properties we have two properties outstanding, although all works have been completed and we are awaiting certificates from the new supplier.

4.2.9 The following graph shows the current position for the HRA dwellings programme for electrical inspections:



4.2.10 Portable Appliance Testing (PAT) is a statutory requirement under the Health and Safety at Work Act 1974, Electricity at Work Regulations 1989, Provision and Use of Work Equipment Regulations 1988, and the Management of Health and Safety Regulations 1999 to ensure electrical safety of portable electrical appliances.

The following table shows the current position for electrical portable appliance testing:

Property Account Type	Number of Properties	Number Inspected	Percentage Compliant
HRA - Blocks	0	0	N/A
HRA – Meeting Halls	18	18	100% (94%)
HRA – Guest Rooms	9	9	100% (100%)
HRA - Commercial	3	3	100% (100%)
GF - Properties	13	13	100% (100%)

4.3 Fire Safety

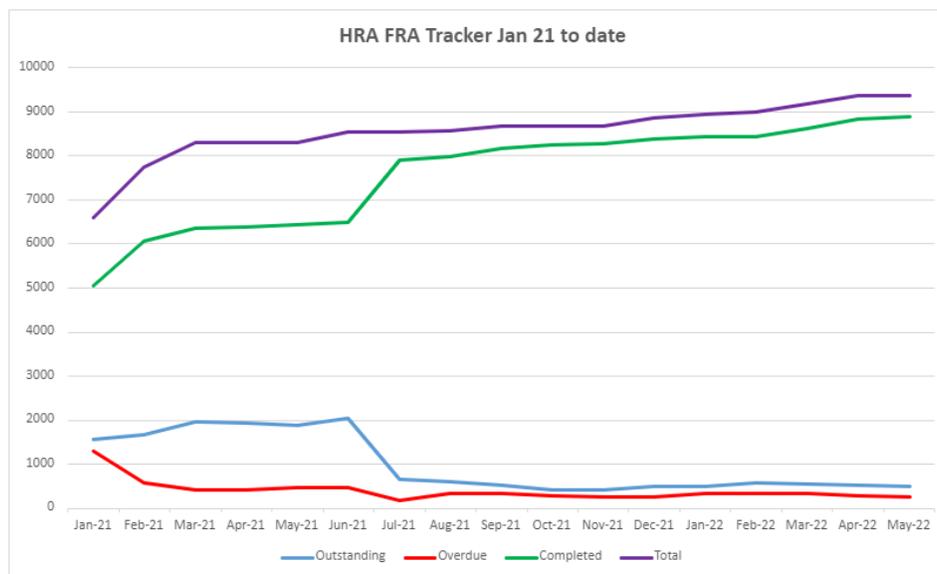
- 4.3.1 We have maintained achievement of 100% up-to-date Fire Risk Assessments (FRAs) for all property types, and a further reduction in associated remedial actions.
- 4.3.2 The Chief Executive is Somerset West and Taunton Council’s responsible person – as defined in Article 3 of the Regulatory Reform (Fire Safety) Order 2005 (RRFSO2005). Article 9 of the RRFSO2005 requires that the responsible person must make a suitable and sufficient assessment of the risks to which relevant persons are exposed for the purpose of identifying the measures they need to take. To satisfy this requirement, Somerset West and Taunton Council undertake fire risk assessments to all properties deemed as non-domestic, including the communal areas of domestic buildings.
- 4.3.3 The duty to ensure that Article 9 of the RRFSO2005 is met is the responsibility of the Assistant Director Housing Property.
- 4.3.4 Somerset West and Taunton Council have a Fire Safety Policy and associated Procedures to ensure it manages this compliance activity in its property portfolio safely and in line with relevant legislation.
- 4.3.5 Current legislation states that Fire Risk Assessments should be reviewed regularly or when circumstances change relating to the property and / or its occupants.
- 4.3.6 Somerset West and Taunton Council have adopted the following timescales for fire risk assessment based on a risk rating:
- Communal areas to domestic blocks (excluding sheltered blocks) – Biennial with a review annually
 - Communal areas to sheltered blocks - Annually
 - Commercial Properties – Annually
 - Any high-risk properties identified via FRA’s – Annually
- 4.3.7 All HRA blocks are ‘low rise’ (the majority of which are two storey), are mainly of traditional construction, and do not have any aluminium composite material (ACM) type cladding.

The following table shows the current position for fire risk assessments:

Property Account Type	Number of Properties	Number Inspected	Percentage Compliant
HRA - Blocks	325	325	100% (100%)
HRA – Meeting Halls	18	18	100% (100%)
HRA – Guest Rooms	10	10	100% (100%)
HRA - Commercial	4	4	100% (100%)
GF - Properties	31	31	100% (100%)

4.3.8 All remedial actions raised from FRA's are validated and required works managed by the Housing Property teams (Compliance, Maintenance and Capital Programme) and the Housing teams (Sheltered and Tenancy). Works are either undertaken as repairs, management actions or added to capital programmes.

The following graph shows the current position for FRA remedial actions:



Note: Both outstanding and overdue actions have reduced following completed remedial works (e.g. fire signage signage), safety checks (e.g. gas and electric certification and subsequent smoke alarm upgrades), and work incorporated into capital works programmes (e.g. fire doors, emergency lighting and flooring).

For context, it is also worth noting that over the last 24 months over 9400 FRA remedial actions have been addressed, despite the pressures on all the Housing and Communities teams during the Covid pandemic, and we maintain a strong focus on continuing to deliver both the programme of FRAs and the recommended remedial actions.

The following table shows the current position for FRA remedial actions:

Remedial Action Type	Number of Outstanding Actions	Number of Overdue Actions
Bin Store	0	0
Communal Fire Doors	0	0
Compartmentalisation	228	151
Compliance Management	15	7
Detection and Alarm	24	10
Electrical Improvement	0	0
Emergency lighting	0	0
Fire Signage	19	0
Flat Entrance Fire Doors	0	0
Flat Store Fire Doors	0	0
Flooring	0	0
Housekeeping	0	0
Means of Escape	0	0
Miscellaneous Actions	0	0
Records, Testing and Maintenance	33	15
Tenancy Management	160	85
Arson Risk	0	0
Total	479	268

Note: the number of outstanding actions changes as the recommended remedial actions from the latest FRA's are received, as these will supersede previous FRA's. As works are undertaken to resolve existing remedial actions, and potentially additional recommended remedial actions are added from new FRA's (e.g. due to changes in legislation or best practice), then this becomes, in effect, a moving target. For reference, an additional 829 actions were raised on updated FRA's during the period since the last report to the committee.

Key areas being addressed include compartmentalisation remedial actions which have been programmed for delivery following a procurement exercise, with mobilisation of the programme due to commence June 2022. Also, the tenancy management actions are being urgently progressed by communicating directly with our vulnerable tenants and carrying out both person centred risk assessments and personal emergency evacuation plans. A working group has been formed between the tenancy management and compliance teams to ensure effective cross-team working in this area.

4.3.9 The following table shows the current position for fire detection and emergency lighting inspections:

Property Account Type	Inspection Type	Number of Properties	Number Inspected	Percentage Compliant
GF – Properties	Fire Alarm: weekly test	19	19	100% (100%)
	Fire Alarm: 6 monthly service and test	20	20	100% (100%)
	Emergency Lighting: monthly service and test	29	29	100% (100%)
	Emergency Lighting: annual service and test	29	29	100% (100%)
HRA - Blocks	Fire Alarm: weekly test	8	8	100% (100%)
	Fire Alarm: 6 monthly service and test	8	8	100% (100%)
	Emergency Lighting: monthly service and test	117	117	100% (100%)
	Emergency Lighting: annual service and test	117	117	100% (100%)
HRA – Meeting Halls	Fire Alarm: weekly test	11	11	100% (100%)
	Fire Alarm: 6 monthly service and test	11	11	100% (100%)
	Emergency Lighting: monthly service and test	13	13	100% (100%)
	Emergency Lighting: annual service and test	13	13	100% (100%)
HRA - Guest Rooms	Fire Alarm: weekly test	0	0	N/A
	Fire Alarm: 6 monthly service and test	0	0	N/A
	Emergency Lighting: monthly service and test	1	1	100% (100%)
	Emergency Lighting: annual service and test	1	1	100% (100%)
HRA - Commercial	Fire Alarm: weekly test	1	1	100% (100%)
	Fire Alarm: 6 monthly service and test	1	1	100% (100%)
	Emergency Lighting: monthly service and test	2	2	100% (100%)
	Emergency Lighting: annual service and test	2	2	100% (100%)

4.4 Gas Safety

4.4.1 Gas safety checks, servicing and repairs to ‘domestic’ type boilers are undertaken by the in-house gas team and works to Commercial boilers are carried out by external contractors.

4.4.2 Somerset West and Taunton Council has a duty under Regulation 36 of the Gas Safety (Installation and Use) Regulations 1988 to carry out annual safety checks on gas

appliances / flues and implement an on-going maintenance regime to ensure the safe operation of gas appliances and associated pipework where gas is present.

4.4.3 Somerset West and Taunton Council have a Gas Policy and associated procedures to ensure that they meet their statutory requirements.

4.4.4 Landlord Gas Safety Record (LGSR) certificates are provided to tenants following gas safety checks.

4.4.5 Somerset West and Taunton Council also undertake responsive repairs on gas appliances and systems owned by the Council, either following annual checks or breakdowns, together with a programme of planned replacements.

4.4.6 The following table shows the current position for gas safety:

Property Account Type	Number of Properties with Gas	Number Inspected	Percentage Compliant
HRA – Dwellings	4458	4458	100% (100%)
HRA – Blocks	3	3	100% (100%)
HRA – Meeting Halls	13	13	100% (100%)
HRA - Guest Rooms	0	0	N/A
HRA – Commercial	2	2	100% (100%)
GF – Properties	20	20	100% (100%)

4.5 Passenger Lifts and Stairlifts

4.5.1 We have continued to work with our external contractor and engage with residents (particularly those with stairlifts) since the last committee report, with achievement of 100% service and inspection for all property types.

4.5.3 Regulation 9 of the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER), requires Somerset West and Taunton Council to ensure all lifting equipment that is provided for use in work activities are inspected by a competent person at regular intervals.

4.5.4 Somerset West and Taunton Council have a Lift Policy and associated procedures to ensure that they meet their statutory requirements.

4.5.5 Somerset West and Taunton Council have currently adopted the following intervals for service and inspection:

- Stair-lifts – Annual service and inspection
- Passenger Lifts – 6 Monthly service and inspection

4.5.6 The following table shows the current position for passenger lifts and stairlifts service and inspection:

Property Account Type	Inspection Type	Number of Properties	Number Inspected	Percentage Compliant
HRA - Dwellings	Stairlifts: Annual service and inspection	65	65	100% (100%)
HRA - Dwellings	Through floor lifts: 6 monthly service and inspection	3	3	100% (100%)
HRA - Blocks	Stairlifts: Annual service and inspection	7	7	100% (100%)
HRA - Blocks	Passenger lifts: 6 monthly service and inspection	3	3	100% (100%)
GF - Properties	Passenger lifts: 6 monthly service and inspection	4	4	100% (100%)

4.6 Water Safety

- 4.6.1 Water safety continues to be a key priority, with maintenance of 100% up-to-date Water Risk Assessments (WRAs) for GF properties and HRA meeting halls, guest rooms and commercial properties. Progression of remaining remedial actions is underway, with 6 actions outstanding and all are programmed for completion.
- 4.6.2 We are still awaiting 'go-live' for the new Open Housing/Open Asset IT system to enable implementation of an updated stock condition survey template process for WRAs to HRA dwellings. Following completion of the asset data transfer, we will undertake dwelling WRAs with our in-house teams and complete any identified remedial actions.
- 4.6.3 The Control of Substances Hazardous to Health Regulations 2002 and the HSE Approved Code of Practice (L8) The Control of Legionella Bacteria in Water Systems identifies Somerset West and Taunton Council's requirement to minimise the potential of legionella growth within its stock, including communal areas.
- 4.6.4 Somerset West and Taunton Council have a Water Safety Policy and associated Procedures to ensure that they meet their statutory requirements.
- 4.6.5 Somerset West and Taunton Council have adopted the following inspection regime:
- Risk assessments – interval period for re-inspection based upon recommendation in accordance with the HSE ACoP and Guidance L8
 - Tank inspections (Communal stored water only) – Annual
 - Domestic property inspections within a block where there is communal stored water – 100% inspection over 5 years (minimum of 20% per year)
 - Void Properties – Inspected at the time of being vacant (including undertaking any remedial works and flushing prior to re-letting)
 - Domestic Properties (no communal stored water) – programme in development

4.6.6 Remedial actions are carried out by external contractors and our in-house property maintenance team.

4.6.7 The following tables shows the current position for water safety:

Water Risk Assessments

Property Account Type	Properties Requiring a Water Risk Assessment	Properties with a Water Risk Assessment	Percentage Compliant
GF - Properties	56	56	100% (100%)
HRA – Meeting Halls	18	18	100% (100%)
HRA – Guest Rooms	10	10	100% (100%)
HRA – Commercial	3	3	100% (100%)

Monthly Temperature Checks

Property Account Type	Properties with Stored Communal Water	Properties with a monthly temperature check	Percentage Compliant
GF - Properties	41	41	100% (95%)
HRA – Meeting Halls	18	18	100% (100%)
HRA - Blocks	5	5	100% (100%)
HRA – Guest Rooms	10	10	100% (100%)
HRA – Commercial	3	3	100% (100%)

5 Links to Corporate Strategy

No direct links.

6 Finance / Resource Implications

Landlord health and safety property compliance funding costs are incorporated into the annual budget approved by Full Council. The required funding is in place for the 2022/23 financial year. However, it should be noted that the scale and range of required compliance activity following ongoing compliance checks and recent and impending changes in legislation (e.g. Fire Safety Bill and Building Safety Bill) will continue to place increased pressure on revenue budgets.

7 Legal Implications

As noted in Section 3 of this report, Somerset West and Taunton Council has an obligation to comply with landlord statutory health and safety responsibilities. All of the

specific legislative requirements are outlined under the relevant activity areas in Section 4 of this report.

8 Asset Management Implications

The property stock portfolio owned by Somerset West and Taunton Council is a substantial asset. This report outlines how health and safety compliance of this asset base is being managed.

Democratic Path:

- Audit and Governance Committee – Yes

Reporting Frequency: Bi-Annually

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Report Number: SWT 79/22

Somerset West and Taunton Council

Audit and Governance Committee – 13th June 2022

Health & Safety Management System – Performance framework and Improvement Programme

This matter is the responsibility of Cllr Benet Allen

Report Authors:

Kate Lusty – Health & Safety Specialist

Dan Webb – Health & Safety Improvement Programme Manager (temp)

1. Executive Summary / Purpose of the Report

1.1 The purpose of this report is to provide the Audit and Governance committee with:

- A) a progress update on the Health & Safety Performance Framework
- B) a progress update against delivery of the H & S Management System (HSMS) Improvement Programme.

1.2 The HSMS Improvement Programme sets out the various workstreams within the programme, including the H & S Committee governance structure. All Improvement delivery activity will be tracked within a single consolidated action plan (implemented since November 2021) and through the established Corporate Programme Management Office (PMO) arrangements and processes (monthly reporting to the Internal Operations Directorate Board, and Senior Management Team - SMT).

2. Recommendations

2.1 The committee is asked to note and endorse:

- A) the H & S Performance Scorecard data, together with the observations/recommendations/conclusive summary (appendix A)
- B) the HSMS Improvement Programme progress update (detailed in section 4.4.3)

3. Risk Assessment

3.1 An efficient and effective H & S Management System helps the council comply with its duties under the Health & Safety at Work Act (1974) and the Management of Health & Safety Regulations 1999. This will thereby mitigate the legal, financial, and reputational risks associated with non-compliance of these key legal requirements and associated legislation, based on operational activity.

3.2 Subsequently, effective measurement of the performance of Health & Safety systems will galvanise the continuous improvement of risk mitigation controls.

3.3 During Quarter 1 (2021/22) an audit on Health & Safety was carried out by SWAP – this was reported to the Audit & Governance committee 13th September 2021, with an audit opinion reported as ‘limited assurance’.

3.3.1 A summary of the work completed and findings by SWAP is as follows:

- “The Council has a statutory duty to keep its employees, members, customers, contractors and anyone else who uses its services safe from risks to their health and safety under the Health and Safety at Work Act 1974. The failure to adhere to relevant health and safety legislation and regulations puts health and safety at risk and exposes the Council to legal, finance and reputational damage.
- The Council had not received an audit of corporate health and safety since 2014 and therefore assurance was sought by senior management that the Council was adhering to health and safety legislation and regulation and the risks in these areas were minimised. Despite the absence of a recent audit the Council has been developing its approach to health and safety and this continues to be work in progress. The audit scope was designed around the Health and Safety Executive’s HSG65 framework”. (please see para 4.2 for further details of HSG65)
- The Council is currently at the ‘PLAN’ and ‘DO’ stages of HSG65 and therefore only limited testing could be done under ‘CHECK’ and ‘ACT’. Our audit focussed on the high priority areas the Council need to address and therefore contractors were only looked at briefly. When looking at accidents and incidents we relied upon second line of defence controls. Landlord Health and Safety was considered out of scope for this audit. This area has been covered by previous audit work.
- There were three Priority 2 recommendations - *“Important findings that need to be resolved by management”* (and eight Priority 3 recommendations) made within this review. The three priority 2 recommendations raised in our report are detailed below. Health and Safety is on the Senior Management Issue log to monitor improvements. The recommendation made in this review will be followed up to ensure they have been implemented and reported back to the Audit Committee.
 - **SWAP recommendation 1)** Corporate Governance matters need to be strengthened, including raising the profile of health and safety through a Member Champion and reporting of health and safety work to Members. Sub-Committees would be advisable for all Directorates, as currently they only exist for Housing & Communities and External Operations.
 - **SWAP recommendation 2)** While the Risk Assessment Scoping sessions have been scheduled and are underway, they are not complete, therefore the Council does not have a complete record of the health and safety risks it needs to manage. To date the Audit Framework has not been developed.
 - **SWAP recommendation 3)** Health and Safety training is being carried out upon induction and refresher training is also being delivered, however Members have not received any. Reports can also be run from Learning Management System (LMS), but analysis in this area could be better and this would provide greater assurance that staff and Members know to manage health and safety.

3.4 Subsequent to the SWAP audit (outlined above), together with an additional External Audit report (August 2021), commissioned by the Director of Housing & Communities - on some of our operational / trade services by the Building Safety

Group (BSG), plus internal reviews by the H & S team, it was decided by SMT to include H & S on the Corporate Issues Register.

- The summary Issue description is - "Low maturity health and safety management systems"
- The key impacts of this issue are stated as - "To date we have seen the impact through personal injury and associated insurance claims. We have continued risk of further injury, financial and reputational damage".

3.5 Actions in Response to Audit recommendations (SWAP & BSG)

Further information detailing the recommendation response to date can be found in 4, and the committee may wish to note that a review of the 2021 SWAP audit is scheduled for Quarter 2 2022/23.

4. Background and Full details of the Report

4.1 The Health & Safety at Work Act 1974 contains general and specific duties with which all workplace environments (public authorities such as the Council) must comply. The general duty requires a robust HSMS structure to deliver to the requirements of the Act, within a framework recommended by The Health & Safety Executive (this is known as the HSG65 framework). This constitutes implementing process controls for:

- H & S Policy and Procedure
- Risk Management and Risk Assessment
- Safe Systems of Work/Safe Work Procedures
- Audit Framework
- Mechanisms for continuous improvement

These process controls all form part of the HSMS Improvement Programme outlined in section 4.4 of this report.

4.2 Under Section 2 (4-7) of The Health & Safety at Work Act (H&SaWA), law also stipulates a link to the Safety Committee and Safety Representatives Regulation 1977. This outlines the legal requirement to ensure that a suitable safety committee is in place (where necessary) and that key H & S Performance indicators are monitored, to measure the effectiveness and efficiency of the HSMS. There areas are namely:

- Changes to workforce that could affect H & S
- Accidents/Incidents/Near Miss
- Risk Management & Risk Assessment
- Occupational Health/Sickness/Wellbeing
- H & S Training
- Emergency Arrangements (Evacuation/First Aid/Emergency Response)
- Audit/Inspection – conclusive reporting

4.2.1 The Audit & Governance committee should note that the 'Safety committee' referred to above in 4.2 is what is in place through the 'Tier 2' H & S Committee (Officers) - which is specifically to comply with H&SaWA obligations. As part of the 'Tier 1' governance arrangements, however, Elected Members are involved through the Audit & Governance committee.

4.2.2 As part of the response to the corporate risk and issue (as outlined in the Risk assessment – section 3 above), a new governance structure for H & S Committee was launched in November 2021, implementing a 3-tier approach:

- **Tier 1** – Senior Management Team
- **Tier 1** – Elected Members and Executive Portfolio Holder, Audit & Governance Committee
- **Tier 2** – H & S Committee (Consultative & Reporting)
- **Tier 2** – H & S Committee (Corporate Management Group) – steering and decision making
- **Tier 3** – Directorate Groups (x4)

4.3 H & S Performance Framework

4.3.1 Focusing on the key reporting requirements (4.2), Tiers 1, 2 & 3 have reporting mechanisms to measure these categories of performance and future reporting will follow these categories.

4.3.2 Scorecard – the content of the scorecard reporting categories is summarised in appendix A . Reporting will also include a summary of observation/recommendation and conclusive actions. Scorecard reporting is reflected from Tier 3 up to Tier 1.

4.3.3 Progress Update:

- Directorate Scorecards are in place and deliver a statement of health, reporting on all key indicators identified in 4.2. Reporting has been developed (within Power BI software) to allow a 3 year analysis across all data sets. These reports will also soon have functionality to incorporate data into presentational format, that will improve the quality of data communicated to committees.
- Ahead of each monthly meeting (-7 days), a committee pack is circulated via the TEAMS H & S channels, containing links to scorecards, action plans, sickness data, Learning & Development update and the agenda for the next meeting. Committee groups are encouraged to analyse the data, observations and recommendations in preparation for discussion at the next meeting, with an objective to encourage engagement and improve the overall effectiveness of the committee.
- Action owners are asked to update the progress notes within ‘paths to green’ tasks and to update the RAG status, ahead of the committee meetings. This allows a bird’s eye view on progress and to identify additional H & S support requirements. Currently a report is being developed to provide a summarised snapshot/status report on all outstanding actions.
- As the new H & S Committee structure has embedded in well, feedback is being collated from Assistant Directors on the required frequency of future meetings, to ensure that the function remains effective and efficient.
- A communication campaign was circulated in March to attract additional H & S Committee employee representatives (resulting in 3 new members at Tier 2). Also work continued to encourage collaborative working alongside UNISON Representatives, to pull a plan together to jointly investigate incidents and to complete audits.
- The H & S Team prepare for the next SWAP audit (follow-up from report completed in August 2021), with initial meetings planned for the 1st weeks of June.

4.4 HSMS Improvement Programme

4.4.1 In addition to the implementation of the new governance arrangements described in 4.2 above, the response to the corporate risk and issue (as outlined in the Risk assessment – section 3 above) has also been to implement a robust programme management approach. The HSMS Improvement Programme has been formed to manage a series of projects and initiatives that will ensure the organisation transforms to a new improved operational state, as well as responding to recommendations made within SWAP & BSG Audits.

4.4.2 All audit recommendations and improvement programme workstream actions are included and tracked through a centralised H & S Action Plan, which can be filtered by specific workstream or Directorate. Workstream leads provide progress updates at monthly Tier 2 Corporate H & S Management Committee meetings.

4.4.3 HSMS Improvement Programme Work-stream progress summary:

Governance work-stream:

- Since the inception of the new H & S governance arrangements in November 2021, Tier 2 and 3 groups have built up good momentum and pace and are now in the rhythm of meeting either monthly or bi-monthly and are following a consistent and structured agenda.
- Improved communication routes have been created (via TEAMS channels) and all committee actions and attendance are tracked and reviewed at each meeting.
- Tier 3 groups are chaired by Assistant Directors and early stages already indicate improvements in H & S ownership and accountability.
- The principle of each Directorate having a dedicated H & S Partner to support and advise on specific H & S requirements is proving to be valuable support (as well as developing good relationships and increasing visibility of H & S).

Policy work-stream:

- The overall SWT Corporate H & S Policy has been reviewed and refreshed to include an A-Z suite of H & S arrangements. This was approved by SMT 27th April (**and attached at appendix B**). Work is in progress to develop an e-learning module to communicate the revised policy and to collate employee declarations.
- The revised H & S Policy and additional work completed on sub-policies is also providing good preparation to contribute to the LGR alignment processes.

Risk Management work-stream:

- The H & S Partners continue to support each Directorate with their risk management plans. Each team has been allocated a risk action plan (defined by the previous risk scoping exercise). The action plans are a statement of risk appetite, to establish where risk is apportioned and what specific control measures are required. This encompasses both corporate and operational H & S requirements.
- Recent months have focused on the completion of generic risk assessments suites; these are assessments for common theme corporate type activities that are essential for basic H & S (i.e. DSE, Lone Working, working from home). Team managers have been tasked with sharing the suites with their teams and completing a declaration (with all audit trails saved on SharePoint centrally).

- All risk action plans and completion statistics are discussed at Tier 3 Directorate Group Committee meetings to illustrate a statement of risk management for each team.
- Current completion rates are reported as follows: -

Directorate	Total number of risk assessment	Percentage complete
Housing & Communities	425	44%
External Operations	494	27.3%
Development, Place and Planning	123	35%
Internal Operations	212	37.3%

Work continues to develop the risk assessment audit framework, to ensure sufficient review dates are scheduled, to ensure continuity of compliancy. Completion of this task is reliant on the risk assessment action plans begin delivered first. Once developed, sample audits will be completed alongside UNISON colleagues as outlined in H & S Committee regulation.

People work-stream:

- Work progressed with the collation and assessment of ‘must have’ compliancy training for all Depot operational teams. All team managers have a statement of training requirements and subsequently are responsible for arranging refresher/training for their teams. Reporting and processes have been embedded for the Learning & Development/People Team to review training requirements with managers on a monthly basis. The H & S Team is also involved in the monthly assessment to ensure a competent workforce is delivering services; any areas of risk are issued with a SAN (Safety Action Notice – RED Cards) until training has been refreshed.
- Member Training has been developed and delivery dates now need to be agreed with the Governance Team. This training will be combined with the roll-out of risk assessment for Member activity, to ensure that the necessary control measures are incorporated to ensure personal safety.
- Reporting has been developed within the LMS (Learning Management System) to allow managers to view a statement of completed mandatory e-learning modules. In addition the Learning & Development/People Team has also been running a campaign of refresher reminders for all mandatory suites, to ensure that the workforce is prepared to step into Vesting day ‘safe and compliant’. This scorecard reporting is also monitored at the Tier 2 and 3 H & S Committee meetings.
- Due to an increase in the number of vehicle related incidents and near miss events (that have subsequently been discussed in H & S Committee), a training requirement has been identified. Time will be invested into establishing the necessary course of action to deliver driver training for both fleet and pool car drivers. A conclusive update will be provided in the next report.

Contractor work-stream:

Significant progress has been made in relation to Contractor Management:

- Through on-going collaborative working between the H & S Team and Procurement, a centralised Contractor database has been developed. This is accompanied by a dedicated centralised SharePoint storage area, with automated links into the database, to ensure all necessary contractor documentation is accessible.
- Work continues to develop proformas for all types of engaging contractor / supplier, with annual reviews currently being completed for higher risk contractors (CIS – Construction Industry Scheme).
- Dedicated resource has recently been allocated for the on-going review of and engagement with the highest priority contractors (CIS) - initially for a period of 3-4 months, this will ensure that all existing CIS contractors will be vetted for essential H & S compliancy, and the databases / procurement and finance systems cleansed accordingly.
- A detailed 'process-mapping' exercise is also underway that will review the 'cradle-to-grave' process for new suppliers / contractors – introducing greater clarity (eg roles and responsibilities), and more efficient processes. This work should be complete by June/July, and will then inform a new Contractor Management Policy and Procedure documents (which will then be shared with relevant Officers).
- When the revised Contractor Management Policy has been approved, any teams that engage with contractors/suppliers will receive training on the revised policy and improved procedures.

H & S Support & Systems (including 'Business-as-usual') work-stream:

- A Business Case for a new H & S software solution is currently in development with final 'due diligence' checks are currently underway, however if approved, the software project has the potential to be a key element of the H & S support and systems workstream of the HSMS Improvement Programme. This will enable staff in highest risk work areas (ie Repairs and Maintenance Teams at Depot, Voids, Street Scene and Parks & Open Spaces and teams associated with construction project management), to remotely access a user-friendly system for:
 - Risk management (i.e., dynamic risk assessment);
 - H & S event reporting (accidents / incidents / near misses);
 - Contractor management.

The software would also then enable the H & S Team to undertake risk auditing and profiling, monitor risk assessment completion, and identify and track risk mitigation actions.
- As a result of some recruitment failures, the team continues to operate with one Case Manager position down; subsequently workload has been distributed across the existing team to ensure 'business as usual' compliance but the effect has hit some areas in the consolidated action plan, where certain target completion dates have not yet been delivered. Recruitment continues but the current market for H & S professionals is limited and in addition, it is suspected the the LGR process may be deterring individuals to apply for the role.
- H & S Induction Training has remained up to date, with regular weekly sessions programmed in to capture the latest onboarding activity. Training continues to be delivered across MS Teams with some specific Depot operations inductions being delivered face-to face.

Leadership / Culture & Communications:

- A Communications Plan is in place that enables a focus on both proactive and responsive H & S messages – a number of recent corporate and targeted communications have occurred, eg: recruitment campaign for the Tier 2 H & S Consultative & Reporting committee; H & S questionnaire (re Executor risk assessments); E-learning mandatory modules (including Fire Safety, DSE); Risk Assessments, reporting (accidents / incidents / near misses); Vehicle safety / safe driving etc
- Local Government Re-organisation programme (LGR) - a new H & S 'sub-workstream' has been formed as part of the overall 'People' workstream. The SWT Lead H & S Specialist is the 'co-lead' (along with a colleague from Somerset County Council), working with representatives of all 5 partner authorities to identify and deliver the essential 'products' and align H & S management approaches in preparation for Vesting day (1st April 2023) and beyond.

5. Links to Corporate Strategy

5.1 Paragraphs 4.1, 4.2 and 4.3 above outline legal and statutory responsibilities for Health and Safety, for which of course the Council must comply in the delivery of all its operations.

5.2 In addition, the delivery of a robust H & S function – both internally, and externally (e.g. to contractors and partners), with transparent monitoring and reporting – relates to the corporate aim of being 'a transparent and customer-focussed council'.

6. Finance / Resource Implications

6.1 There are no financial / resource implications directly because of this report.

6.2 The Health & Safety Management System provides a vehicle for the avoidance of detrimental financial risks and may even present opportunities for cost savings (e.g., reductions in insurance premiums and claim payments).

6.3 There are approved operational budgets in 2022/23 to enable the delivery and improvement of the H & S function

7. Legal Implications

7.1 There are no legal implications directly because of this report.

7.2 The Health & Safety at Work Act 1974 places duties and obligations upon the Council. The Health & Safety Management System provides a vehicle to meet those obligations to ensure compliancy, and therefore for the avoidance of detrimental legal risks, and may even present opportunities for cost savings (e.g., reductions in insurance claim payments).

8. Climate and Sustainability Implications

8.1 There are no Climate and Sustainability implications directly as a result of this report.

9. Safeguarding and/or Community Safety Implications

9.1 There are no Safeguarding and/or Community Safety implications directly because of this report.

9.2 Improved Health & Safety processes and effective risk management assist the mitigation of risk and promote the welfare of vulnerable children and adults. Operational procedure is strengthened by integrated Health & Safety and Safeguarding processes, in turn providing the necessary protection for vulnerable groups and individuals delivering the services.

10. Equality and Diversity Implications

10.1 There are no Equality and Diversity implications directly because of this report.

10.2 The Health & Safety at Work Act 1974 places duties and obligations upon the Council. The Health & Safety Management System provides a vehicle to meet those obligations to ensure compliancy, and therefore for the avoidance of detrimental Equality and Diversity risks (e.g., disability / pregnancy & maternity risk assessments).

11. Social Value Implications

11.1 There are no Social Value implications directly because of this report.

12. Partnership Implications

12.1 There are no partnership implications directly because of this report.

12.2 The HSMS Improvement Programme is made of actions that are deliverable within the H & S Committee Corporate Structure at all three 'tiers.' Various specialist Workstream Leads have been identified within the Committee Management Group (Tier 2) therefore all partnerships at the present time are associated to internal services.

13. Health and Wellbeing Implications

13.1 There are no Health and Wellbeing implications directly because of this report.

13.2 The Health & Safety at Work Act 1974 places duties and obligations upon the Council. The Health & Safety Management System provides a vehicle to meet those obligations to ensure compliancy, and therefore for the avoidance of detrimental Health & Wellbeing risks, and may even present opportunities for improved Health and Wellbeing (e.g. reduced staff sickness levels).

14. Asset Management Implications

14.1 There are no Asset Management implications directly because of this report.

14.2 The Health & Safety at Work Act 1974 places duties and obligations upon the Council. The Health & Safety Management System provides a vehicle to meet those obligations to ensure compliancy, and therefore for the avoidance of detrimental Asset Management risks, and may even present opportunities for improved asset management (e.g., through robust 'FABRIC' assessments – buildings / assets / locations / places)

15. Data Protection Implications

15.1 There are no Data Protection implications directly because of this report.

16. Consultation Implications

16.1 There are no Consultation implications directly because of this report.

16.2 The introduction of the new 3-tier governance arrangement provides significant opportunities for consultation on Health & Safety matters with all levels and areas of the Council.

17. Scrutiny/Executive Comments / Recommendation(s) - N/A

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency: Quarterly

List of Appendices

Appendix A	H & S Scorecard High Level Summary (with observations & recommendations)
Appendix B	Revised H & S Policy

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Glossary of Terms

Abbreviation	Full Description
CDM	Construction Design Management
COSHH	Control of Substances Hazardous to Health
CPP	Construction Phase Plan
H & S	Health & Safety
HAVS	Hand Arm Vibration Syndrome
HSE	Health & Safety Executive
IP	Injured Party
LGR	Local Government Reorganisation
LOLER	Lifting Operations and Lifting Equipment and Regulation
PCI	Pre-Construction Information
PQQ	Pre-Qualification Questionnaire
PUWER	Provision and Use of Working Equipment Regulation
RA	Risk Assessment
RAMS	Risk Assessment and Method Statement
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulation
SAN	Safety Action Notice
SSOW	Safe System of Work
SWT	Somerset West and Taunton

Appendix A – To Follow

Health & Safety Policy

A close-up photograph of a person's hands writing on a white notepad with a yellow and black marker. The person is wearing a blue shirt and a watch. The background is blurred, showing a wooden surface. The text 'Health & Safety Policy' is overlaid in large white font.

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Version Ref	Revision Date	Revision Details	Date Approved	Revisor
SWT/KL/MAR22.V1	31/03/2022	Full review, addition of A – Z arrangements, application of recommendations from SWAP Audit	Approved at SMT 27/04/2022. Approved at H & S Committee – April 2022	Kate Lusty

1.0

Health and Safety Policy (Statement of Intent)

Somerset West and Taunton Council (“The Council”) is committed in its duty to comply with all relevant Health and Safety legislation whilst undertaking work activities and business operations.

SWT is committed to providing a safe and healthy working environment for Members, employees, contractors, volunteers and visitors, and will also ensure that any persons who are involved or may come into contact with operational activities, will not be placed under unnecessary risk or will experience a detrimental effect on their health and safety.

This will be achieved through the way the Council works and behaves and by adhering to:-

- **The Health & Safety at Work etc Act 1974,**
- **The Management of Health and Safety at Work Regulations 1999**
- Any other legislation applicable to the Council’s organisational activities and business operations.

The Council will ensure that all such legislation is complied with in full, and all legal obligations are discharged by those who have control of the Council’s business operations and activities.

The Council understands that this can only be achieved effectively with the co-operation and partnering of employees, contractors and all key stakeholders. Every employee has a duty to take reasonable care of their own health and safety and that of others who may be affected by their acts and omissions whilst at work.

In support of this policy, The Council will ‘so far as is reasonably practicable’, protect and promote the health, safety and welfare of Members, employees, contractors and the public and in doing so will:

- Ensure that a functional and effective Health and Safety Management System (HSMS) is implemented and maintained, that incorporates a robust audit process to ensure that policies and procedures are continually scrutinised. This must ensure currency, applicability and effectiveness in managing health and safety and provide the Council with an opportunity to continually improve safety performance, promote partnerships and forward-looking policies that support continuous improvement.
- Monitor health and safety performance to verify that the Council’s Health and Safety Policy is being implemented and health and safety standards are being maintained and progressively improved.
- Ensure that adequate resources are made available to deliver the effective implementation of this policy and to support continuous improvement of the

Council's HSMS, ultimately to ensure the health and safety of employees and others affected by the Council's work activities and operations.

- Strive to eliminate risk and identify all significant hazards connected with work activities and operations and put into place measures to eliminate, or reduce, the potential for the hazards to cause harm using the hierarchical approach to risk control, required by the **Management of Health and Safety at Work Regulations 1999**.
- Identify roles, responsibilities and accountabilities for health and safety in support of this policy and ensure that these are articulated throughout the Council's HSMS procedures and arrangements.
- Provide leadership and clarity on strategy, and roles and responsibilities that promote health and safety.
- Ensure that competent health and safety advice is available to provide information to the Council on its statutory duties and on current best practice.
- Provide and maintain a safe working environment with adequate facilities and arrangements for health and welfare at work (**Workplace (Health, Safety & Welfare) Regulation 1992**)
- Provide safe (maintained) plant and equipment and procedures for ensuring the safe handling and use of substances and articles for use at work.
- Provide supervision, information, instruction and training to support and develop competency for Council employees through the employee appraisal schemes and to promote health and safety at work of all other employees including temporary employees and visitors, who are working in Council premises.
- Provide for the use of The Council's employees, such personal protective equipment (PPE) as is necessary to ensure their health and safety at work.
- By adhering to the **Safety Representative and Safety Committee Regulation 1977**, ensure that there are adequate mechanisms in place to consult with employees and their representatives through the Health and Safety committee (Unison is the recognised Union), and at departmental level with management, encouraging employees to contribute to the Health and Safety culture, well-being and performance of the Council.
- Ensure suitable and sufficient emergency procedures are implemented to enable safe evacuation in the event of fire or significant incident. Providing an effective investigation/ response to accidents, incidents and near miss events and to report accordingly under **RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 1995**. Ensure suitable First Aid provision is in place and reviewed regularly.

- Make arrangements for access to suitable Occupational Health support for employees. Ensure that regular monitoring and screening is in place and steps are taken to continuously mitigate risk of Occupational injury and illness.
- Ensure Members (Councillors) of the Council and Senior Management Team maintain an ongoing commitment to health and safety and exercise due diligence in their commitment to:
 - Understand the nature and scale of risk exposure in their area of control and authority.
 - Having oversight of The Councils injury and ill health performance,
 - Setting and maintaining achievable health and safety performance improvement measures and objectives and monitoring and reviewing these,
 - Ensuring health and safety reporting mechanisms are in place to provide duty holders with up-to-date and relevant safety performance data,
 - Complying with all their legal duties and discharging such duties,
 - Participating in periodic and planned audits of The Councils HSMS to ensure ongoing compliance and continual improvement.

This policy statement, together with its associated organisational arrangements and procedures, will be subject to continuous review in order to reflect the Council's commitment to health and safety following any changes to legislation.

The Council will also review this Policy Statement as part of an annual review cycle. The Council will ensure that this Policy is effectively communicated to all employees, agency employees, contractors and sub-contractors.

The responsibilities for implementing and monitoring the Policy are detailed in Section 2 of this Policy.

Name – CEO (Somerset West and Taunton Council)	Andrew Pritchard
Signature	
Date: 5 May 2022	
Name – H & S Member Sponsor	Councillor Ross Henley
Signature	
Date	

2.0 Purpose of the Policy

SWT's commitment, outlined in the 'Statement of Intent' is the promise made by the employer to the workforce, setting out the general approach to health & safety, how it will be managed, by who, and practical arrangements for delivering the key components, to ensure compliancy of key H & S legislation.

By providing effective policies, procedures, and safe systems of work, will enable the workforce to develop a positive safety culture and to ultimately achieve the key goal - **Safe People/Safer Places.**

This policy clarifies the responsibilities of Elected Council Members, Senior Management Team, Assistant Directors, People Business Partners, Managers, The H & S Team, Union Representatives and all employees (all SWT employees and workplaces). It also applies to any agency employees, contractors, sub-contractors and suppliers that SWT engage with to deliver its core work activity.

To ensure delivery, there must be adequate organisation, arrangements and resources to implement this policy, and to plan, monitor and review the health and safety activities of the Council.

Key Purpose of the policy - SWT as an employer and its Elected Members, are responsible for ensuring that health, safety and welfare standards are established and maintained. Also, to ensure systems are in place to continuously aim to reduce accidents/incidents/near miss and events resulting from occupational injury and illness in the workplace.

Key purpose of the policy - SWT as an employer and its Elected Members, will ensure that sufficient resources are available to achieve and maintain these high standards of safety proficiency, including the provision of any health and safety training and information for employees, safety equipment or clothing and welfare facilities, Also to monitor and review the health and safety standards of the Council by both internal and external audit.

SWT and Elected Members will ensure that a lead Director is identified to steer the delivery of the H & S Management System. In addition, an Elected Member of the Council will adopt the role of H & S Sponsor, to continually maintain visibility of H & S within the environment and to promote a healthy and safe culture.

2.1 Employer's Responsibilities

2.1.1 The Elected Members of Somerset West and Taunton Council will:

- Ensure an Executive Portfolio Holder/H & S Member Champion is identified to ultimately lead the H & S mission
- Give due consideration to matters of health, safety and welfare when allocating resources, considering changes and determining priorities.
- Commit to, and demonstrate by signing, a published health and safety policy.
- Receive regular reports about service performance on health and safety via the Audit & Governance Committee and / or other relevant committees.
- Discuss issues relating to health and safety matters at any formal meeting within the Council when appropriate (ensuring that all council reports consider the impact of Health & Wellbeing, to be scrutinised by Members as part of decision-making)

2.1.2 Chief Executive Officer

The Chief Executive Officer is directly responsible for the organisation, delivery of services, legal compliance, control and use of the Council's resources and for promoting a supportive leadership culture.

This includes making sure that:

- Effective arrangements, structures and resources are in place to manage health and safety.
- Effective policies are developed and implemented across the council.
- There are means to monitor health and safety performance – such as audits and inspections and that positive action is taken where problems are identified.
- That senior managers receive suitable training to enable to properly fulfil their roles.
- There is appropriate delegation of responsibility throughout the line management chain, including to the delegated assistant Chief Executive or Lead H & S Director who may chair the Health and Safety Committee.

The Senior Management Team (Chief Executive, Directors and Section 151 Officer) fulfil a crucial role in supporting the Chief Executive in the delivery of the policy.

2.1.3 Directors/SMT

- Directors are responsible for taking all reasonable steps to make sure health and safety is effectively managed within their directorate (this is assisted by the nomination of appropriate lead managers at H & S Committee. Tier 2 & 3)

- Making adequate resources available for managing health and safety.
- Making sure that H&S is given equal priority with other management functions and is included in operational planning and team meetings.
- Provide strategic direction and endorse corporate health and safety strategies.
- Manage corporate risk and priority ranking of actions.
- Review performance in meeting corporate health and safety strategic objectives and act on the findings.
- Ensure that any decision made is in line with the Council's own policies and procedures as they relate to health and safety.
- Support the employee consultation process (to maintain compliancy of the Safety Representative and Safety Committee Regulation 1977) by ensuring that an effective committee is in place, meets regularly and operates collaboratively with UNISON representation.

2.2 Employee's Responsibilities

2.2.1 Assistant Directors

- Ensure that health and safety is incorporated into service and operational planning to achieve compliance with corporate health and safety policy arrangements and H&S legislation relevant to the work activity.
- Establish roles and responsibilities within their service area and apply them within their own structure.
- Take an active and visible role in the management of health, safety and welfare within their areas of responsibility, by acting as Chair within their H & S Committee group (Tier 3). Also ensure that:
 - risk assessments are reviewed regularly
 - performance against any H&S related targets is monitored
 - accidents, incidents and near misses are recorded and investigated appropriately
- Ensure that Managers are aware of their role and responsibilities in the effective management of health and safety (see 2.2.3), and that they have necessary training and that responsibilities to meet H&S requirements are clear, regularly monitored and subject to an appropriate review.

- Review Safety Action Notices escalated within their service area, support managers and employees to resolve issues and offer recommendations for continuous improvement.

2.2.2 People Business Partners/People Team

- Provide support to Directorates to ensure necessary H & S training is arranged/delivered to maintain compliancy, co-ordinate with Learning & Development Team to maintain Competency Register
- Attend Directorate H & S Committee meetings to present performance data relating to sickness, Occupational Health referral and training programme, communicate observations and recommendations and monitor trends proactively
- Support Directorates with managing H & S consequences (issue of Safety Action Notices) and linking to SWT's disciplinary process when necessary
- Provide support where necessary to ensure that H & S Policy and Procedure is communicated and understood and linked into personal and team objective planning.

2.2.3 Task Managers/Team Leads/Case Managers (with people management responsibilities)

Managers have responsibility for the operational planning and day-to-day delivery of H & S Policy and procedures. Key areas include: -

- identifying and controlling risk, employee competency, training needs, consultation and standards of performance, issue of necessary PPE for team members to deliver role responsibilities
- accountable for all matters under their control, including areas of responsibility for which they are specifically skilled or trained to deliver
- ensure that each employee on their team has access to sufficient information, instruction, training, supervision and resources to allow them to work safely
- identify areas of concern (to the H & S Team) and where possible implement the required control measures to mitigate risk
- At all times take reasonable care for the health and safety of their team members and of any other person likely to be affected by their work activities
- Ensure that Lone Working arrangements are adopted and that team members are registered and use the Deane Helpline Lone working system when necessary

- Allow employees to attend appointments for Health Surveillance/Protection during work hours and reimburse reasonable travel expenses to attend
- Acknowledge the rights of trade union safety representatives to carry out their safety related functions, and provide them with an agreed level of facilities and support
- Managers in charge of premises may also have additional responsibilities such as those involving fire evacuation and alarm testing.
- Ensure that all accidents/incidents/near misses involving their team members are reported to the H & S Team via the correct channels.

2.2.3 All Employees

Every employee has a duty to accept their own individual responsibility for their conduct and compliance with this policy.

- All employees have responsibility to take reasonable care for their own health and safety and that of others (including all customers, tenants, visitors, members of the public, contractors and sub-contractors) who may be affected by their work activities.
- This duty extends to refusing to carry out tasks or work (including emergencies) for which they have not been trained or which lack satisfactory supervision or sufficient risk assessment.
- Follow the controls of risk assessments implemented for all team tasks, ensure that managers are aware when controls cannot be adopted and that dynamic risk assessments are completed when necessary
- Ensure that all issued PPE is adopted when necessary and in line with risk assessment controls
- Only use equipment and machinery for which they have had training. **(No training means - No authorisation!)**
- Report all defects, unsafe conditions and 'near misses' to their manager and help in the investigation process.
- Co-operate with Directors/Assistant Directors/Managers on health and safety matters, to not intentionally or recklessly interfere with, or misuse anything, that has been provided to meet to protect health or safety
- Immediately report all health and safety concerns (including accidents, incidents and significant near misses, defective processes and unsafe situations) to their line manager

- Report any medical or physical condition which adversely affects their ability to conduct their work in a safe and healthy manner.
- Ensure that Lone Working processes are followed whenever necessary

2.2.4 Health and Safety Team

The Health and Safety Lead Specialist is appointed under the Management of Health and Safety at Work Regulations 1999, as a Competent Person to advise on the arrangements necessary to meet the statutory obligations. Health and Safety is a management responsibility; therefore, the Lead Specialist has a key support role in:

- Providing professional H&S advice and information across all aspects of the Councils activities.
- Review all new health and safety legislation and guidance and advise Members/Directors/SMT on their responsibilities, the impact of any changes and additional measures that need to be taken.
- Auditing and reviewing H&S performance across all service units.
- Promoting opportunities to develop a positive safety culture.
- Developing effective H&S Management System, policies and procedures.
- Evaluating risk (and linking to the corporate risk register when necessary) and advising on legislation.
- Promoting consultation and H&S partnerships with operational teams, providing additional reactive and proactive support as required.
- Investigation of serious accident, incidents and near misses, monitor and report to the Health and Safety Committee, as required by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)
- Manage H & S non-conformance consequences and monitor where is it necessary to apply the Safety Action Notice Policy, by issuing RED Cards (Prohibition Notices) and YELLOW Cards (Improvement Notices).

2.3 Union (UNISON) Representation and Responsibilities

The role of Union H & S Representatives is set out in the Safety Representatives and Safety Committee Regulations 1977.

SWT works collaboratively with UNISON (the recognised union within local authority), who has appointed H & S Representatives. UNISON nominate and train safety reps,

to work with the employer to support H & S by representing their colleagues' health and safety interests. Reps have a duty to be accountable to their branch, and the work they deliver for colleagues.

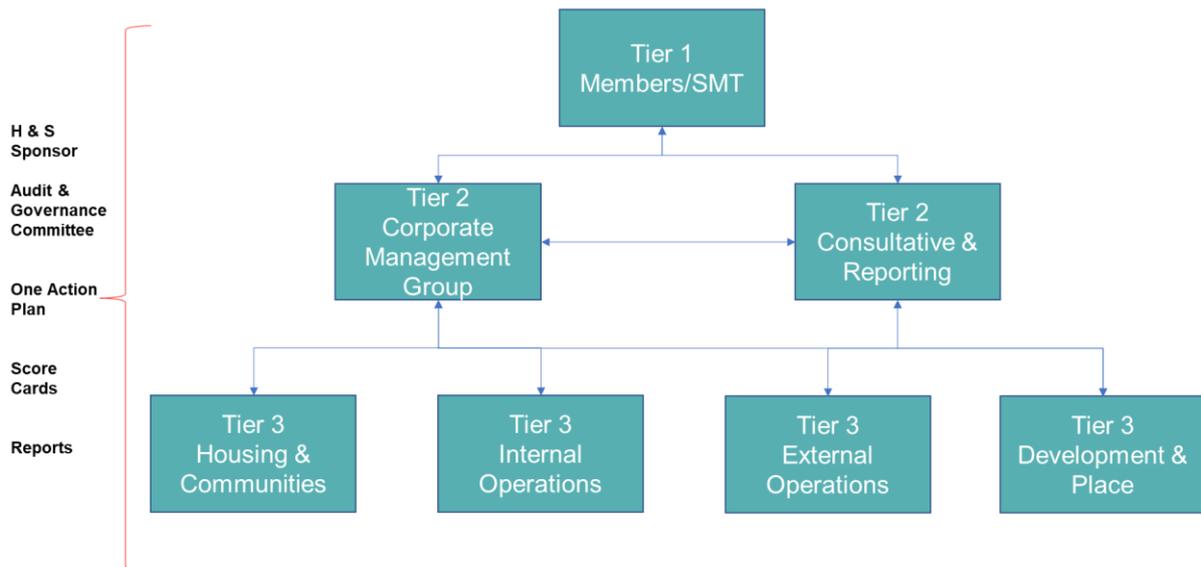
Main responsibilities of Health and Safety Representatives are: -

- to attend and be an active and engaging member of H & S Committee Meetings (Tier 2 – Consultative and Reporting)
- be actively involved in investigating the causes of accidents, incidents and near miss by completing regularly audits of investigation reports
- investigate potential and actual hazards, and dangerous occurrences, as identified by colleagues who feel their safety is compromised
- represent colleagues in discussions and consultations with the employer about issues relating to health and safety in the workplace and ensure information is cascaded when necessary
- investigate colleague's complaints, present colleagues' concerns to management and work collaboratively with the H & S team to seek solution
- carry out workplace inspections and represent colleagues where necessary
- be consulted by the employer on the planning and organisation of H & S training.

3.0 Governance and H & S Committee

The employer has responsibilities (as stated in 2.1.2) to ensure that a suitable structure is in place to effectively manage Health & Safety; this also includes appropriate methods of measuring and managing performance of the system, with necessary formal governance controls to assure compliancy of H & S legislation.

To achieve this, SWT maintains a three tier H & S Committee structure, performance scorecards for key H & S indicators and a consolidated action plan to formally record and track actions raised across all tiers/Directorates. The main function of the structure is to ensure the objectives of the H & S Policy are delivered, audit framework is effective and continuous improvements are identified and delivered.



- Tier 3 groups meet monthly and follow an agreed agenda (consistent across all Directorates) and also focus on forthcoming active pipeline
- Tier 2 groups meet monthly: -
 - Tier 2 – Consultative & Reporting - work collaboratively with employee and union representatives, discuss observations and recommendation and monitor compliancy
 - Tier 2 – Corporate Management Group – steer actions and outputs from Tier 3 groups and Tier 2 Consultative & Reporting, to ensure the committee’s overall objectives are met,
- Tier 1 – Quarterly Reports are produced for Audit & Governance Committee (also represented by H & S Sponsor at Member level).

At each meeting, scorecards performance data is presented together with observation and recommendation. Actions relating to the group are also reviewed and any necessary actions are escalated to the tier above.

In addition, annual reports are also prepared for each tier group; any necessary actions/recommendation will also be included in the forthcoming H & S committee objectives when necessary.

4.0 Arrangements (A-Z)

4.1 Control of Asbestos in the Workplace

Key Legislation – Control of Asbestos Regulation 2012

SWT acknowledges the health hazards arising from exposure to asbestos and will, where reasonably practicable, prevent the exposure of asbestos containing materials (ACMs) to any employee, agency employee, contractor, visitor, tenant, through the use of effective control measures and work methods supported by trained employees and suitable management systems.

SWT will endeavour to control and manage the risks due to asbestos; this will be achieved by undertaking necessary assessments and sampling, delivered by an appointed licenced contractor. Asbestos reports will be made available to all relevant parties who's work activities may come into contact the ACM's and necessary Asbestos Awareness training will be delivered. In addition, all activities where exposure the ACMs is possible, will be risk assessed, with safe systems of work incorporated where necessary.

A licenced contractor will also be appointed to remove or encapsulate asbestos where necessary and clear air tests will be completed before any removal area is deemed safe to enter. For small volume/low risk types of asbestos removed/handling, SWT will provide necessary training for non-licenced asbestos removal to a limited number of employees; these will also be issued with suitable Respiratory Protective Equipment, regular Face-Fit testing and be included in stringent occupational health checks.

SWT will also ensure where necessary, that Asbestos Awareness Training is delivered to any employees (outside any repairs and maintenance teams) who may also encounter ACM's during the delivery of their roles.

4.2 Contractor Management

Key Legislation – Management of Health & Safety at Work Regulation 1999 (Regulation 12)

SWT recognises the responsibility under legislation to ensure that all engagement with Contractors/Sub-Contractors is suitably controlled to manage risk and vicarious liability, but more importantly, to ensure that all persons engaged in delivering services are aware of potential hazard and the processes to protect themselves.

Whichever route that a contractor is engaged (Tender/Project/<£5k), their Health and Safety processes will be vetted before any works can commence. Checks will be made on: -

- H & S Policy (where applicable)
- Insurances to ensure that they are acceptable under the terms of SWT's insurer

- RAMS (Risk Assessments and Method Statements)
- Training Records to ensure competency
- Accident History
- Previous HSE Interventions
- H & S Accreditations

Based on the type of engagement, additional H & S intervention may be required before commencement of work.

All contractor details will be maintained in a centralised database to ensure that regular checks are made and that contractors remain compliant and safe to conduct works on SWT's behalf.

4.3 Construction Design Management (CDM)

Key Legislation - Construction (Design and Management) Regulations 2015 (CDM 2015)

Under the terms of the regulation, SWT will:-

- comply, in all aspects, with The Construction (Design & Management) Regulations 2015, (CDM 2015) for all construction work as defined in the regulations
- ensure that any design for construction work is carried out by designers who have the appropriate skills, knowledge and experience for the project
- ensure that any construction work is carried out by contractors who have the appropriate skills, knowledge and experience for the project
- ensure that all designers, principal designers, contractors and principal contractors appointed by SWT for any relevant design and/or construction work comply with CDM 2015

SWT will also ensure that a formal record is maintained of: -

- all nominated appointments of principle designers, principle contractors and contractors
- all active F10 notifications to HSE (Health & Safety Executive)
- all active Construction Phase plans and status of conversion to H & S files.

The contractor database will also record contractor responsibilities under CDM regulation.

4.4 Control of Substances (COSHH)

Key Legislation – Control of Substances Hazardous to Health 2002

SWT acknowledges the health hazards associated with exposure and handling of hazardous substances and chemicals and will, where reasonably practicable, adopt sufficient controls, provide necessary training and PPE to all exposed persons. In

addition, the use of any substances/chemicals will be risk assessed and all products will be listed on an accessible COSHH Register (accompanied by the manufacturer's safety data sheets).

4.5 Display Screen Equipment (DSE) Monitoring

Key Legislation - The Health and Safety (Display Screen Equipment) Regulations 1992

SWT will adopt the necessary controls to protect employees from the health risks associated to working with display screen equipment (DSE), such as PCs, laptops, tablets and smartphones.

At onboarding, the employer will ensure that necessary assessment and training is provided, to ensure that suitable and sufficient workstation/usage arrangements are in place. In addition, annual reviews of DSE arrangements will be monitored and where necessary, additional advice will be made available by SWT's Occupational Health provider.

Additional/specialist equipment will also be provided, where necessary, where individuals require additional support due to health conditions or disability.

4.6 Driving and use of SWT Vehicles

Key Legislation – Health & Safety at Work Act 1974 (section 2 (b), 7), Management of Health & Safety at Work Regulations 1999 (Regulation 7)

SWT acknowledges its responsibilities under legislation to consider three key areas when managing workplace transport effectively: -

- **safe site** (design and activity) – ensuring that sufficient traffic management plans are designed, in place, regularly risk assessed and regularly reviewed
- **safe vehicle** – a register of all vehicles is maintained, all Fleet and Pool Car vehicles are regularly serviced and maintained and that a process is in place for reporting defects, vehicle packs are in place to ensure daily checks and also linked to a Driver's Manual
- **safe driver** – ensuring that driver's licences are checked at onboarding and at frequent intervals, driving activities are risk assessed according to individual's capability and requirements, adequate training is delivered to ensure competent drivers (where applicable).

The organisation will ensure that suitable policy is implemented to satisfy all three key areas are controlled and compliant.

4.7 Expectant & Nursing Mothers

Key Legislation – The Management of Health and Safety Regulations 1999 (Regulation 16 & 17)

Under the terms of the regulation, SWT has a responsibility to protect the health and safety of new and expectant mothers who work throughout pregnancy and during the stages of nursing.

Once an employee confirms a pregnancy, this risk assessment process will commence and will consider: -

- lifting/carrying of heavy loads
- standing or sitting for long lengths of time
- exposure to infectious diseases
- exposure to substances and chemicals
- exposure to lead
- work-related stress
- workstations and posture
- exposure to radioactive material
- other people's smoke in the workplace
- threat of violence in the workplace
- long working hours
- excessively noisy workplaces

Risk assessments will be completed at trimester 1,2 and 3 and all necessary controls will be continually monitored and discussed with managers, to ensure that sufficient support is implemented to protect the health of both mother and child.

4.8 Fire & Emergency Procedures

Key Legislation – The Regulatory Reform (Fire Safety) Order 2005

SWT acknowledges its legislative duty to provide adequate fire and emergency procedures and routine servicing and maintenance of all fire detection system and will ensure: -

- All employees undertake mandatory fire safety training via e-learning system. Additional training will be provided for fire wardens, including nominated staff trained for use of Evacuation Chairs and Fire Extinguishers
- Fire risk assessments will be undertaken by a specialist fire consultant and recommended remedial action escalated (DSEAR assessment will be undertaken, with remedial actions escalated, on applicable sites)
- Fire procedures will be regularly reviewed, updated and tested during 6 monthly full evacuation drills. All alarms will be tested weekly using a call point rotation system for each building. Emergency Evacuation Plans will be displayed in all corporate buildings. All escape routes will be clearly marked, and signage regularly reviewed and regular housekeeping checks will be conducted to ensure safe routes are maintained

- Fire extinguishers and evacuation chairs will be regularly serviced to ensure their sufficiency (and all signage regularly reviewed)
- Facilities Management will ensure they work with tenants within its corporate multi-let buildings to ensure co-ordinated fire response are in operation
- Personal Evacuation Plans (PEEPS) will be implemented for all individuals who require assistance to safely evacuate from a building.
- Fire Safety on construction sites will be covered by controls under Construction Design Regulation (CDM)

4.9 First Aid

Key Legislation -The Health and Safety (First-Aid) Regulations 1981

SWT acknowledges its duty to provide adequate and appropriate equipment, facilities and resource to ensure employees receive immediate attention if they are injured or taken ill at work.

- First aid risk assessments are undertaken for all corporate sites and suitably trained first aid staff nominated to cover each site. Risk assessments are regularly reviewed in line with changing working patterns and numbers of staff on site. Defibrillators are provided at larger sites
- Full first aider at work qualified staff are paid a monthly remuneration for the service they provide
- All first aiders are issued with first aid kits and additional items provided at higher risk sites such as Depots
- All treatment administered by first aiders is recorded on a log sheet in addition to completion of accident/incident reports
- First aiders for each site are listed on site and on the staff Intranet site
- Additional 'First Aid Provision Risk Assessments' are completed for any necessary operational service, where risk may be higher and therefore could warrant additional first aid response.

4.10 H & S Information

Key Legislation – Health & Safety at Work Act 1974 (section 2 (2)c)

Under the terms of the HASAWA 1974, the employer must ensure that necessary H & S information is readily available to all employees.

SWT will provide the necessary access to internal intranets, training materials (e-learning) and links to documentation, to provide the workforce with information on H & S Policy and Procedure, access to electronic forms, risk assessments, registers and databases, that hold all relevant information and guidance required to conduct their roles as safely as possible.

In addition to information available on the intranet, at each corporate building, a H & S Board will be maintained to provide all key H & S Information, copies of all necessary forms, contact details of H & S Committee reps, First Aiders, Fire Wardens and all other H & S signposting information.

Additional support and information is also available directly from the H & S team, that has a H & S Partner assigned to each Directorate.

4.11 H & S Management System

Key Legislation – Health & Safety at Work Act 1974 (section 2 (3)/Management of Health & Safety at Work Regulation 1999 (Regulation 5)

SWT acknowledges the importance of ensuring that an effective H & S Management System is in place and subsequently adopts the standards of the Health & Safety Executive's HSG65 template.

This structure (the Plan, Do, Check, Act approach) helps achieve a balance between the systems and behavioural aspects of management. It also treats health and safety management as an integral part of operational management, rather than as a stand-alone 'bolt-on' system.

Key components of SWT's management system are: -

- Policy and procedures
- Risk Management system, including Safe Systems of Work (SSOW)
- Audit Function, including site and workplace inspections
- H & S Compliancy training, including e-learning (all forming the Competent Person Register)
- H & S governance framework, in the form of H & S Committee structure (the vehicle to ensure the system is delivered)
- H & S Dashboard and Reporting mechanisms, to measure the overall effectiveness of the system and to ensure that necessary management layers are informed of performance.

The H & S Team provides a service across all Directorates, to ensure the H & S Management system is consistently delivered, remains effective and embraces continuous improvement.

4.12 Incident Reporting & Investigation

Key Legislation – Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 2013 (RIDDOR)

SWT recognises the responsibility under RIDDOR to ensure that certain workplace accidents, occupational diseases, and specific dangerous occurrences (near miss) are reported to the Health & Safety Executive (HSE) within the required timescales.

All employees have the responsibility to report any such events to the H & S Team promptly, to ensure that the necessary investigations can take place and the relevant reports are submitted to HSE. However, focus remains paramount on ensuring that any injured parties are provided with sufficient First Aid, and if required are assisted to receive hospital treatment. All events involving employees, contractors, members of the public must be reported when it has in connection to a SWT work activity.

SWT will ensure that the necessary training is provided to all employees (initially at induction stage), to equip everyone with information on what and how to report. Forms will be made available on the internal intranet and also on H & S Boards around corporate buildings, together with full guidance and process maps.

Accident, Incident and Near Miss statistics will form part of the key performance indicators reported to H & S Committee and Senior Management Team.

4.13 Inspection & Audit

Key Legislation – Management of Health & Safety at Work Regulation 1999 (Regulation 5)

Under the requirements of legislation, SWT has a responsibility to ensure suitable arrangements are in place for a H & S Management system. One component of the system is to ensure that an audit function is integrated as part of the PLAN/DO/CHECK/ACT methodology.

SWT will ensure that the H & S Committee identify the requirements of the annual audit programme and that this is approved by Audit & Governance Committee. The H & S Team will be responsible for managing the audit programme and will work collaboratively with UNISON, to assign resources, identify reporting requirements and deliver the necessary progress updates to H & S Committee (all remedials/recommendations will be tracked on the H & S consolidated action plan).

In addition, SWT will ensure that Health & Safety is identified as a regular audit category within the SWAP Internal Audit Services Programme.

4.14 Lone Working

Key Legislation – Health & Safety at Work Act 1974 (section 2 (2) d)

SWT recognises its legal responsibility to ensure that the workforce is provided with a safe place to work, by risk assessing any situations where employees may be required to work alone.

All lone working activities will be risk assessed and necessary controls will be adopted to mitigate/remove risk where reasonably practicable. Where lone working is necessary and cannot be eliminated, control measures will be adopted to ensure that the employee has a method of keeping in touch and calling for assistance if required.

The Deane Helpline 24/7 system is available to all employees (and contractors when necessary) to utilise during any periods of lone working. The system will automate frequent contact with the employee during the period of lone working and will also be on standby to request assistance for help if required (guidance on how to register and use the Deane Helpline is available on the H & S intranet page).

SWT also operate a Customer Liaison List (CLL) that maintains details of any known high-risk tenants/customers, to avoid any lone officers attending where risk is high.

The H & S Team support managers to identify situations of lone working and how to adopt the necessary control measure to ensure safety. When required, it may also be necessary to issue additional safety devices (GSM units, safety watches, personal alarms) to further reduce risk and protect the individual.

4.15 Occupational Health Monitoring

Key Legislation – Management of Health & Safety at Work Regulation 1999 (Regulation 6)

Occupational health is how work and workplace environment can impact on employee's health. SWT recognises the importance of promoting and maintaining the health of employees by conducting regular health checks, to ensure employees are closely monitored, where necessary, to avoid injury or illness from any work-related activities.

Health surveillance is a programme of repeated health checks that are legally required, where employees remain exposed to health risks even after controls have been implemented (i.e. risk assessment, training, equipment maintenance).

SWT is committed to maintaining the health of all employees by ensuring that a suitable programme is in place, to monitor the following risks: -

- Noise
- Vibration
- Hazardous Substances
- Handling Lead
- Exposure to Asbestos
- DSE

SWT instruct the services of an Occupational Health provider, to manage certain stages of the OH programme (Tier 1 – 4), and also to provide additional advisory services, assessment and reporting when necessary. The OH provider may also refer to appropriate medical professionals for additional tests or treatment if required. SWT will ensure that all OH processes adopt necessary legislation and support equal opportunities.

Included in the OH programme, are workstation/ergonomic assessments of display screen equipment (also see 4.5).

Employees can also be referred to OH via their manager/People Business Partner when required; this could be because of sickness absence, diagnosis of a medical condition or a health concern that may be affecting the delivery of duties.

4.16 Permits to Work

Key Legislation – The Management of Health & Safety at Work Regulations 1999, Management of Health & Safety at Work Regulations 1999 (Regulations 3 & 4)

SWT will ensure that the following Permits to Work (PTW) are in operation, to provide additional layers of control measures to protect employees, contractors and sub-contractors: -

- **Working at Height** - work in any place where, if there were no precautions in place, a person could fall a distance liable to cause personal injury (ladders, roof/flat roof, scaffold, tree work. Can also include falls into holes in the ground)
- **Hot Works** - operation that uses open flames or the local application of heat and friction (welding, soldering, torch cutting, grinding, hot riveting)
- **Working with Electricity** – any works on electrical circuits or equipment
- **Excavations** – controlling the high risks of excavation/digging work, that may present hazard below the surface
- **Working in confined spaces** – where ingress/egress is complicated, access to oxygen could be limited/restricted, space is restricted to complete works and not intended for continuous human occupancy.

SWT will operate permit-to-work to authorises competence employees, contractors, sub-contractors to carry out specific work within a specified time frame (setting out the precautions required to complete the work safely, based on a risk assessment).

4.17 Personal Protective Equipment (PPE)

Key Legislation – The Personal Protective Equipment at Work Regulations 2022 (amended the 1992 Regulation to extend employers' and employees' duties in respect of PPE to a wider group of workers)

SWT recognises its duty under the regulation to provide PPE equipment that will protect the user against health or safety risks at work. It can include items such as

safety helmets, gloves, eye protection, high-visibility clothing, safety footwear and safety harnesses. It also includes respiratory protective equipment (RPE).

The risk assessment process will identify (as control measures) appropriate occasions and circumstances where PPE/RPE is required to manage and reduce risk. All employees have a duty to adopt the PPE/RPE that has been identified as essential in the delivery of their tasks.

PPE (clothing and equipment) will be provided at no cost to the employee (and contractors where applicable) and will be assessed for suitability both for the task and the individual. Stocks of replacement PPE/RPE and a register of issued PPE/RPE will be maintained and all employees have a responsibility to request replacement items when required.

4.18 Plant and Equipment

Key Legislation – Health & Safety at Work Act 1974 (section 2 (2)a), Management of Health & Safety at Work Regulation 1999 (Regulation 13), Provision and Use of Working Equipment Regulation 1998 (PUWER), Lifting Operations and Lifting Equipment Regulations 1998 (LOLER), The Pressure Equipment (Safety) Regulations 2016, Pressure Systems Safety Regulations 2000.

As an employer, SWT has a duty to comply with all necessary legislation to ensure that any plant and equipment issued to an employee (and contractor where applicable) to conduct their duties, is risk assessed and controlled by: -

- selecting and providing the right equipment for the job
- ensuring work equipment is safely used by trained people
- inspecting and maintaining work equipment so it remains safe.

A PUWER register will be maintained to record all details of any plant and equipment issued to the workforce; this will include service/maintenance records and details of any statutory checks (i.e. LOLER), that need to be performed for insurance requirements.

Necessary processes will also be implemented for the management of pressurised systems or equipment (equipment containing liquid or gas under pressure). Ensuring that regulation is applied, and all systems are sourced, installed, maintained and inspected according to compliancy requirements. Also ensuring that all such systems are incorporated in the insurance written scheme schedule.

All plant and equipment will be risk assessed and only trained persons will be allowed use under strict control measures. In addition any necessary plant and equipment will be assessed for vibration and noise risk and the necessary usage restrictions will be incorporated to ensure sufficient controls are in place to protect the occupational health of users.

Any users of plant and equipment will be assessed for their pertinency to be included in the occupational health monitoring programme.

4.19 Property Compliance

4.19.1 Electrical Safety

Key Legislation – Health and Safety at Work Act 1974, Electricity at Work Regulations 1989, Building Regulations (including Part P requirements), The Electricity at Work Regulations 1989, Institution of Engineering and Technology (IET) Wiring Regulations 18th Edition BS 7671:2018 and The Electrical Equipment (Safety) Regulations 1994.

SWT recognised its responsibilities under legislation and will: -

- Maintain all our managed electrical installations, components, and associated equipment in a safe condition, in accordance with the relevant electrical safety regulations and legislation.
- Operate clear, concise, and well published arrangements to complete the electrical installation and condition report (EICR) and any necessary repairs.
- Ensure that our tenants are aware of the importance of the electrical testing and repair service and of their responsibility to allow access to our operatives or contractors for the purpose of electrical safety.
- Record on our management databases the details of every property's electrical history, to include the date that the next EICR is due, dates of when rewires and new components such as the consumer unit, smoke alarms, fans etc. have been installed.
- Promote the importance of electrical safety to our customers through tenants' newsletters, leaflets, and letters. All information can be supplied in alternative formats upon request.
- Implement clear procedures to gain access to undertake the EICR within a period not exceeding 60 months since the last report.
- In cases of 'no access', the Council will ensure that we meet our legal obligations to complete the statutory electrical safety check (EICR). This will be enforced by taking legal action in order to gain access as necessary.
- Ensure that all work to the electrical installation is carried out by a competent and suitably qualified engineer, who is regularly assessed by an appropriate accredited certification body and holds minimum level 3 award or equivalent in periodic inspection testing and certification of electrical installations.
- On completion of an EICR or new installation certificate, we will maintain a copy on record for at least 10 years.

4.19.2 Gas Safety

Key Legislation – Health and Safety at Work Act 1974, The Gas Safety (Installation and Use) Regulations 1998 as amended.

SWT recognised its responsibilities under legislation and will: -

- ensure that suitable and sufficient gas safety inspections are undertaken at appropriate intervals. The findings will be recorded, and necessary remedial work undertaken generally in accordance with the predefined timescales within the Gas Safety Procedure (SWTGAS01)
- ensure that residents are provided with a copy of the gas servicing inspection report at the outset of their tenancy and annually thereafter
- ensure it provides gas safety information, operational policies and procedures, training, instruction and supervision to enable staff and contractors to perform their work safely and efficiently
- appoint designated staff and ensure that adequate funding and resources are available to carry out their duties
- will liaise with partner organisations where the activities of these organisations may affect the gas safety of SWT staff, tenants, leaseholders, contractors and visitors who use our services and where the activities of the Council may affect the activities of the other organisations
- record all inspection reports and review for any possible trends and implement appropriate actions as required.

4.19.3 Water Hygiene

Key Legislation – Health and Safety at Work Act 1974, Control of Substances Hazardous to Health Regulations 2002

SWT recognised its responsibilities under legislation and will: -

- ensure that suitable and sufficient water hygiene risk assessments, in accordance with L8, are undertaken at appropriate intervals. The findings will be recorded, and necessary remedial work undertaken in accordance with the predefined timescales within the Water Hygiene Procedures (SWTWAT01)
- ensure that residents are appropriately informed through specific information provided at the outset of their tenancy on how they can minimise the risks of water hygiene bacteria
- ensure that residents who have special needs in relation to water hygiene have been assessed and any extra controls implemented
- ensure it provides water hygiene safety information, operational policies and procedures, training, instruction and supervision to enable staff and contractors to perform their work safely and efficiently
- appoint designated staff and ensure that adequate funding and resources are available to carry out their duties
- ensure that adequate and regular water hygiene checks, servicing and maintenance of stored water and their associated water systems are carried out within appropriate timescales
- liaise with partner organisations where the activities of these organisations may affect the water hygiene safety of Somerset West and Taunton Council staff,

tenants, leaseholders, contractors and visitors who use our services and where the activities of the Council may affect the activities of the other organisations;

- SWT will record all temperature monitoring and review for any possible trends and implement appropriate actions as required.

4.19.4 Fire Risk Assessment

Key Legislation - The Regulatory Reform (Fire Safety) Order 2005

(see 4.8 for general FRA arrangements)

4.19.4.1 Fire Risk Assessment – Communal Areas

SWT recognises its responsibilities under legislation and will: -

- ensure that there are suitable and sufficient fire risk assessments, in accordance with the Regulatory Reform (Fire Safety) Order 2005 and that these are undertaken at appropriate intervals. The findings will be recorded, and necessary remedial work undertaken generally in accordance with the predefined timescales within the Fire Procedures (SWTFRA01)
- ensure that Supported Housing schemes are maintained taking into account the document “Fire Safety in Specialised Housing” produced by the National Fire Chiefs Council
- ensure that residents are appropriately informed through specific information provided at the outset of their tenancy and through general notices and periodic information of fire control measures and actions to take in the event of an emergency
- ensure that residents who have special needs have these assessed and any extra controls implemented and recorded in the site documentation which is made available to the emergency services
- ensure it provides fire safety information, operational policies and procedures, training, instruction and supervision to enable staff and contractors to perform their work safely and efficiently
- appoint Compliance Case Managers and ensure that adequate funding and resources are available to carry out their duties
- implement a Resident Engagement Strategy which will be reviewed periodically, this will enable a stronger voice for our residents to raise concerns relating to fire safety in their homes
- ensure that adequate and regular fire drills, servicing, maintenance and testing of fire safety equipment is carried out within appropriate timescales
- aim to create an effective relationship with the Fire & Rescue Service
- liaise with partner organisations where the activities of these organisations may affect the fire safety of Somerset West and Taunton Council staff, tenants, leaseholders, contractors and visitors who use our services and where the activities of the Council may affect the activities of the other organisations.
- record all fire related incidents and review for any possible trends and implement appropriate actions to minimise re-occurrence.

4.20 Risk Assessment & Safe Systems of Work (SSOW)

Key Legislation – The Management of Health & Safety at Work Regulations 1999, Management of Health & Safety at Work Regulations 1999 (Regulations 3 & 4)

Under the requirements of legislation, SWT recognises its responsibilities to regularly assess the risk exposure, to employees and all others who are involved in, or come into contact with, day to day work activities. The main objective of risk assessment is to identify what could cause injury or illness in the organisation and to apply appropriate control measures to mitigate risk.

Risk assessments will be regularly completed to identify the hazards and associated risks of an activity, who may be harmed, and evaluate the likelihood and severity of potential harm. Subsequently by applying suitable control measure, the objective of the risk assessment will be to reduce the likelihood/severity to reduce/mitigate the overall outcome. Basic principles of prevention will be applied to reduce risk and where risk cannot be reduced to the lowest factor, then a Safe System of Work (SSOW) will also be incorporated.

The frequency of risk assessment review will depend on the frequency of the activity and the severity of risk. Part of the risk assessment process will be to assign a recommended review frequency. Reviews will also take place following changes to legislation, changes to organisational structure, building layout changes, workforce changes and changes to operational delivery.

SWT adopts the following risk assessment category structure (the F.A.C.E of risk assessment): -

- **F = Fabric** (assessment of buildings, sites, physical assets)
- **A = Activities** (all activities associated with day to day operational activity)
- **C = COSHH** (Control of Substances Hazardous to Health – assessments to protect the users of substances)
- **E = Executor** (all risk assessments ‘executed’ to keep a person safe, i.e. Young Persons, Expectant Mothers, Employees with Disabilities/Medical Conditions/prescribed medications that may affect role deliver). These risk assessments will be protected for data protection purposes.

SWT will ensure that risk assessments are accessible (within H & S SharePoint area and Intranet Page) to all individuals that they involve, that control measures are implemented, regularly reviewed and that all applicable PPE (Personal Protective Equipment), training and suitable equipment is provided, to ensure that tasks can be delivered as safely as possible.

From time to time, it may be necessary to link any significant risks to the corporate risk register, so that the necessary information can be provided to the Senior Management Team, for further advice and instruction.

4.21 Safety Action Notices (SAN)

Key Legislation – Management of Health & Safety at Work 1999 (Regulation 4)

SWT recognises the responsibility for applying basic principles of prevention; one very important key component is to ensure discipline within the live Health and Safety Management System (HSMS).

Continuous improvement is also a pivotal component of the HSMS structure relating to the Plan/Do/Check/Act methodology. Therefore, SWT has adopted a Safety Action Notice Policy to help manage H & S consequence, with an objective to empower ownership and accountability and assist risk management.

SAN's are issued in two forms: -

- RED CARDS – Prohibition Notices (stop dangerous activities until safer controls have been identified and implemented)
- YELLOW CARDS – Improvement Notices (do not stop activities but require improved controls being identified and implemented).

Both actions mirror the interventions that Health and Safety Executive can apply if there are concerns relating the H & S systems.

SWT's H & S Team will work with operational managers to discuss when a card is applicable and how it will be managed. Cards can be applied to teams or individuals (and contractors if applicable) and where necessary can be linked to performance management processes. Any issue of SAN will be reported through the H

4.22 Training & Competent Person Register

Key Legislation – Management of Health & Safety at Work Regulation 1999 (Regulation 13)

Under legislation, the organisation has a responsibility to ensure that Competent Person Registers are maintained in the form of Training Registers, to ensure that all employees are provided with sufficient training to conduct their duties safely.

SWT will ensure at onboarding, each new employee will attend a H & S Induction session and will also be required to complete a mandatory suite of e-learning H & S Modules. Attendance of the induction and completion of the e-learning modules will be reported through H & S Committee.

In addition, each role will require an assessment of H & S training requirements, for the employee to complete the role safely. The People Business Partners will assist the Manager to identify the requirements, to ensure that essential qualifications are identified at recruitment and also that new employees are incorporated into the Training Programme for 'must have' compliancy training.

SWT will ensure that training registers are continuously monitored, and that budget provision is identified to deliver all necessary refresher training.

Annual reviews of Training Needs Analysis (TNA) will be conducted by the Learning and Development Team and any necessary amendments/additions reflected in the training programme.

The H & S Team reserve the right to apply a SAN (Safety Action Notice) to anyone who fails to attend/complete mandatory training, fails to attend a refresher training session or following investigation is proved to have purposefully neglected H & S Training instructions.

4.23 Visitors to Corporate Buildings

Key Legislation – Management of Health & Safety at Work Regulations 1999

SWT recognised its responsibility to ensure that anyone working or visiting their environment is aware of risks and controls for that workspace.

All visitors to corporate buildings will be signed in on arrival and briefed on incident reporting and emergency evacuation, then escorted by the person they are visiting (the escort then becomes responsible for the visitor for the duration of the visit and must ensure that they are signed out when leaving. In the event of an emergency evacuation, the escort will be responsible for the safe evacuation of the visitor (any special circumstances will be discussed with Facilities before visits).

See 4.2 for Contractor Management arrangements.

4.24 Welfare Provision

Key Legislation – Workplace Health, Safety and Welfare Regulation 1992, Health & Safety at Work Act 1974 (section 2 (2) e)

SWT recognises the responsibility under legislation to provide welfare facilities and a working environment that's healthy and safe for everyone in the workplace, including those with disabilities: -

- **Welfare Facilities** - toilets and hand basins, with soap and towels or a hand-dryer, drinking water, a place to store and dry clothing (and somewhere to change if special clothing is worn for work), somewhere to rest and eat meals
- **Healthy Work Environment** – good ventilation, reasonable working temperature, suitable light, suitable space and workstations, clean workspace with waste disposal
- **Safe Workspace** – maintained premises and equipment (adopting safe materials), safe egress/ingress, safe floor/routes.

Regular inspections and safety processes will be continually monitored to ensure suitable provision is maintained and also welfare will be monitored through the H & S Committee governance structure on a monthly basis.

4.25 Wellbeing

Key Legislation – Management of Health & Safety at Work Regulation 1999 (Regulation 6)

Wellbeing is one of the highest priorities within the organisation and SWT is committed to monitoring and reviewing this on a regular and ongoing basis. Our goal is to keep our people safe through effective leadership and management, promoting high standards of Wellbeing in the workplace and in all our activities.

We will:

- Continuously review the organisation for work related and personal stress, via sickness data. Identify individuals or teams that may need additional support and work to drive improvement of the health & wellbeing of our people.
- Continuously review and ensure wellbeing activities are targeted to address the current health issues and trends within our teams, to support the improvement of health and wellbeing inside and outside of work.
- Drive and sustain positive change through engagement and action with Wellbeing activities.
- Provide relevant tools, such as Wellbeing Action Plans, for employees who require extra support. This will help to create a safe and healthy workplace where people can thrive.
- The Council through its Occupational Health Service and its Employment Assistance Programme have specialist resources available to support and advise staff. In particular, the Carefirst EAP service provides for confidential counselling to employees.

4.26 Working at Height

Key Legislation - Work at Height Regulations 2005 (WAHR)

The Employers will ensure that any persons responsible or in control of any work at height activity must make sure work is properly planned, supervised and carried out by competent/trained individuals. This includes identifying a suitable type of equipment for working at height, ensuring that specific works are further risk assessed and that attention is paid to variable conditions (i.e. changeable weather conditions) that may affect the suitability of control measures.

Consideration will also be given to ensuring that suitable fall arrest systems, edge protection, PPE and access equipment are available and that all equipment is regularly formally inspected and maintained.

Every effort will be made to eliminate the need to work from height in the first instance.

4.27 Young Persons

Key Legislation – Management of Health & Safety at Work Regulation 1999 (Regulation 19)

SWT recognises its duty under the regulation to ensure that young people employed by them/engaged with them, are not exposed to risk due to: -

- lack of experience
- being unaware of existing or potential risks and/or
- lack of maturity.

Any engagement with a young person (under the age of 18), whether that be via work experience, apprenticeship, voluntary work or employment contract, must be suitably risk assessed to ensure that risk is fully managed and sufficient control measures are in place (before commencement of activity).

In addition to risk assessment, SWT will also ensure that suitable supervision is allocated to monitor their progress, to help identify additional adjustments or controls that may be necessary, based on the young person's level of experience within the workspace and their attitude to risk.

When necessary, SWT will provide a buddy/mentor to ensure that sufficient support is in place to encourage further educational development.