

Members: Lee Baker (Chair), Janet Lloyd (Vice-Chair), Simon Coles, Hugh Davies, Tom Deakin, Dawn Johnson, Marcus Kravis, Libby Lisgo, Andy Milne, Steven Pugsley and Terry Venner

Agenda

1. Apologies

To receive any apologies for absence.

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

To approve the minutes of the previous meeting of the Audit and Governance Committee held on 12 December 2022.

3. 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.)

4. 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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(Pages 7 - 18)

webpage, but you can also access them on the [Somerset West and Taunton webcasting website](#).

5. Audit and Governance Committee Action/Recommendation Tracker (Pages 19 - 20)

To receive an update on the status and progress of actions and recommendations arising from the Audit and Governance Committee meeting held on 12 December 2022.

6. External Audit Progress Report and Sector Update (Pages 21 - 28)

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

Report Author: John Dyson, Corporate Finance Manager and Jackson Murray, Director Public Sector Audit, Grant Thornton.

This 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.

7. SWAP Internal Audit - Outturn Report 2022/23 Internal Audit Plan (Pages 29 - 48)

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

Report Author: Alastair Woodland, Assistant Director, SWAP Internal Audit Services

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

The 2022-23 Annual Internal Audit Plan is to provide independent and objective assurance on SWT Internal Control Environment. This work will support the Annual Governance Statement.

8. Internal Audit Annual Audit Opinion Report 2022/23 (Pages 49 - 68)

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

Report Author: Alastair Woodland, Assistant Director, SWAP Internal Audit Services.

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

The 2022-23 Annual Audit Plan provided independent and objective assurance on SWT Internal Control Environment. This work supported the Annual Governance Statement.

9. Summary of Level 1 and 2 Audit Actions Progress

(Pages 69 - 76)

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

Report Author: Malcolm Riches, Business Intelligence and 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 January 2023.

10. Fraud Outturn Report 2022/23

(Pages 77 - 88)

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

Report Author: Amy Tregellas, Governance Manager and Monitoring Officer.

The purpose of this report is to present the Committee with the outturn position in respect of the actions set out in the SWAP Baseline Assessment of Maturity in relation to Fraud report.

11. Annual Governance Statement 2022/23

(Pages 89 - 126)

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

Report Author: Amy Tregellas, Governance Manager and Monitoring Officer

To present the Committee with the Annual Governance Statement for 2022/23 (Appendix A) and the outturn position for the 2021/22 Action Plan (Appendix B).

12. Health and Safety Update

(Pages 127 - 138)

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

Report Authors: Sean Papworth, Assistant Director Corporate Services and Mike Barter, Health and Safety

Business Partner.

The purpose of this report is to provide the Committee with progress updates on the Health and Safety Performance Framework and delivery of the Health and Safety Management System (HSMS) Improvement Programme.

13. Landlord Compliance Report

(Pages 139 - 156)

This matter is the responsibility of the Portfolio Holder for Housing, Cllr 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.

14. Audit and Governance Committee Chair's Annual Report 2022/23 - For Information Only

(Pages 157 - 160)

This report provides an update from the Chair of the Audit and Governance Committee, Cllr Lee Baker, on the work of the Audit and Governance Committee for the 2022/23 financial year.



**ANDREW PRITCHARD
CHIEF EXECUTIVE**

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SWT Audit and Governance Committee - 12 December 2022

Present: Councillor Janet Lloyd (Chair)

Councillors Ed Firmin, Simon Coles, Hugh Davies, Tom Deakin, Marcus Kravis and Steven Pugsley

Officers: Amy Tregellas, Mike Barter, Paul Fitzgerald, Jackson Murray, Alastair Woodland, James Barraah, Ian Candlish, Sean Papworth and Malcolm Riches. John Dyson and Dan Povey (Grant Thornton) attended on Zoom.

(The meeting commenced at 6.15 pm)

114. **Apologies**

Apologies were received from Councillors Lee Baker, Dawn Johnson and Terry Venner.

Councillor Andy Milne was absent

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

The Committee **resolved** to approve the minutes from the Audit and Governance Committee meeting held on 7th November 2022.

(proposed by Cllr Janet Lloyd, seconded by Cllr Simon Coles)

116. **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 S Coles	All Items	SCC, Taunton Charter Trustee & Shadow Taunton Town	Personal	Spoke and Voted
Cllr H Davies	All Items	SCC	Personal	Spoke and Voted
Cllr T Deakin	All Items	SCC, Taunton Charter Trustee & Shadow Taunton Town	Personal	Spoke and Voted
Cllr M Kravis	All Items	SCC & Minehead	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted

No other declarations of interest were received.

117. **Public Participation**

No members of the public had requested to speak on any item on the agenda.

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

The Committee were advised that the outstanding queries relating to the March 2023 meeting had been resolved and reflected in the forward plan.

During the debate, discussion took place around:

- Why the next meeting of the Committee does not take place until March 2023. Officers confirmed that the schedule of meetings for the Audit and Governance Committee fits around the statutory items that they are required to consider and sign off.

The Committee **resolved** that the Audit and Governance Committee Forward Plan be noted.

(proposed by Cllr Simon Coles, seconded by Cllr Janet Lloyd)

119. **Audit and Governance Committee action/recommendation tracker**

Amy Tregellas, Governance Manager and Monitoring Officer updated the Committee on the items relating to Member training and development and the Statutory override for infrastructure assets:

- **Member Training and Development**
Colleagues at Somerset County Council (SCC) have confirmed that Member training for the new Council will cover the specialist areas of Audit, Standards, Planning and Licensing. The training will include detailed training for those members who sit on the committees and any substitutes. Some training will be delivered by external specialists, i.e. for Licensing. Appointments have been sent out to all Members for a series of briefings around the Medium Term Financial Plan (MTFP) and budget setting process in the build up to the final budgets going to Full Council in February 2023.
- **Statutory override for infrastructure assets**
The Statutory Override has been set before Parliament for implementation on 25 December 2022. Officers in the Finance Team are working through the detail with colleagues at Grant Thornton in order to affect an appropriate and early resolution so that the accounts may be signed off. At this stage, it is anticipated that there will be no significant issues that will delay the process and Statement of Accounts from being signed off in early January 2023.

The Committee **resolved** that the Audit & Governance Committee action tracker be noted.

(proposed by Cllr Steven Pugsley, seconded by Cllr Tom Deakin)

120. **SWAP Owners Meeting**

It was confirmed that Councillor Lee Baker would attend the SWAP Owners meeting on Thursday 15th December at 2pm.

121. **External Audit Annual Report 2021/2022**

Jackson Murray from Grant Thornton introduced the report:

- The report relates to the 2021/22 financial year.
- In last year's report there was a key recommendation relating to the risks around commercial investment. This has not been included in the report this year due to the action that has been taken by the Council to mitigate the risk and also due to the fact that Grant Thornton recognises that in just over three months' time Somerset Council will be constituted.
- Some recommendations are more forward looking and relate to Local Government Reorganisation and the transition to the new Unitary Council
- There is similar commentary relating to Local Government Reorganisation reflected in four out of the five authorities covered by Grant Thornton.

During the debate, discussion took place around:

- Whether the external auditor felt there would be any friction with the Council Grant Thornton do not audit, in terms of getting everything completed and signed off by 31 March 2023. The officer confirmed that he did not know how far through the process the other auditor was and couldn't give any further detail.
- The statement on page 60 stating that Grant Thornton were currently not able to issue an audit opinion on the councils financial statements due to national accounting issue on infrastructure assets, and whether that was the same issue discussed when considering the audit tracker. The officer confirmed that it was the same issue.

The Committee **resolved** to approve the recommendations in the report:

2.1 The Committee is recommended to note the Auditor's Annual Report in respect of 2021/22 and the recommendations recorded therein

2.2 The Committee is recommended to note and endorse management's proposed responses and actions in adopting the recommendations made by the Auditor.

(proposed by Cllr Stephen Pugsley, seconded by Cllr Ed Firmin)

122. **External Audit Progress Report and Sector Update**

Jackson Murray from Grant Thornton introduced the report:

- Confirming that this was their usual report on progress and sector update.
- Pages 69 and 70 cover what Grant Thornton regulators are saying about their work on the financial statements. Important that the Committee can be assured that the work of Grant Thornton is being audited
- Page 70 also reflects on the latest Public Sector Auditor Appointments (PSAA) procurement which will come into effect from the 2023/24 financial year
- Page 72 talks about Department of Levelling Up, Homes and Communities (DLUHC) response to some of the recommendations in the Redmond review. The first bullet point talks about making an independent member on the Audit Committee - a recommendation for all Audit Committees. It won't come into effect for this Council, but it is one to be aware of for the new Somerset Council moving forwards. DLUHC will likely legislate for this in the future.

During the debate, discussion took place around:

- Whether the independent member means independent of a political party or an independent outside person. It was confirmed that it would be someone independent from the Council and not political. Officers confirmed that this would be similar to the independent members that previously sat on the Audit, Governance and Standards Committee, but that the person would need to have finance knowledge or expertise.
- Whether the independent person would have to be somebody that had not worked for that authority for 5 years. It was confirmed that this information is likely to be set out in the legislation and guidance to be provided by DLUHC.

The Committee **resolved** to note the Progress Report and Sector Update received from Grant Thornton.

(proposed by Cllr Janet Lloyd; seconded by Cllr Simon Coles)

123. **Internal Audit Progress Report 2022/2023**

Alastair Woodland, Assistant Director from SWAP presented the report:

- Quarterly update on the Internal Audit plan
- Page 84 gives an update of the reviews completed since the last update in September. One limited assurance audit and one follow up audit but also worth noting there are some good levels of assurance in some key areas, e.g. substantial assurance in accounts receivable and also generation programme governance.
- Page 87 The reviews to be delivered in quarters 3 and 4 have been agreed with senior management. This will influence the annual opinion coming to the Committee in March 2023.
- Page 89 Appendix B gives an overview of the audit plan to date, reviews that have been completed and the assurance ratings and recommendations.
- Page 92 table 2 – Local Government Reorganisation (LGR) forms part of the internal audit work this year. Price Waterhouse Coopers (PWC) are the main assurance provider but there are a number of support pieces of work being carried out by SWAP, mainly relating to IT and other key areas. One area is LGR risk management to ensure it is working effectively in LGR, and the other

critical one is Business Continuity Planning (BCP) to make sure services are well prepared for vesting day.

- Page 94 covers the limited assurance opinion for information security policy and awareness following cyber security framework review. Further work was needed on this area, and significant work has been undertaken in this area to improve the issues. 3 main areas - the information security framework has been updated and new policies and procedures have been approved relating to access control, acceptable use, information transfer and patch management. Training and awareness has improved with four dedicated information security training modules being devised. In respect of information governance there is greater clarity on roles and responsibilities of individuals. Management have provided the update and because of these actions, controls in those areas should be improved.
- Page 95 gives details of the Health and Safety follow up report. The committee has had regular updates from officers and progress has been made in that area. The review highlights good progress in this area, reducing the risks to the authority.

During the debate, discussion took place around:

- Whether the wording on page 94 was due to being so close to the new Council coming into place 'since this activity is currently ongoing and hence information security (IS) arrangements are subject to change, it was agreed that it provided little value to the Council to start a new review'. It was confirmed that this was correct and that it is subject to change from 1 April 2023 due to new policies and procedures being created for the new authority.
- How involved SWAP are likely to be with the new Unitary Council? The Officer confirmed that SWAP will be very involved. The Audit Plan for the new Council is being drafted and will go before the Audit Committee at Somerset County Council (SCC) for approval in March 2023. That will identify all the risk themed areas carried forward from this Council. It was confirmed that there will still be great change over the next two or three years and that SWAP will have a role to play including keeping the Audit Committee involved.
- Whether there is an update on the risk management and business continuity work being carried out as part of LGR work. Currently the update report lists no opinion as they are in progress. The officer confirmed that the report on Risk Management had been issued today and that it had been as a result of a request from the programme director at the end of October to carry out the review. The audit work was carried out in November and there is nothing adverse coming out of the review, other than some minor areas for improvement. Business Continuity Plans are being picked up in quarter 4 to ensure that services have plans in place for day 1 – 1 April 2023. Services have been set a deadline of 15th January 2023 to complete those plans.
- Whether the Auditor was confident that the audits listed as in progress or not yet started would be completed during 2022/23, or if there is likely to be slippage. The Officer confirmed that the work programme had been designed to ensure that all audits are completed by the end of February to feed into the annual opinion report which will come to the committee in March 2023. If work is still in train, an assessment will be made on the stage it is at and the value of it continuing post 1 April 2023, and whether to draw a line under it or limit

it's scope. The officer confirmed that a number of the audits have moved forward since the report was written.

- Whether any incomplete audits would hand over to the new Council so that the work can carry on post 1 April 2023. The officer confirmed that it will depend on what it is. Work is ongoing to produce a completely new risk assessment which will feed into the Internal Audit Annual Plan and inform priority areas for review. Outcomes from the work in 2022/23 will feed into that risk assessment. The Plan will be discussed with the Senior Management Team before it goes to the SCC Audit Committee for approval in March 2023.

The Committee **resolved** to note the progress made in delivery of the 2022-23 internal audit plan and significant findings since the previous update in September 2022.

(proposed by Cllr Janet Lloyd; seconded by Cllr Simon Coles)

124. **Summary of Level 1 and 2 Audit Actions Report**

Malcolm Riches, Business Intelligence and Performance Manager presented the report:

- Update on progress around priority 1 & 2 audit actions as at the end October 2022.
- Two audit reports - Health and Safety and Purchasing Cards were all priority 1 and 2 actions have been completed since the last report.
- Seven audit actions have been completed, with the details for those in Appendix 2
- Currently no overdue audit actions that have gone beyond their current target date.
- Five audit actions currently open which have a due date in the future - have added their current status into Appendix 2 and all of them are showing as Green.

During the debate, discussion took place around:

- A request for more information on the priority 1 and 2 audit actions relating to the material supplies audit on page 101. The Officer confirmed that there were five actions identified, three of those have been actioned and closed. The other two are still open and Appendix 2, page 104 gives a current progress report.
- Whether the issue around basic items on the van inventory has had any effect on the ability of work to be undertaken on Housing Revenue Account homes. The officer confirmed that the issue raised by audit was the need to implement an effective system to record and the stock impress van stock. This work is still in progress with a likely completion date before Christmas. Work has been done to list what should be stocked on the vans for specific trades.
- Whether the audit action of completing a physical count of all stock levels would be achieved when it has the date of end April 2023, which is post vesting day for the new Council. The officer confirmed that an interim

stocktake has already been completed ahead of the annual one, to understand what stock is on the shelf and on our system and vice versa.

The Committee **resolved** to note the progress being made with audit actions, and that there are currently no overdue audit actions.

(proposed by Cllr Janet Lloyd; seconded by Cllr Stephen Pugsley)

125. **Treasury Management 2022/2023 Mid Year Review**

Paul Fitzgerald, Assistant Director – Finance presented the report:

- It covers the Council's Treasury Management arrangements and performance for the first six months of the year.
- Primary objectives are to identify and manage risk whilst looking after the Council's money, ensuring delivery of the objectives agreed by Full Council in March 2022.
- Fixed rates are in place for borrowing requirements, through to the new unitary. All borrowing for 2022/23 has been undertaken, and as the rates are fixed, this protects the Council from the rise in interest rates.
- The LGR Finance Workstream are considering alternative financing options based on future investment and borrowing requirements of the new Council following the amalgamation of the districts and county councils.
- The spread of investment types has been maintained and there has been a move towards internal borrowing to reduce exposure to investment losses. Cash has been used to reduce the amount of borrowing needed. That's an effective treasury management approach to reduce the risk.
- Economically, it is a period of high inflation and looming uncertainty and likely recession, and that has impacted our Treasury investments in a couple of different ways. Investments in pooled funds and property have seen valuations reduced, impacting on the investment return particularly due to the drop in capital values. On the flip side, there has been an uplift in cash and liquidity investments. Balance in our investment approach - some things have gone up and some things have gone down. That has managed to protect and spread the risk.
- Within the report there are graphs which give context to our approach. 6.12 on page 111 shows that the base rate has accelerated more quickly than the costs of our borrowing.
- As the committee will look for assurance on performance against the strategy, some prudential indicators set out the ways that we can demonstrate risk is being managed effectively reducing our exposure to our spread of investment and credit risk and meeting our needs to borrow as well.
- Pleased to report we continue to show a consistent compliance with those metrics and measures which should give you as a committee some assurance in terms of performance.

There was no debate or questions relating to this report.

The Committee **resolved** to note the Treasury Management position as at 30th September 2022 and compliance with the Prudential Indicators.

(proposed by Cllr Janet Lloyd; seconded by Cllr Ed Firmin)

126. **Health and Safety Update**

Sean Papworth, Assistant Director – Corporate and Mike Barter, Health and Safety Business Partner presented the report:

- Quarterly health and safety update
- In terms of the performance scorecard (page 140):
 - Year to date - 28 accidents, 26 incidents and 19 near misses. Most common type of accident remains slips, trips and falls. 9 so far this year - 5 members of the public and 4 employees.
 - Incident frequency has dropped off markedly over the last three months. Near miss reporting has increased significantly likely due to the introduction of assure software system which has made reporting easier and significantly increased the engagement of staff.
 - Safety Action Notices have been issued for failed risk assessment or no risk assessment or failure to report incidents - contractors have been the main recipient of these in the last three months.
 - Managers have recently completed a lone worker risk assessment which resulted in 29 staff being identified as high risk.
 - Contractors - some work with managers to ensure they are going through the right process to vet contractors to ensure they are safe to work with us.
 - We've had two RIDDORs since September. One was for a 7 day absence for a back injury and one was for an asbestos release when working on a void property. This was reported to the HSE and a Safety Action Notice was issued.
 - Continuing regular unannounced audits of contractors
 - Continuing to build links with HR around occupational health issues relating to staff.
- Entering the end phase of the Improvement programme following the audits in 2021. The audit actions have all been completed with the exception of the full implementation of the Assure Health and Safety system. Other than the system, a small amount of risk and policy work remains.
- Next module of Assure will be available shortly giving access to dynamic risk assessments that can be completed in the field. It will also give the opportunity to report hazards.
- Third module of Assure will launch after Christmas, which relates to contractor management, giving officers prompts to ensure they have the right documents when contractors are set up.
- Business as usual - driving improvement in the culture and people being more proactive. Starting to see that people are coming to the Health and Safety team frequently with questions ahead of works. Examples of mitigating risks before they become risks which is testament to the culture we being built.

During the debate, discussion took place around:

- The good piece of work identifying members of staff who are high risk lone workers.

- Whether the person that injured their back would require further training. The officer confirmed that the individual and their team are all fully trained and have regular manual handling training. The Health and Safety Team look at statistics in teams and act accordingly if there is a pattern suggesting more manual handling training is needed.
- Whether any accidents, slips or trips have taken place at the Norton Firtzwarren site where work is taking place to create a football pitch and tennis courts beside the playing field. The officer confirmed that none of the accidents reported related to that site and that the engaging manager is being very proactive with managing the risk for that site.
- What sort of roles were the 29 lone workers where lone working is an issue. The officer confirmed that the main roles have been on the lettings and estates teams. Teams that are out there and could face awkward scenarios with customers. They are the main ones. Also, Environmental Health who could be out in the middle of nowhere taking samples.
- Red cards to contractors and whether that means they are off the job, and we have a situation where we are looking for another contractor? The officer confirmed that the red cards stop work until the appropriate measures are in place so they can work safely. It's not a case that they are off the contract but that they stop work.
- How the Council compares to other similar organisations in terms of culture. The officer confirmed that so far, the focus has been internal to improve our culture. The next step would be to measure and obtain data relating to our culture, and then to do a comparison of outside organisations. Important to take what we've done and learnt into the new Council.

The Committee **resolved** to approve the recommendations in the report:

To note and endorse:

- a) The Health and Safety Performance Scorecard data, together with the observations/recommendations/conclusive summary (Appendix A)
- b) The Health and Safety Management System Improvement Programme progress update (detailed in section 4.4)

(proposed by Cllr Janet Lloyd; seconded by Cllr Tom Deakin)

127. **Landlord Compliance Report**

Ian Candlish, Assistant Director Housing Property presented the report:

- The report is in same format as previous reports.
- Generally speaking, lots of positive progress in all areas but still some challenges in terms of resources available in some of the specialist areas.
- Report gives details on some of the issues we have been addressing recently.
- Page 147 - item 4.2.9 electrical dwelling inspections. Overall electrical compliance is 100% except for the Housing Revenue Account (HRA) dwellings. There have been issues with resources with this area but we now have a new contract which has increased the number of electricians available. Also issues with access arrangements and tenants being willing to let us in. We have done some work with housing colleagues on the hard to access

- issues. We have increased the programme end date to get us back to the 100% compliance. Doing weekly monitoring to ensure we meet the target.
- Page 147 item 4.2.10 portable appliance testing (PAT) just to advise that since the report was written compliance is now 100%.
 - Page 151 item 4.3.9 the general fund on emergency lighting, since writing the report compliance is now at 100%.
 - Page 152 item the general fund properties on gas safety – since writing the report that has reached 100% compliance.
 - Page 156 this is an area that is new to the committee and relates to Radon safety. Item 4.8.5 notes that a pilot programme on Radon safety monitoring devices has now been completed as well. The balance of the programme will be undertaken in February 2023.
 - Page 156 item 4.9 is a new item for the committee and relates to street lighting. We previously advised that a survey was being undertaken on our street lighting on our HRA owned land. The survey has now been done and we are waiting for the data for the electrical and structural safety of the columns. Will be able to provide the committee with an update on the outcome of the survey at the next meeting.
 - Page 157 item 4.10 smoke and carbon monoxide alarms. The report gives a brief overview on what the requirements are, and just to advise we are fully compliant on that area with all alarms already installed.

During the debate, discussion took place around:

- Concern about the excuse of not being able to get entry into properties to carry out important safety checks with the report suggesting that over 1,000 properties need to have electrical safety checks completed. The officer confirmed that it is a mix of being behind schedule, due to the shortage of electricians and also the non-access problem.
- The need to ensure that the Unitary Council has enough electricians available to carry out the required works and compliance checks.
- The meetings with housing and tenants regularly discuss accessing properties for safety checks, and the different tenant representatives working to encourage tenants in their area to let the workman in.
- Response repairs are carried out on electrical issues as they get reported. Defects get dealt with that way on a reactive basis.
- The fact that the electrical safety programme got behind during the Coronavirus pandemic as the activity of undertaking an electrical installation test in a dwelling is quite intrusive as you have to go throughout the property, and it takes a few hours compared to gas servicing which is normally in one room and might only take half an hour.
- Hardship issues such as hoarding and complex needs are being identified in some cases where access is problematic. We look to try to be supportive and respond to those as part of an access arrangement.
- There is a national shortage of electricians. We previously used seven contractors but some of the smaller providers weren't able to deliver so we have gone back to two main larger providers, and it continues to be a high priority for us.
- Accessing properties is a general problem for all compliance checks and messaging is included in every edition of the tenant's newsletter

- Whether being fully compliant by the end of the financial year means by the 1 April 2023? Officers confirmed that they are looking to get as close to 100% compliant before the end March 2023.
- Legally whether we have to give the tenants an electrical safety certificate?
- Whether the shortage of electricians has budgetary implications due to having to use a big supplier and they are working to get the job done quickly. The officer confirmed that a provision for ongoing safety checks is included in the HRA Business Plan. The electrical contract is for multiple years so it will pick up the programme. We are going from a 10-year cycle on the frequency of testing to a 5-year cycle, which the Government are likely to introduce through legislation in 2023. Electrical safety checks continue in the same way that other testing such as gas testing does. It will be included in the business plan as a top priority in terms of budget. We have our recent contract which will go forward into future years, but we also have our own in-house electrical team who primarily deal with response repairs, works in voids, etc. we are looking to grow the team but we have vacancies there as the marketplace for electricians is particularly challenging at the moment.
- What compartmentalisation is. Officers confirmed that compartmentalisation relates to fire safety. It is the splitting up a large building into compartments e.g. fire doors in the corridors which would split up the building. 100% completion of fire risk assessments being carried out. Working on completing the recommended remedial actions to demonstrate that compartmentalisation is in place. Currently there are two contracts progressing and completing this work. First is putting in new fire doors and the second is where there are more individual areas that need checking e.g. going into roof space to check no openings there. Blocking gaps up to stop spread of fire.
- Whether compartmentalisation is a statutory requirement. The officer confirmed that it's a standard in the fire safety sector and built into building regulations for new buildings. It is effectively a statutory requirement as it comes out of the fire risk assessment which is a requirement, and remedial actions would have to be undertaken.
- Whether compartmentalisation is also applicable for repairs to any buildings existing buildings. The officer confirmed it would be if a refurbishment was being carried out. If a workman was drilling a hole in a property to insert new pipework, they would have to seal up any gap around the pipe to stop the spread of hot gases and flames.
- Given the fact that there are some areas where further updates are due, whether a further update report is added to the agenda for the March Committee meeting. Members confirmed that an email update would suffice and that this would be included in the tracker for the March meeting.
- Arrangements for the new Council and confirmation from officers that a Building Resident Safety Strategy is going through SCC. This is a combined document covering all of the housing stock (SWT and Sedgemoor). It will clarify our approach, our responsibilities, some key appointments but one thing it will also do is recommend some performance indicators for the new council. Approval before vesting day will ensure that the top six areas of compliance will be headline corporate indicators for the new Council. That ensures the proper governance will be in place and that members have the proper sight and oversight of indicators coming through.

The Committee **resolved** to note the contents of the report and progress being made in relation to landlord property safety compliance.

(proposed by Cllr Janet Lloyd; seconded by Cllr Simon Coles)

(The Meeting ended at 7.35 pm)

Agenda Item 5 – Action/recommendation tracker

Items from the Audit & Governance Committee meetings held on 12 December 2022

Agenda Item	Action/recommendation	Update/Status
Statement of Accounts	The officer to provide the Committee with an update on the position in terms of the statutory override relating to infrastructure assets and the signing off of the Statement of Accounts for 2021/22	The issue around the statutory override relating to infrastructure assets has now been resolved. The Council's Statement of Accounts were signed off on 1 March 2023 with an unqualified opinion.
Landlord Compliance Update	It was agreed that an update on the outstanding areas discussed at the Committee meeting on 12 December 2022 would be circulated to all Committee Members.	The Assistant Director Housing Property has confirmed that he will bring the usual Landlord Compliance Report to the Audit and Governance Committee meeting on 13 March 2023. This has been added to the agenda.

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

External Audit Progress Report and Sector Update

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

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 auditors, Grant Thornton, 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 on the approach to preparing the annual Statement of Accounts.
- 3.2 The update report is set out in the Appendix.

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 Finance / Resource Implications

- 5.1 There are no direct material implications related to this report. However, it sets the scene in advance of the process of the Council closing the final accounts for the year ending 31 March 2023 and in advance of external audit reviews of the Statement of Accounts, Value for Money and Whole of Government Accounts for 2022/23.
- 5.2 This is all set in the context of Local Government Reorganisation whereby the new unitary Somerset Council will commence on 1 April 2023.
- 5.3 It remains clear that the scope and complexity of audit work has increased. As a consequence of both this and of the audit firms struggling to attract and retain suitably qualified audit staff, future audit fees are projected to rise, placing adverse cost variations on the revenue account in 2023/24 onwards.

6 Legal Implications

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

Appendix:

Somerset West and Taunton Audit Progress Report and Sector Update, March 2023

Democratic Path:

- Audit and Governance Committee – 13 March 2023

Reporting Frequency: Ad hoc

Contact Officers

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Somerset West and Taunton Council Audit Progress Report

Year ending 31 March 2022

March 2023
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Progress at March 2023	4

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

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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 authority.

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 March 2023

Financial Statements Audit

2020/21

We issued the certificate to close the 2020/21 audit on 27 February 2023. We had been unable to close the certificate at the time the audit opinion was signed (30 September 2021) due to outstanding guidance in respect of Whole of Government Accounts and until the completion of our Value for Money work. Once this work had been subsequently completed, the national infrastructure asset issue meant that all Local Government audit certificates were held. With the Statutory Instrument issued and our considerations completed, we were then in a position to issue the certificate.

2021/22

We will shortly be issuing our 2021/22 audit opinion, final Auditors Annual Report and audit certificate for 2021/22. Audit findings were reported to the Committee in November 2022 and the Value for Money work was reported in December 2022. The audit opinion will include an Emphasis of Matter paragraph highlighting management's disclosures in respect of Local Government reorganisation in Somerset.

2022/23

We held an initial planning meeting with officers and external audit representatives from all of the Authorities in Somerset in February 2023 to begin to discuss plans for the accounts and audit process for 2022/23. We will continue these conversations throughout the calendar year.

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). Our work is underway and to date we have no significant issues to bring to your attention.

We also certify the Authority's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Department for Levelling Up, Housing and Communities ("DLUHC"). The guidance for the 2021/22 return has recently been published and we are considering this and our approach to completing this work on a national level.



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Report Number: SWT 22/23

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

SWAP Internal Audit – Outturn Report 2022-23 Internal Audit Plan

This matter is the responsibility of Executive Councillor Benet Allen, Portfolio Holder for Communication and Corporate Resources

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 2022-23 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 2022-23 internal audit plan and significant findings since the previous update in December 2022.

3 Risk Assessment

- 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 December 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 2022-23 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 2022-23
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Somerset West and Taunton

Report of Internal Audit Activity

Plan Outturn report 2022-23

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Internal Audit Plan Outturn 2022/23

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 2022.

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 2022-23 Audit Plan was reported to the Audit, Governance and Standards Committee and approved at its meeting in March 2022. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

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 2022/23. 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 December 2022.

Audit Area	Opinion
Records Management	Advisory
Management of Material Supplies	Follow Up
Procurement Card Follow Up	Follow Up
Fixed Term Contract Process Review	Advisory
Test and Trace Grant	Certified
CTax and HB Parameter Testing	Advisory

Please refer to Table 2 in **Appendix B** for LGR complete and on-going work.

Appendix C at the end of this report provides the details on the **Management of Material Supply Chains Follow Up** and **procurement cards follow Up**.



Significant Corporate Risks

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

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.

- Limited or No Assurance Opinions
- Follow-ups



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 are no final reports with significant (High) corporate risks.



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**.

The following table highlights changes to the plan since the previous update in December 2022. Our rolling plans are agreed with the Senior Leadership Team quarterly from the list of unscheduled audit areas that constitutes the rolling Audit Plan. Due to some additional request for work since December 2022, we have had to defer some audits. Deferred areas are included within the risk assessment for the new Somerset Authority.

Revised Audit Plan	Change
Data/Information quality	Removed from plan. Replaced by CTax and HB Parameter Testing. Risk area included in SC Audit Plan 2023-24.
Close down/clearing suspense accounts	Removed from plan. Risk area included in SC Audit Plan 2023-24.
Test and Trace – CIA Sign Off	Added to plan. Requirement from Health England for Internal Audit Sign Off
Ctax and HB Parameter Testing	Added to plan. Confirmation that the new system parameters are set up accurately for 2023-24.
Fraud Awareness Training	Removed from plan. Session for Audit Committee members scheduled May 2023 in new Authority.

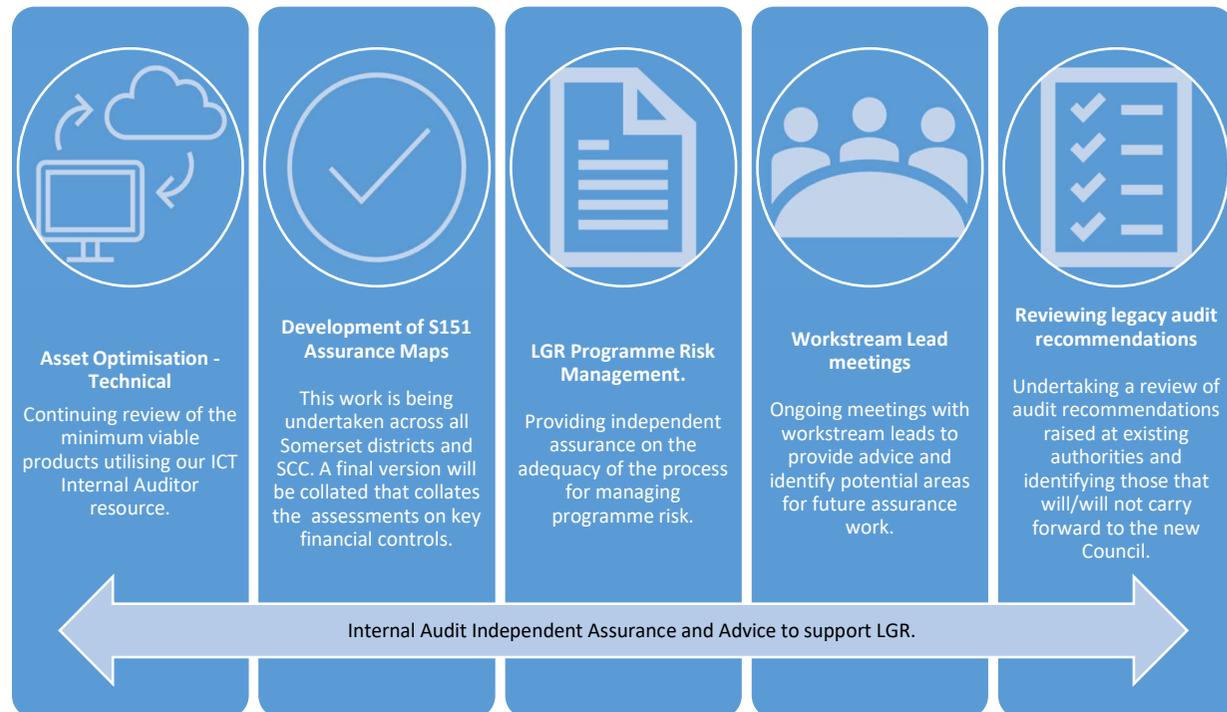


Supporting the formation of the new unitary authority by providing advice and independent assurance on activities being undertaken via the workstreams.



Support for LGR

As part of our planning for 22/23 we have included time to provide Unitary Programme Assurance Work as well as Unitary Workstream support. Most Programme Assurance will be covered by the PWC Quality Reviews. We should be able to take assurance from their work to contribute to the Internal Audit Annual Opinion to avoid any duplication. We will provide a critical friend role to LGR work supporting delivery of outcomes. This is advisory/consultative work with rapid feedback via meetings/e-mail, or brief summary reports. Some of the areas we're focussing on are detailed in the chart below.



Internal Audit Plan Outturn 2022/23

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



SWAP Performance

SWAP performance is subject to regular monitoring review by both the Board and at Member Meetings. The current performance results for the Council are as follows:

Performance Target	MDC Performance
<u>Audit Plan – Percentage Progress</u>	
Final and Draft	100%
In Progress	0%
Not Started	0%
<u>Audit Plan – Delivery</u>	
On course to deliver at least 90% of plan by year end (Annual Opinion)	Yes
Overall client satisfaction <i>did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence</i>	98.7%

*100% of the audit plan for SWT has been delivered prior to the year-end to support the annual opinion. Work is still being undertaken on LGR projects.



Internal Audit Plan Outturn 2022/23

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.

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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.

Internal Audit Plan Outturn 2022/23

Table 1 – SWT Internal Audit Plan

Audit Type	Audit Area	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
					1	2	3	
Complete								
Assurance	Exacom - Section 106/CIL	Complete	Substantial	0	0	0	0	
Assurance	Post payment assurance on COVID-19 grants (ARG & Restart)	Complete	Reasonable	0	0	0	0	
Advisory	Staff Retention	Complete	Advisory	4	-	-	4	
Assurance	Income Collection – Car Parking	Complete	Reasonable	1	-	1	-	Income collection audit split into three different opinions.
Assurance	Income Collection – Deane Helpline	Complete	Reasonable	3	-	1	2	
Assurance	Income Collection - Litter Enforcement Fines	Complete	Substantial	-	-	-	-	
Advisory	Baseline Assessment for Maturity of Fraud Risk	Complete	Advisory	-	-	-	-	
Advisory	Unitary Preparedness – lessons learnt	Complete	Advisory	-	-	-	-	
Assurance	Regeneration Projects - Governance	Complete	Substantial	1	-	1	-	
Follow Up	Health and Safety Follow Up	Complete	Follow Up	4	-	-	4	

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Audit Type	Audit Area	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
					1	2	3	
Assurance - ICT	ICT Security Policy & Awareness Audit	Complete	Limited	3	1	2	-	
Advisory	Procurement Card Transactions - Transactions review	Complete	Advisory	-	-	-	-	
Assurance	Accounts Receivable Function (2nd line)	Complete	Substantial	1	-	-	1	Note: Previously named Debtors
Grant Certification	Covid Outbreak Management Fund (COMF)	Complete	Certified	-	-	-	-	
Grant Certification	New: Test and Trace Grant	Complete	Certified	-	-	-	-	
Grant Certification	New: Homes England Grant Compliance	Complete	Certified	-	-	-	-	
Follow Up	New: Material Supply Chain Follow Up	Complete	Follow Up	1	-	1	-	
Advisory	Records Management	Complete	Advisory	1	-	1	-	
Advisory	NEW: CTax and HB Parameter Testing	Complete	Advisory	-	-	-	-	
Advisory	Fixed Term Contract Process Review	Complete	Advisory	2	-	-	2	
Follow Up	New: Procurement Card Follow Up	Complete	Follow Up	3	1	2		2 P1 and 2 P2 complete.

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Audit Type	Audit Area	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
					1	2	3	
Draft								
Assurance	Creditors – incl. data analytics review	Draft						
Assurance	Homelessness	Draft						
Dropped/Replaced								
Grant Certification	Protect & Vaccinate	Dropped	Sign off requirements changed following initiation.					
Assurance	Income Collection	Replaced	Reported as three separate opinions on income collection for; Car Parking, Litter Enforcement and Deane Helpline.					
Advisory	Fraud Awareness Training	Replaced	Session for Audit Committee members May 2023 in new Authority.					
Assurance	New: Close down/clearing suspense accounts	Replaced	Risk area included in SC Audit Plan 2023-24.					
Assurance	New: Data/Information quality	Replaced	Replaced by CTax and HB Parameter Testing. Risk area included in SC Audit Plan 2023-24.					
Assurance	New: Supply Chain Risk Management	Replaced	Replaced by test and trace. Risk area included in SC Audit Plan 2023-24.					

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Table 2: LGR Support & Assurance Work

Audit Type	Audit Area	Status	Opinion	No of Rec	1 – Major 3 – Minor			Comments
					1	2	3	
Complete								
Advisory	PCIDSS	Complete	Advisory	-	-	-	-	
Advisory	Data Centre	Complete	Advisory	-	-	-	-	
Advisory	IT Minimum Viable Products	Complete	Advisory	-	-	-	-	
Advisory	M365 and Active Directory	Complete	Advisory	-	-	-	-	
Advisory	Cyber Security Strategy Framework	Complete	Advisory	-	-	-	-	
Advisory	Cyber Security Training and Awareness	Complete	Advisory	-	-	-	-	
Advisory	Disaster Recovery and Incident Response	Complete	Advisory	-	-	-	-	
Advisory	S151 Assurance Map	Complete	Advisory	-	-	-	-	
Advisory	LGR Programme Risk Management	Complete	Advisory	-	-	-	-	
Advisory	Local Community Networks (Support)	Complete	Advisory	-	-	-	-	
In progress/Ongoing/Draft								
Assurance	Business Continuity	Draft	Advisory					
Advisory	Risk Management Workstream Support	Ongoing	Advisory	-	-	-	-	
Advisory	Asset Optimisation: Technical Workstream Support	Ongoing	Advisory	-	-	-	-	

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Audit Type	Audit Area	Status	Opinion	No of Rec	1 – Major 3 – Minor			Comments
					1	2	3	
Advisory	Legacy Audit Recommendations & AGS Actions	In progress						
Assurance	Payroll – Data matching/validation	In progress						
Waiting to Start								
Advisory	Service Alignment Strategy and Policy Review	Waiting to Start	Advisory	-	-	-	-	
Advisory	Tech Forge Data Validation	Waiting to Start	Advisory	-	-	-	-	

Please note that PWC are the Quality Assurance provider overseeing the whole LGR programme and provide monthly updates to the Programme Board.

Material Supply Chains Follow Up

Material Supplies Management Follow Up – Draft Report – February 2023



Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2022/23 Limited opinion audit of the Material Supplies Management report have been implemented.

Follow Up Progress Summary				
Priority	Complete	In Progress	Not Started	Summary
Priority 1	1	0	0	1
Priority 2	3	1	0	4
Priority 3	0	0	0	0
Total	4	1	0	5

Follow Up Assessment

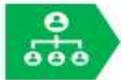
The original audit of Material Supplies Management was completed in May 2022 and received a Limited assurance opinion. The objective of the original audit was to ensure controls for the management of stock, including security and financial measures, were effective and consistent to prevent financial loss and mitigate the risk of fraud.

The follow up audit has found that the majority of actions have now been completed. Key findings from the audit follow up have been summarised below.

Key Findings



Full stock checks have been carried out on the stores and the majority of trade vehicles, with the remaining trade vehicle checks being due in the coming weeks.



Managers and other staff are now in place to ensure a separation of duties and provide an appropriate level of technical knowledge.



All purchasing cardholders have been advised that card details must not be shared under any circumstances. Major contractors have also been informed that goods should not be provided without a purchase order number having been provided.

Further Information

Testing has been performed in relation to all priority 1 and 2 actions and supporting evidence obtained to support implementation of actions.

It is noted that considerable progress has been made in respect of Material Supplies Management arrangements. A new materials management/supply chain framework is due to be implemented by the end of March 2023, which will further enhance processes.

The introduction of written procedure notes/policies for the programme of stores and trade vehicle stock checks and the issuing of materials out of hours would provide clarity going forward, however it is acknowledged that this may not be introduced due to LGR.

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Procurement Card Follow Up

Purchasing Cards Follow Up – Draft Report – February 2023

Somerset West and Taunton



Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2021/22 Limited opinion audit of the Purchasing Cards report have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	2	1	0	3
Priority 2	2	2	0	4
Priority 3	0	0	0	0
Total	4	3	0	7

Follow Up Assessment

The original audit of Purchasing Cards was completed in April 2022 and received a Limited assurance opinion. The objective of the original audit was to provide assurance that purchasing cards are issued according to need and card usage is appropriate and in accordance with council policy.

The follow up audit has found that two of the three P1 actions have been completed as have two of the P2 actions. One P1 action remains in progress, with a new implementation date of financial year-end. The remaining two P2 actions remain in progress, although these will no longer be relevant in light of the upcoming Unitary Council. Further information is provided in the Appendix 1.

Key Findings



Two P2 actions and one P1 action remain in progress. One relates to the Procurement Card Policy, whilst this has been reviewed and updated it will not form part of a re-launch (to include training) as internal delays mean this will not now happen before Unitary. Similarly, new and updated cardholder agreements will now not be disseminated to cardholders as part of the card scheme re-launch. The last P2 action in progress relates to the completion of transaction logs and provision of supporting documentation. Whilst the importance of completing these promptly was reiterated there are still some accounts with transaction logs missing for over four months. A P1 action remains in progress as delays in completion of transaction remains but a new interim process is being introduced in February 2023 to address this (see below).



Two P2 action has been completed. Whilst card limits were due to be completely reviewed in line with the relaunch of the card scheme, an interim review was completed where increased card limits introduced during Covid measures were reduced where appropriate and where they exceeded business need. As above, one P2 action has been completed with the introduction of a new interim process for the completion of transaction logs in February 2023.



Two P1 actions have been completed. Whilst some actions remain in progress it is positive that higher priority actions were mainly implemented soon after the original audit. This includes updating the Procurement Card Policy to include the prohibition of card sharing and reminders to card holders about their responsibility for transactions made on their account. Card holders were also reminded of the importance of ensuring transaction logs were completed promptly with complete supporting documentation (invoice/VAT receipt) where appropriate. A 'transactions review' was undertaken by SWAP in May 2022 following the original audit to further investigate transactions identified as potentially inappropriate or highlighted as non-compliant with the Procurement Card Policy.

Follow Up Scope and LGR (Local Government Reorganisation)

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. Verbal assurance has been given for the majority of actions. Reference Appendix A for details of all actions. Details of any further follow up required. A number of agreed actions all included reference to an updated policy/procedure that whilst drafted was not rolled out to all staff means that planned improvements to the control framework have not been implemented. One of the LGR workstreams is considering the amalgamation of all councils into one single Purchasing Card scheme. This is expected to redefine the recording of transactions for feeding into the new FMS (Financial Management System).



SWAP INTERNAL AUDIT SERVICES Helping Organisations to Succeed

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.

Report Number: SWT 23/23

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

SWAP Internal Audit – Annual Opinion Report 2022/23

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

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 and Governance Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2022-23 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

- 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 2022-23 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 2022/23 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 (delete if not applicable)

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 2022/23

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Internal Audit Annual Opinion – 2022/23: ‘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



0 Significant Risk identified in year after testing the controls in place.
No significant corporate risks identified during the delivery of the 22/23 internal audit plan.



23 reviews delivered as part of the 2022/23 Internal Audit Plan.
Includes assurance, advisory and follow up reviews (21 final, 2 draft).



Chief Internal Auditor Sign off on Grants.
Two reviews undertaken to provide Chief Internal Auditor sign off on grant monies received by the Council. Work undertaken in these areas can still be used to inform out annual opinion.



LGR Advice and Assurance work being undertaken.
17 projects are being undertaken to support the Somerset Councils in delivering Local Government Reorganisation (LGR). 10 are complete, 5 in progress/ongoing/Draft and 2 are waiting to start.

In particular reviews covering; Business Continuity, Risk Management and ICT coverage, provide us with oversight on the internal controls being set up both within the existing authorities and for the new authority.

Internal Audit	21/22	22/23*
Substantial	3	4
Reasonable	8	3
Limited	4	1
No Assurance	0	0
Advisory / Grant	6	10
Follow Up	2	3
LGR	-	17
Agreed Actions	21/22	22/23*
Priority 1	4	1
Priority 2	30	5
Priority 3	46	9
Total	80	15

*Final Reports Only

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.

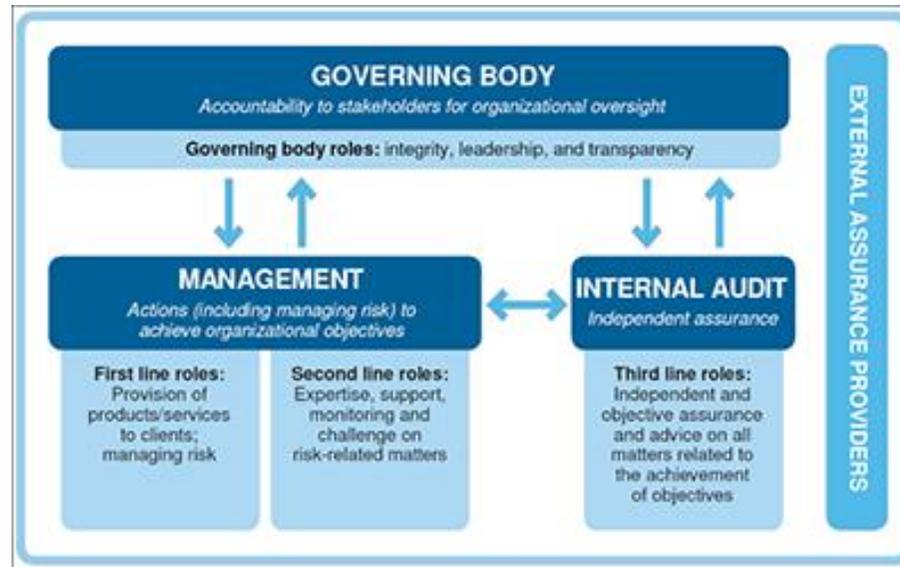


Background

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 2022/23 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 2022/23

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 2022/23 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.

Internal Audit has not reviewed all risks and assurances relating to Mendip District Council and cannot provide absolute assurance on the internal control environment. Senior Management and Members are ultimately responsible for ensuring an effective system of internal control. Audit Coverage is considered adequate to provide an overall opinion.

The Annual Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. Opinions are a balanced reflection across the year and not a snapshot in time. In forming this opinion, the following sources of information have been used:

- Completed audits which evaluate risk exposures relating to the organisation's governance, operations and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Grant certification work.
- Advisory and assurance work covering the key work streams within Local Government Reorganisation (LGR).
- Assurances from other key sources and providers, including third parties, regulator reports etc. such as the PWC monthly quality assurance reports for LGR.

In forming our annual opinion for 2022-23, the work throughout this year has been split between providing assurance on business as usual (BAU) areas as well as support and assurance over various products being delivered as part of LGR. See **Appendix A – Table 2** for a summary of LGR work.

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



Annual Opinion Continued

The types of work undertaken at the districts, coupled with the imminent changes for LGR have resulted in a reduction in formal actions being raised through reviews as actions/advice are provided during the course of our work based on risk and priorities to the 31 March when systems/processes will be subject to major change, such as the roll out of a new finance system for the new authority.

In terms of breadth of coverage, audit work has been performed across the Council's key services and in relation to its strategic risks where possible. A summary of audit work carried out against the Council's risks are summarised in table 1 below. 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 2022/23

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 Coverage	Partial Coverage	No Coverage
------------------	---------------------	------------------	-------------

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

Coverage of the risks above has been supported by both delivery of SWT plan as well as LGR projects and wider climate change audits.

Summary of Audit Work 2022/23

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
<i>No audits completed in period have received a High Corporate Risk Assessment.</i>

Summary of Limited Assurance Audits

Audit Name	Risk Rating	Priority Findings		
		1	2	3
ICT Security Policy & Awareness Audit	Medium	1	2	-

Note above audit has been reported to the Audit and Governance Committee.

Summary of Audit Work 2022/23

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.

SWAP Performance - Summary of Audit Actions by Priority

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.



Summary of Audit Opinion (final report only)

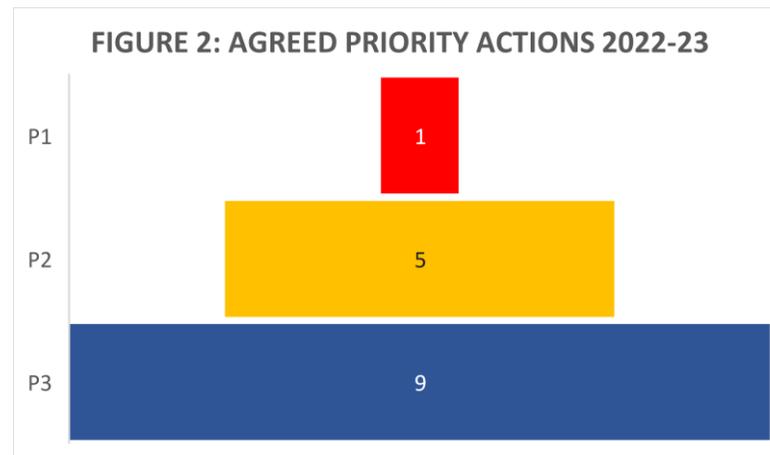
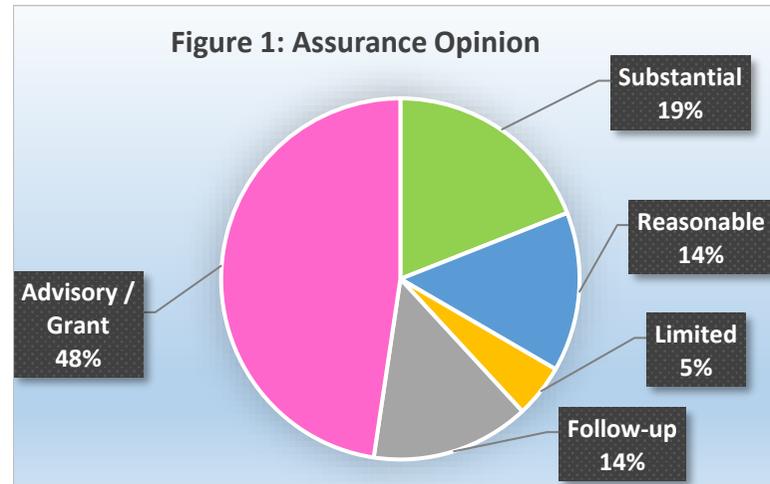


Figure 1 above indicates the spread of assurance opinions across our work during the past year (2022-23). We recognise the openness from Senior Management to identify areas for review where they have some concerns that have resulted in some Limited Assurance reviews.

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. All outstanding recommendations will be tracked through in the new Somerset Authority.

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 2022/23 year are as follows:

Performance Target	Performance
Overall client satisfaction <i>did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence</i>	98.7%
Value to the organisation <i>client view of whether our audit work met or exceeded expectations, in terms of value to their area</i>	96.7%

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 2022/23

Table 1 – SWT Internal Audit Plan

Audit Type	Audit Area	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
					1	2	3	
Complete								
Assurance	Exacom - Section 106/CIL	Complete	Substantial	0	0	0	0	
Assurance	Post payment assurance on COVID-19 grants (ARG & Restart)	Complete	Reasonable	0	0	0	0	
Advisory	Staff Retention	Complete	Advisory	4	-	-	4	
Assurance	Income Collection – Car Parking	Complete	Reasonable	1	-	1	-	Income collection audit split into three different opinions.
Assurance	Income Collection – Deane Helpline	Complete	Reasonable	3	-	1	2	
Assurance	Income Collection - Litter Enforcement Fines	Complete	Substantial	-	-	-	-	
Advisory	Baseline Assessment for Maturity of Fraud Risk	Complete	Advisory	-	-	-	-	
Advisory	Unitary Preparedness – lessons learnt	Complete	Advisory	-	-	-	-	
Assurance	Regeneration Projects - Governance	Complete	Substantial	1	-	1	-	
Follow Up	Health and Safety Follow Up	Complete	Follow Up	4	-	-	4	

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Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
					1	2	3	
Assurance - ICT	ICT Security Policy & Awareness Audit	Complete	Limited	3	1	2	-	
Advisory	Procurement Card Transactions - Transactions review	Complete	Advisory	-	-	-	-	
Assurance	Accounts Receivable Function (2nd line)	Complete	Substantial	1	-	-	1	Note: Previously named Debtors
Grant Certification	Covid Outbreak Management Fund (COMF)	Complete	Certified	-	-	-	-	
Grant Certification	New: Test and Trace Grant	Complete	Certified	-	-	-	-	
Grant Certification	New: Homes England Grant Compliance	Complete	Certified	-	-	-	-	
Follow Up	New: Material Supply Chain Follow Up	Complete	Follow Up	1	-	1	-	
Advisory	Records Management	Complete	Advisory	1	-	1	-	
Advisory	NEW: CTax and HB Parameter Testing	Complete	Advisory	-	-	-	-	
Advisory	Fixed Term Contract Process Review	Complete	Advisory	2	-	-	2	
Follow Up	New: Procurement Card Follow Up	Complete	Follow Up	3	1	2		2 P1 and 2 P2 complete.

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Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
					1	2	3	
Draft								
Assurance	Creditors – incl. data analytics review	Draft						
Assurance	Homelessness	Draft						
Dropped/Replaced								
Grant Certification	Protect & Vaccinate	Dropped	Sign off requirements changed following initiation.					
Assurance	Income Collection	Replaced	Reported as three separate opinions on income collection for; Car Parking, Litter Enforcement and Deane Helpline.					
Advisory	Fraud Awareness Training	Replaced	Session for Audit Committee members May 2023 in new Authority.					
Assurance	New: Close down/clearing suspense accounts	Replaced	Risk area included in SC Audit Plan 2023-24.					
Assurance	New: Data/Information quality	Replaced	Replaced by CTax and HB Parameter Testing. Risk area included in SC Audit Plan 2023-24.					
Assurance	New: Supply Chain Risk Management	Replaced	Replaced by test and trace. Risk area included in SC Audit Plan 2023-24.					

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Summary of Internal Audit Work 2021/22

Table 2: LGR Support & Assurance Work

Audit Type	Audit Area	Status	Opinion	No of Rec	1 – Major 3 – Minor			Comments
					1	2	3	
Complete								
Advisory	PCIDSS	Complete	Advisory	-	-	-	-	
Advisory	Data Centre	Complete	Advisory	-	-	-	-	
Advisory	IT Minimum Viable Products	Complete	Advisory	-	-	-	-	
Advisory	M365 and Active Directory	Complete	Advisory	-	-	-	-	
Advisory	Cyber Security Strategy Framework	Complete	Advisory	-	-	-	-	
Advisory	Cyber Security Training and Awareness	Complete	Advisory	-	-	-	-	
Advisory	Disaster Recovery and Incident Response	Complete	Advisory	-	-	-	-	
Advisory	S151 Assurance Map	Complete	Advisory	-	-	-	-	
Advisory	LGR Programme Risk Management	Complete	Advisory	-	-	-	-	
Advisory	Local Community Networks (Support)	Complete	Advisory	-	-	-	-	
In progress/Ongoing/Draft								
Assurance	Business Continuity	Draft	Advisory					
Advisory	Risk Management Workstream Support	Ongoing	Advisory	-	-	-	-	
Advisory	Asset Optimisation: Technical Workstream Support	Ongoing	Advisory	-	-	-	-	

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Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Status	Opinion	No of Rec	1 – Major 3 – Minor			Comments
					1	2	3	
Advisory	Legacy Audit Recommendations & AGS Actions	In progress						
Assurance	Payroll – Data matching/validation	In progress						
Waiting to Start								
Advisory	Service Alignment Strategy and Policy Review	Waiting to Start	Advisory	-	-	-	-	
Advisory	Tech Forge Data Validation	Waiting to Start	Advisory	-	-	-	-	

Please note that PWC are the Quality Assurance provider overseeing the whole LGR programme and provide monthly updates to the Programme Board.

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

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 January 2023**. As this is the last report for Somerset West and Taunton, this paper includes details on the transfer of open audit actions to Somerset Council. At 31st January there are 4 actions open, and 3 of these are on schedule to be complete before the end of March. The 1 remaining open action is already being addressed through the relevant LGR workstream.

2 Recommendation

- 2.1 The Committee notes the progress being made with audit actions, and that there are currently no overdue audit actions.

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. 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 31st January 2023:

- 2 audit reports (GDPR and SWT Regeneration Projects) with all Priority 1 and 2 actions completed since the last report (see Appendix 1).
- 3 audit actions completed since the last report (see Appendix 2).
- There are currently no overdue audit actions that are beyond their current target date.
- 4 audit actions currently open whose due date is after 31st January. These actions are listed along with a RAG status of progress being made in Appendix 2. 3 of these actions are on schedule to be completed before 31st March 2023, and the 1 remaining action (Records Management) is being incorporated as part of the LGR Information Governance Workstream.

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 March 2023**
- **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 as at 31 st January 2023

Contact Officers

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Summary/Status of Audit Reports

Report	Status	Date	Judgement	Priority 1 and 2 identified	Position at 31st January 2023	
					Priority 1 and 2 actions still open	Overdue (at 31/1/23)
Housing Rents	Final	Apr 2022	Reasonable	2	1	0
Material Supplies Management	Final	May 2022	Limited	5	1	0
Income Collection (Deane Helpline)	Final	Nov 2022	Substantial	1	1	0
SWT Records Management	Final	Feb 2023	Advisory	1	1	0
				9	4	0

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
GDPR	Final	Jan 2022	Reasonable	2	Yes
SWT Regeneration Projects	Final	Sep 2022	Substantial	1	Yes

Appendix 2 – Update on Priority 1 and 2 Audit Recommendations at 31st January 2023

Audit Report	Recommendation/Agreed Action	Priority Scoring	Responsible Officer	Target Date	Progress	RAG Status
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	<p>Site updates:</p> <p>Undercroft - discussing quicker process for on-boarding boxes followed by contents into SCC system. Meeting 30th November.</p> <p>West Somerset House & Roughmoor - to be completed after Undercroft.</p> <p>Wellington Depot - SCC site visit completed and site mapped out and suitability audit complete. Complete Undercroft before starting this site.</p> <p>Flook House - records are still active, no requirement to add to the Archive Records system. Work to be done to reorganise and stabilise the store.</p> <p>Original audit action complete.</p>	COMPLETED
Page 2 Material Supplies Management	Management should ensure a physical count of all stock levels is performed on an annual basis to ensure that records are bought up to date.	1	Assistant Director- Housing Property	30/4/23	A full stock check has been carried out where a number of discrepancies were noted between the stock levels that were expected since the last review and the actual levels found. As a result of this, a report was produced which summarised the discrepancies. The report was approved by the Director of Housing and Communities and was shared with the S151 Officer and the Management Accounting and Reporting Lead. A Stock Taking Implementation Plan has been implemented which set out a programme of checks that are to be undertaken in addition to the annual stock check. A process has been put in place for issuing materials for out of hours works.	COMPLETED
SWT Regeneration Projects Governance	To introduce a risk register for the regeneration programme and ensure all new and ongoing projects have a risk register in place managed by the Council. To ensure a requirement to produce and maintain a risk register is included in the PMO How To documentation.	2	Programme Manager - Regeneration	31/3/23	Risk Register in place. All project and programme key risks managed in one place. A link or the register itself can be provided if required.	COMPLETED

There are a further 4 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	RAG Status
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)	28/02/23	In Progress
Material Supplies Management	Management should introduce a process for vans to be stocked with basic supplies, which are recorded on a van inventory and that it is maintained by operatives, with any surplus stock recorded.	2	Assistant Director – Housing Property	31/03/2023	In Progress
Income Collection - Deane Telephone	Contracts to be drawn up for all corporate customers.	2	Customer Service Lead	31/03/2023	In Progress
SWT Records Management	Actions in these areas are scheduled to be included as part of the LGR Information Governance Workstream.	2	Records Manager (Somerset Council)	31/12/2023	In Progress

Report Number: SWT 25/23

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

Fraud Outturn Report 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 the outturn position in respect of the actions set out in the SWAP Baseline Assessment of Maturity in relation to Fraud report.

2 Recommendations

2.1 The Committee note the outturn position report.

3 Risk Assessment

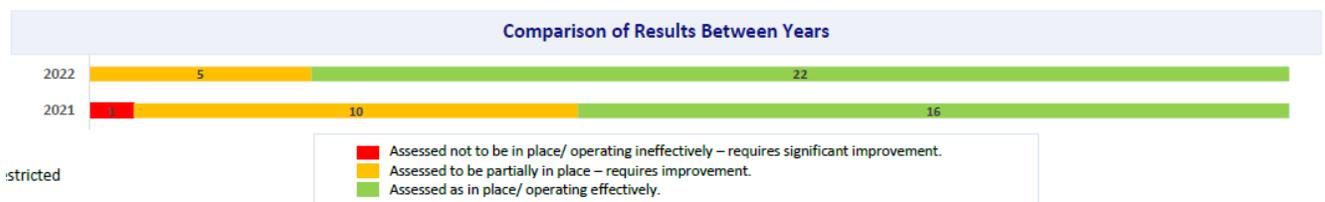
3.1 Failure to have a robust Anti-Fraud framework in place to reduce the risk of fraud and corruption could result in the Council suffering financial loss, impacting on the services delivered by the Council and ultimately its reputation.

4 Background and Full details of the Report

4.1 SWAP Internal Audit completed their baseline assessment of maturity in relation to fraud in March 2021, and this was presented to the Audit and Governance Committee on 13 September 2021 (Appendix A).

4.2 A follow up review was completed in August 2022 (Appendix B) and presented to the Audit and Governance Committee on 12 September 2022.

4.3 The follow up report demonstrated that progress had been made in completing the actions recommended by SWAP.



4.4 The purpose of this report is to provide a final update on the progress that has been made in completing the actions recommended by SWAP.

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 March 2021 assessment report was presented the Audit & Governance Committee in September 2021. The follow up assessment report was presented in March 2022.</p> <p>Monitoring of actions assigned to the Governance Manager and Monitoring Officer.</p>
Present to the Audit & Governance Committee an annual fraud plan for agreement	Now	<p>Completed – the SWT annual fraud plan for 2022/23 was approved by the Audit & Governance Committee on 13 June 2022.</p>
The Terms of Reference of the Audit and Governance Committee need to be expanded to include a requirement to approve and monitor the Council's counter fraud plan	Now	<p>Completed – The Terms of Reference were updated to reflect responsibility for fraud reporting. They were considered by the Audit and Governance Committee on 12 September 2022 and approved by Full Council on 29 September 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 last approved by the Executive on 27 April 2021.</p> <p>Normally the Policy/Strategy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.</p>
Present to the Audit & Governance Committee reviewed whistleblowing policy	Now	<p>Completed - The Whistleblowing Policy was last approved by the Executive on 27 April 2021.</p> <p>Normally the Policy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.</p>

Action	Priority	Update
Present to the Audit & Governance Committee reviewed Anti-Bribery Policy	Now	<p>Completed - The Anti-Bribery Policy was last approved by the Executive on 27 April 2021.</p> <p>Normally the Policy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.</p>
Present to the Audit & Governance Committee reviewed Anti-Money Laundering Policy	Now	<p>Completed - The Anti-Money Laundering Policy was last approved by the Executive on 27 April 2021.</p> <p>Normally the Policy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.</p>
Complete risk assessment process with SWAP and assign responsibility for ongoing management of the process	Immediate Future	<p>Superseded by Local Government Reorganisation - SWAP is working with colleagues in the Finance workstream on the risk assessment.</p>
<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	<p>Completed – the approved policies have been published on the website</p>
Ensure contractors sign up to the Council's Whistleblowing Policy	Immediate future	<p>Superseded by Local Government Reorganisation - This has been picked up as part of the Procurement workstream for Local Government Reorganisation (LGR)</p>

Action	Priority	Update
Agree and implement a training plan for staff and Members in relation to fraud and ethics	Shorter-Term	Completed - Staff had to complete the e-learning modules of Fraud Prevention, Anti-Fraud Policy and Whistleblowing by 31 August 2022. A Member briefing session on ethical awareness took place on 11 January 2023. The subject of fraud and corruption is a featured article in edition 3 of the Members Ethical Newsletter, published end February 2023.
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 includes 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	Superseded by Local Government Reorganisation - 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	Completed – The LGR Governance workstream drafted a new Somerset wide Code of Conduct. This was adopted by SWT Full Council in September 2022. Both the Member and Officer Codes of Conduct for Somerset Council were approved at the SCC Full Council meeting on 22 February 2023.
Ensure relevant strategies and policies are subject to ongoing scrutiny and review by trained counter-fraud resource	Longer-Term	Superseded by Local Government Reorganisation This action is to be fed into the transition work for the Unitary Council

4.5 The Council has completed all actions other than those which have been superseded by Local Government Reorganisation. Those remaining actions are being picked up by SWAP with the LGR Finance Workstream.

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 Baseline Assessment of Maturity in relation to Fraud March 2021
Appendix B	SWAP Baseline Assessment of Maturity in relation to Fraud August 2022 – follow up

Contact Officers

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Baseline Assessment of Six Themed Areas



- Resource and Communication
- Fraud Risk Management
- Policy Related
- Committee Related
- Culture and Awareness
- Reporting, Investigating and Monitoring

Scope and Ambition

This baseline assessment is a corporate view of fraud maturity within the organisation. We recommend a revisit of the assessment in twelve months' time, with a view to an expected increase in the level of maturity. It is vital that management ensure the key findings from this work are considered and that they work with SWAP to reduce risk of fraud and to protect the public purse.

SWAP intends to share the results of this assessment across its wider partnership, to give opportunity for Councils to compare outcomes and where possible, share good practice. This exercise will anonymise the information from each Council.

Assessments per Area Reviewed

Resource and Communication



Fraud Risk Management



Policy Related



Committee Related



Culture and Awareness



Reporting, Investigating and Monitoring



- Assessed not to be in place/ operating ineffectively – requires significant improvement.
- Assessed to be partially in place – requires improvement.
- Assessed as in place/ operating effectively.

Appendix 2

Action Plan

ROADMAP OF ACTIONS

Now as a priority

- Present this report to key stakeholders and assign responsibility for management of actions.

Ensure the following is presented to the Audit, Governance and Standards Committee for review and approval:

1. An annual report which assesses the effectiveness of fraud prevention and detection.
2. Agreement of an annual fraud plan for 2021-22.
3. Reviewed Anti-Fraud and Corruption Policy and Strategy.
4. Reviewed Whistleblowing Policy
5. Reviewed Anti-Bribery Policy
6. Reviewed Anti-Money Laundering Policy

Immediate Future

- Complete risk assessment process with SWAP and assign responsibility for ongoing management of the process.
- Publish the following and make available to key stakeholders:
 1. The approved Anti-Fraud and Corruption Policy and Strategy.
 2. The approved Whistleblowing Policy
 3. The approved Anti-Bribery Policy
 4. The approved Anti-Money Laundering Policy.
- Ensure contractors sign up to the Council's Whistleblowing Policy.

Shorter-term

- Agree and implement a training plan for staff and Members in relation to fraud and ethics.
- Ensure fraud and corruption risk is included and referenced in the Risk and Opportunity Management Strategy and the strategic risk register.

Medium-term

- Consider fraud risk in the Directorate Risk Registers.
- Update staff and Member code of conduct documents to include direct fraud reference.

Longer-term

- Ensure relevant strategies and policies are subject to ongoing scrutiny and review by trained counter-fraud resource.



Improved
Baseline
Maturity
Assessment

Appendix 1: The Twenty-Seven Assessment Requirements

Resource and Communication

- The organisation has internal audit and external audit planning aligned to fraud risks. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- The organisation has access to a trained counter fraud resource.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- There is a programme of counter fraud work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts. There is an annual fraud plan which is agreed by Audit Committee and reflects resources mapped to risks and arrangements for reporting outcomes.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

Culture and Awareness

- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The organisation educates and trains employees regarding the importance of ethics and anti-fraud programs and senior management exhibit and encourage ethical behaviour.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the relevant checks.
- The organisation routinely publicises successful cases of proven fraud and corruption to raise awareness, and this is endorsed by the communications/ media team.
- Relevant staff and members are up to date with latest anti-fraud practice and trends in fraud.

Reporting, Investigating and Monitoring

- Fraud incidents are promptly and thoroughly investigated by a designated and qualified resource, with unfettered access to premises and documents for the purposes of counter fraud investigation.
- All allegations of fraud and corruption are risk assessed.
- Prevention measures and projects are undertaken using data analytics where possible and sharing of data across internal departments and between other enforcement agencies.
- The organisation provides an anonymous way to report suspected violations of the ethics and anti-fraud programmes.
- Statistics are kept and reported which cover all areas of activity and outcomes. The number of investigations and outcomes are recorded.
- There is a fraud and corruption response plan which covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.

Fraud Risk Management

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members. Horizon scanning is completed to look for future fraud and corruption risks.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.

Committee Related

- The Audit Committees and Portfolio Lead roles in relation to fraud management are agreed and understood, including:
 - awareness and support counter fraud activity (including proactive and reactive) and receive training to support them
 - receiving of regular reports on the work of those leading on fraud
 - supporting counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.

Policy Related

- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery, and corruption
 - register of interests
 - register of gifts and hospitality.Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality, and business. This is checked independently.
- There are employee and member Code of Conducts in place, which include reference to fraud.
- The organisation has an appropriate and approved Anti-Fraud and Corruption Policy available to stakeholders.
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance. Is there a zero-tolerance approach to fraud?
- The organisation has an appropriate and approved money laundering policy available to stakeholders.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Counter fraud staff are consulted to fraudproof new policies, strategies, and initiatives across departments and this is reported upon to committee.

Baseline Assessment of Six Themed Areas



- Resource and Communication
- Fraud Risk Management
- Policy Related
- Committee Related
- Culture and Awareness
- Reporting, Investigating and Monitoring

Scope and Ambition

This baseline assessment is a corporate view of fraud maturity within the organisation. This exercise is a revisit of the assessment performed in 2021 and shows any progress with regards to counter fraud work and any increase in the level of maturity at the authority.

Management should ensure the key findings from this work are considered to reduce risk of fraud and to protect the public purse.

SWAP's Counter Fraud Team is committed to helping Partners and Clients to reduce the risk of fraud and to protect the public purse.

Key Findings

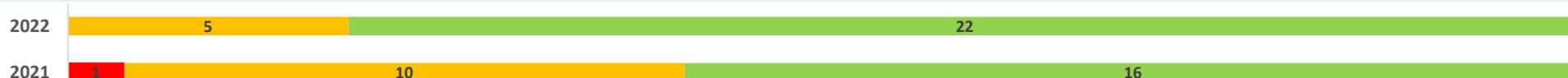
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	The Terms of Reference for Audit, Governance and Standards Committee has not been expanded to include a requirement to monitor the council's counter fraud plan, performance of the contractor and regularity of reporting. This will be taken to Committee in September 2022.
	There has been no update to the contract template for third parties and contractors which advises them of the Council's Whistleblowing Policy, however the Council are aware of this recommendation, and it will be picked up as part of the Local Government Reorganisation workstream.
	Actions from the 2021 review have been implemented and this has led to visible progress in the comparison between years.
	An Anti-Fraud and Corruption Strategy and an Anti-Money Laundering Policy have been created and are available on the Somerset West and Taunton website.
	The Risk and Opportunity Management Strategy has been updated to reflect the risks of fraud and corruption and the Corporate Risk Register has been updated accordingly.

Assessments per Area Reviewed

Resource and Communication 	Fraud Risk Management
Policy Related 	Committee Related
Culture and Awareness 	Reporting, Investigating and Monitoring

Comparison of Results Between Years



- Assessed not to be in place/ operating ineffectively – requires significant improvement.
- Assessed to be partially in place – requires improvement.
- Assessed as in place/ operating effectively.

Report Number: SWT 26/23

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

Annual Governance Statement 2022/23

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 2022/23.

2 Recommendation

2.1 That the Committee approves the draft Annual Governance Statement for 2022/23 (Appendix A) and notes the outturn position for the 2021/22 Action Plan (Appendix B).

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 Details of the Council's Governance Framework is included at the end of the Annual Governance Statement (Appendix A).

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

Reporting Frequency: Annually

List of Appendices

Appendix A	Annual Governance Statement
Appendix B	Outturn update for 2021/2022 Action Plan

Contact Officers

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1.0 Introduction

- 1.1 This is the fourth and final Annual Governance Statement for Somerset West and Taunton (SWT) Council with Local Government Restructuring in Somerset leading to the dissolution of the Council on 1 April 2023 with its functions and services transferring to and being delivered by a new unitary Somerset Council from that date onwards.
- 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 2023, 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.
- 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.

1.9 The Statement has been completed prior to the 31 March 2023, so that it can be reviewed and signed off by the Council's Audit and Governance Committee before the dissolution of the Council on 1 April 2023. Any exceptional events or changes to the Statement after this date will be reported to Somerset Council when it considers the SWT Statement of Accounts 2022/23.

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, efficiency 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 2023 and will be reviewed up to the date of the approval of the 2022/23 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, 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:

Our four strategic themes are:

Our expected outcomes are:



- 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 The Council's Annual Plan for 2022/23 was presented through a video, setting out what the Council aims to deliver by 31 March 2023. The key priorities for the Council in its final year are projects focusing on climate change, regeneration and economic development, delivery of homes and delivery of Taunton Town Council.
- 3.2.4 A video was also produced to highlight achievements from the 2021/22 annual plan. Both videos are publicly available on the Council website.
- 3.2.5 The Corporate Performance Report Quarter 4 and Outturn position for 2021/22 went to the Corporate Scrutiny Committee on 6 July 2022 and then to the Executive on 21 July 2022. Quarterly Performance Reports have gone to both the Corporate Scrutiny Committee and Executive during 2022/23. The Quarter 3 Corporate Performance Report is scheduled to go to the Corporate Scrutiny Committee on 1 March 2023 and Executive on 15 March 2023.
- 3.2.6 There is a Directorate Plan in place for each Directorate and which links to the Corporate Strategy 2020-2024 and Annual Plan 2022/23. The Directorate Plans are regularly reviewed to ensure that they are living documents and pick up and new and emerging priorities. In the 2022/23 financial year the Plans have focused on the preparation for Somerset Unitary Council as well as delivering the Annual Plan and business as usual.
- 3.2.7 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 In 2022/23 the Corporate Performance Board meetings were incorporated into Senior Management Team meetings monthly where performance indicators and budget monitoring reports are considered. The corporate risk register and project management overview also go to the Senior Management Team meetings monthly.
- 3.3.4 Each directorate also has its own Performance Board, and this

reviews 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 monthly.

- 3.3.5 Quarterly Performance Reports went before Members in 2022/23. These were taken to the Corporate Scrutiny Committee (Q1 on 07/09/22, Q2 on 07/12/22 and Q3 to go on 01/03/23) and Executive (Q1 on 21/09/22, Q2 on 21/12/22 and Q3 to go on 15/03/23).
- 3.3.6 ***The Internal Auditor 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 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 and regulatory compliance challenges.
- 3.4.5 In 2022/23, 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

3.3.5). 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.

3.5 Financial Management

- 3.5.1 The Assistant Director - Finance (S151 Officer) 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. More recently, increased financial pressures and operational requirements have arisen through the cost of living crisis and steep rise in energy costs. 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 2022/23 went to the Audit and Governance Committee on 14 March 2022 and Executive on 16 March 2022, before being approved by Full Council on 29 March 2022.
- 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 monthly to SMT and quarterly to the Leadership Forum and have been taken to Committees on a quarterly basis during 2022/23, setting out explanations for any variances and significant financial risks. These were taken to the Corporate Scrutiny Committee (Q1 on 07/09/22, Q2 on 07/12/22 and Q3 to go on 01/03/23) and Executive (Q1 on 21/09/22, Q2 on 21/12/22

and Q3 to go on 15/03/23). HRA budget monitoring reports were presented to Community Scrutiny Committee (Q1 on 31/08/22, Q2 on 30/11/22, Q3 on 22/02/23) before being considered by the Executive on the above dates.

- 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. 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, and this continues to be the case.

3.6 Climate Emergency

- 3.6.1 The Council declared a Climate Emergency in March 2019 and appointed a Portfolio Holder for Climate Change.
- 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 Somerset Climate Strategy priority areas are:
- The **Energy** we use, the emissions produced from its use and the types of energy we will look to harness in the future
 - Our **Transport** networks – when and where we travel, and the means we choose to make these journeys
 - The **Built Environment** – where and how we live and work, the types of homes we live in, our commercial and industrial buildings and what we want for buildings in the future
 - Our local economy – specifically our **Business, Industry and Supply Chains**
 - Our **Natural Environment** – how we can protect it and utilise it to reduce the harmful effects of Climate Change
 - Our **Farming and Food** – what, where and how we produce our food and crops, vital to the rural economy of Somerset
 - Our **Water** resources – how they are managed to minimise the impacts

- of flooding and drought on our residents, buildings and landscapes
- The management of our **Waste and Resources** – how we handle and treat our waste

3.6.5 The SWT Carbon Neutrality and Climate Resilience Action Plan set out the priority areas of:

- 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

3.6.6 In October 2020 the Council declared an Ecological Emergency, and in July 2022 the Council approved the Ecological Emergency vision and action plan.

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

3.6.8 The Community Scrutiny Committee received the annual update on the progress of the Carbon Neutrality and Climate Resilience Plan on 25 January 2023. The report included updates on progress against each of the workstreams.

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

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, because we were unable to legally hold virtual committee meetings after 04/05/21. All Members on the Committee are 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. Our committee meetings continue to be webcast so that as many people as possible can participate in the democratic process.

3.7.3 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.

3.7.4 The Articles and Terms of Reference within the Council's Constitution clearly define the roles and responsibilities of:

- Full Council
- The Executive
- Corporate Scrutiny Committee
- Community Scrutiny Committee
- Audit and Governance Committee
- Planning Committee
- Licensing Committee
- Standards Committee

3.7.5 The Constitution is updated at least annually to take account of changing circumstances and was last updated in September 2022. Recent updates to the Constitution have included:

- Approval of the Articles and Terms of Reference for all Committees at the Annual Council meeting
- Scheme of delegation to officers
- Somerset wide Members Code of Conduct
- Somerset wide procedure for dealing with Standards allegations
- Audit and Governance Terms of Reference
- Amendment to the powers of the Chief Executive Officer

3.7.6 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 S151 Officer) 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 Two petitions were presented to the Council in 2022/23.

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 can 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 behaviour and conduct that are required. They are regularly reviewed and updated as necessary and both groups are regularly reminded of the requirements.

3.9.2 In September 2022 the Council approved the Somerset Wide Code of Conduct for Members, which is based on the Local Government Association Model.

3.9.3 The Members Code of Conduct includes the 7 Nolan Principles of Public Life and the requirement to register and disclose interests.

3.9.4 The Monitoring Officer has established and maintains a register of Members Interests. There is also an Officer register of interests which includes details of outside commitments and personal interests.

3.9.5 The Monitoring Officer has established and maintains a register of gifts and hospitality for Members and officers. The annual review of the gifts and hospitality registers will be presented to the Standards Committee on 23 February 2023.

3.9.6 The Standards Committee is responsible for promoting and maintaining high standards of conduct by Councillors. The Standards Committee has met twice in 2022/23 and has considered Committee on Standards in Public Life reports, the Somerset Wide Members Code of Conduct and procedure for dealing with Standards allegations, what the Standards arrangements look like for the new Somerset Council, updates on ethical awareness training, updates on the registers of interest and gifts and hospitality, and the register of complaints for 2022/23.

3.9.7 Three editions of the Member's ethical newsletter have been produced in 2022/23. The newsletters have included information on pre-election period guidance, committee meeting etiquette, promotion of the new Somerset wide Code of Conduct, Member's personal safety, reminders to update register of interest and gifts

and hospitality, case studies outlining examples of poor behaviour and conduct and the implications, and examples of feedback that has been received about SWT meetings.

3.9.8 Ethical awareness training has been carried out in 2022/23. The Monitoring Officer did a Member Briefing session on ethical awareness on 11 January 2023. Sessions have also been taking place for Town and Parish Councillors, with sessions taking place on 26 January, 9 February and 8 March 2023.

3.10 Member Training and Development

3.10.1 The Council has a Member Training and Development Policy which was approved by the Executive in April 2021.

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

3.10.3 Member Briefings have taken place to update Members on corporate projects including Local Government Reorganisation, Taunton Garden Town, the Innovation Centre, phosphates, low carbon retrofit our council houses, community governance review for Taunton, town centre health check report, place plan for Wellington and Firepool.

3.10.4 Member Briefings have also taken place covering training relating to safeguarding, information management and ethical awareness.

3.10.5 Where possible and appropriate, Members have received specific training and development for their roles and any positions of special responsibility.

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 has 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 terms of equalities, officers are working on:

- The new Somerset Council is already considering its Equality objectives through the work of the Somerset Equalities Officer Group, which has wider participation from partner agencies.
- The Elected Member group has met to be updated on and discuss the Local Government Reorganisation proposals in respect of Equalities.
- The Elected member equalities group has also met to discuss proposals for the new site at Firepool on the Southern Boulevard and make recommendations.
- Equality Impact Assessments for all new or changed areas of the business are being undertaken as they are known and before they come online.

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 Council's Procurement Strategy was approved by the Executive on 17 March 2021. 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 on 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

3.14.3 The Audit and Governance Committee is responsible for approving the Council's Annual Fraud Plan, and for monitoring and reviewing performance against the Plan. It approved the 2022/23 Plan on 13 June 2022.

3.14.4 The Audit and Governance Committee considered the Internal Auditor's Baseline Fraud Maturity Report for 2022 on 12 September 2022. The Report recognised that most of the actions from the 2021 report had been implemented, therefore improving fraud maturity across the organisation.

3.15 Audit and Audit Assurances

- 3.15.1 South West Audit Partnership (SWAP) provides the Council's Internal Auditor function with one of its Assistant Directors fulfilling the role of Head of Internal Audit (see 3.16 below).
- 3.15.2 During the 2022/23 financial year, SWAP carried out a number of audits across the Council and given its opinion on the level of assurance as well as risk and priority in terms of taking action to address any recommendations.
- 3.15.3 The Internal Audit Outturn Report for 2022/23 and Internal Audit Annual Audit Opinion for 2022/23 are both going to the Audit and Governance Committee meeting on 13 March 2023.
- 3.15.4 In the 2021/22 Outturn report there were four limited assurance audits 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 has also scheduled follow ups to be completed for each of these audit areas in 2022/23 to provide assurance that control measures have improved.
- 3.15.5 All priority 1 and 2 audit recommendations are included in an Audit Recommendations 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 2022/23 financial year they were considered on 12 September 2022 and 12 December 2022 and will also be considered on 13 March 2023.
- 3.15.6 The Corporate Health and Safety Audit was completed in July 2021 giving limited assurance. A follow up audit was completed in August 2022. Since receiving the final Audit Report, the Council improved its Health and Safety arrangements. In the follow up audit, the Internal Auditor recognised that considerable progress had been made with 7 actions now complete, 3 in progress and 1 superseded by Local Government Reorganisation. The actions not yet completed relate to minor areas.
- 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 July 2022, all actions had been completed.
- 3.15.8 The audit for Purchasing Cards was completed in April 2022. This was a limited assurance audit with 3 actions listed as priority 1 (fundamental and require immediate attention) and 4 actions listed as priority 2 (important and need to be resolved). As at the 31 December 2022 all Priority 1 and 2 actions had been completed.

- 3.15.9 The audit for Stores was completed in May 2022. This was given limited assurance with 1 Priority 1 action and 4 priority 2 actions. At the Audit and Governance Committee meeting in December 2022 officers confirmed that work was in progress to complete the physical count of stock levels and the introduction of van inventory was expected to be completed by 31 December 2022.
- 3.15.10 To date there has only been one limited assurance audit in 2022/23 relating to Information Security Policy and Awareness. This was completed in September 2022. There audit listed 1 Priority 1 action and two Priority 2 action. The update provided in December clarified that the Council had undertaken activity to address the key findings and that this was in part due to the work on Local Government Reorganisation.
- 3.15.11 During the 2022/23 financial year the Internal Audit team has been involved in supporting the preparation work for Local Government Reorganisation.
- 3.15.12 The Internal Auditor has provided an overall opinion of Reasonable Assurance for 2022/23.
- 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 SWAP's 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 carries out the work as agreed, reports the outcomes and findings both during and on completion of reviews, and makes 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 monitors the progress of implementing recommendations from auditors.

- 3.17.4 The Committee will raise significant concerns over controls with appropriate senior managers, who are invited to update the Committee. The Committee can report directly to Council.
- 3.17.5 During the 2022/23 financial year the Committee has monitored the Landlord Compliance Safety checks relating to the key areas of asbestos management, electrical safety, fire safety, gas safety, passenger lift and stairlift management, water safety, non-gas heating safety, Radon safety, street lighting, and smoke and Carbon Monoxide alarms. Update reports were taken to the Audit and Governance Committee on 13 June and 12 December 2022.
- 3.17.6 During the 2022/23 financial year the Committee has monitored progress against the Health and Safety Internal Audit Report and recommendations. Updates were provided to the Committee on 13 June, 12 September, and 12 December 2022. The Committee received an update on the performance scorecard and progress in terms of the improvement programme and implementation of the new Health and Safety system.
- 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) monthly during 2022/23. During 2022/23 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 2022/23 financial year.
- 4.2 The Council has taken action to play its part in dealing with the ongoing Coronavirus Pandemic during the 2022/23 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. This continues to be reviewed on a regular basis.
- 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.

The funding and logistical consequences of delivering the local government response

- 4.12 The Covid-19 pandemic placed substantial strain on local councils and significantly impacted their finances. In response, the Government issued special grants through local councils to support their service delivery and to support local businesses and communities. Whilst the impact of Covid-19 and those targeted streams of Government support have tailed off, the Council's service delivery and responsibilities continue to rely on innovative and tailored adjustments to support people and businesses. So, whilst the special grant funding mechanisms have dropped out of this Council's budget, some ongoing consequences and fall-out from Covid-19 should be expected to remain, which the Council will continue to respond to.

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

- 4.13 The Covid-19 crisis is likely to be long-lasting and far-reaching. The Council focuses on the lasting impact that the crisis and its aftermath will continue to have on income levels, resulting from fundamental changes in social movements, behaviours and preferences.
- 4.14 It could remain difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially given the new challenges brought about by the local and national economy being in recession.
- 4.15 With the transformation to the new Somerset Unitary Council, the assumptions made for later years in the new council's MTFP continue to reflect the current shape of pressures. At the forefront of this, SWTC has retained contingencies within the Council's reserves to provide additional mitigation for the increased risk.

4.16 In overall summary, the Council and its governance framework have remained agile in dealing with the Covid-19 pandemic. This is confirmed by the outcomes from a customer survey at the height of the pandemic in which 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 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 it 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 – SWT staff are involved in the preparatory work for the Unitary Authority which 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 monitors the Council's performance against the Annual Plan and Performance Indicators
- SMT monitors 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, initially agreed 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 taxpayers, 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 was 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

5.6 The joint Finance and Assets Protocol was 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.

5.7 The County Council's Executive approved General Consent criteria enabling disposals or contracts that fall within agreed 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.

5.8 The aims of the supporting principles are 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

5.9 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).

5.10 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 must be in place on 1 April 2023 for the new authority to be able to operate legally and safely.

5.11 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

5.12 The Workstreams and sub workstreams are, as follows:

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

Workstream	Sub-workstreams
	<p>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 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</p>
Service Alignment and Improvement	<p>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</p>
Finance	<p>LGR Savings Budget setting and Medium-Term Financial Plan for new authority Commercial Investment Implementation costs Insurance and risk arrangements</p>

Workstream	Sub-workstreams
	Existing budgets Finance function Revenues Housing Benefit and subsidy Housing Revenue Account Treasury Management Exchequer Finance Web profile 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 took place on 25 May 2022 when Cllr Bill Revans became the Leader of the Council. The Executive Councillors cover the areas of:

- Deputy Leader of the Council and Lead Member on Finance and Human Resources
- Lead Member for Children and Families
- Lead Member for Adult Social Care
- Lead Member for Transport and Digital
- Lead Member for Public Health, Equalities and Diversity
- Lead Member for Local Government Reorganisation and Prosperity
- Lead Member for Environment and Climate Change
- Lead Member for Development and Assets
- Lead Member for Communities

5.12 Duncan Sharkey was appointed as the Chief Executive and commencing in post on 3 October 2022. The Tier 2 appointments to Executive Director posts were made in January 2023. The Tier 3 appointments to Service Director positions will be made in March 2023. The structure of the services sitting under each Service Director will be considered post vesting day.

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.

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 2022/23.

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.

Signed

.....

Andrew Pritchard
Chief Executive Officer
Date:

.....

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	Update
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	Completed – the Somerset wide procedure for dealing with complaints about Councillors was signed off by the Standards Committee on 26/07/22 and Full Council on 06/09/22.
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	Complete - The information on the website has been amended to reflect the changes approve by Council on 06/09/22.

Issue Identified	Action to be taken	Lead Responsible Officer & deadline	Update
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	Completed – the Somerset wide Members Code of Conduct was signed off by the Standards Committee on 26/07/22 and Full Council on 06/09/22.
<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	Completed – the Q4 and outturn report went to Corporate Scrutiny Committee on 06/07/22 and Executive on 20/07/22. During 2022/23 reports went to the Corporate Scrutiny Committee and Executive – Q1 on 07/09/22 and 21/09/22, Q2 on 07/12/22 and 21/12/22 and Q3 will be going on 01/03/23 and 15/03/23

Issue Identified	Action to be taken	Lead Responsible Officer & deadline	Update
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	Superseded by LGR. An e-learning module was in development, but with the transition to the new council now so imminent, it has not been implemented. Staff training is already being scheduled for the new Council and will be backed up by e-learning.
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	Superseded by LGR. The focus of work has been to ensure a smooth transition to the new council, and a risk strategy and framework are already in place. There is a plan for Member training, starting initially with those involved in Audit and the Executive, and then being rolled out to all Members.

Issue Identified	Action to be taken	Lead Responsible Officer & deadline	Update
<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> <p>Monitoring Officer to send quarterly updates to Officers reminding them to declare any interests and gifts & hospitality</p>	Governance Manager and Monitoring Officer By 31/12/22	<p>Member ethical awareness session took place on 11/01/23</p> <p>Ethical newsletter published in June 2022. Second edition published in November 2022 – delay due to the capacity in the Governance Team. The third edition published at end February 2023</p>
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	Completed Member briefing on Information Management took place on 01/11/22. Reminders about Data Protection and in Newsletter edition 3

Issue Identified	Action to be taken	Lead Responsible Officer & deadline	Update
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	This was going to be picked up by the Member Training and Development Working Group but that was sadly superseded by Local Government Reorganisation. Updates have been given through Portfolio Holder Reports to Full Council
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	All audit actions have been completed with the exception of the full implementation of the Assure Health and Safety system
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	Completed – All audit actions have been completed
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	Completed – All audit actions have been completed

Issue Identified	Action to be taken	Lead Responsible Officer & deadline	Update
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	Completed – All audit actions have been completed

Report Number: SWT 27/23

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

Health & Safety Management System – Performance framework and Improvement Programme

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

Report Authors: Sean Papworth – Assistant Director, Corporate Services and Mike Barter – Health & Safety Business Partner

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.
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).

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. 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)

In summary all recommendations have been actioned with those remaining wrapped into the H&S LGR workstream.

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 revised 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.

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.
- We are now able to draw information from the Assure H&S system which once fully implemented will replace the need for Power BI reporting. In the last week all data for the 22/23 year has been inputted into Assure to give a full reflection of this year and allow for more detailed comparisons in future years.

4.4 HSMS Improvement Programme

4.4.1 In addition to the implementation of the governance arrangements described in 4.2.2 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 H&S Improvement Programme exists to manage a series of projects and initiatives to ensure the organisation transforms to a safe operational position.

4.4.2 **Progress Update**

- Following a year of successfully implementing the programme, the associated projects have reduced with most elements becoming Business as Usual ('BAU'). At this stage it is just the H&S system, small amounts of Risk and Policy work that remain.
- As delivery of the remaining elements concludes we will seek to close the programme if agreed at all appropriate levels.

4.4.3 **HSMS Improvement Programme Work-stream progress summary:**

a. **Governance work-stream:**

- Concluded – governance arrangements have all now been adopted as part of 'BAU'.

b. Policy work-stream:

- Concluded - The Contractor and CDM policies were completed to align operations with the use of assure. Any further work and Local Government Reorganisation ('LGR') policy writing sitting within BAU or the LGR workstream.

c. Risk Management work-stream:

- Concluded - All relevant risk assessments have been loaded onto the Assure H & S system and are live, giving our operatives access to dynamic risk assessments on their phones at the point of work. We have seen an encouraging number of operatives starting to use these at the point of work suggesting a continued evolution of the H&S culture.

d. People work-stream:

- Concluded – continued improvement to training reports continues as BAU within the Learning & Development ('L&D') team.

e. Contractor work-stream:

- Concluded - Significant progress has been made in relation to Contractor Management: A database of all Construction Industry Scheme ('CIS') contractors has been produced, with an accurate picture of all active contractors now available. Figures are reviewed and updated weekly, and information has been moved into the Assure system for ongoing management.

f. H & S Support & Systems work-stream:

- Concluded - H & S software solution project (Assure)
 - H & S event reporting (accidents / incidents / near misses) - implemented September 2022
 - Risk management (i.e., dynamic risk assessment) - stage 2 – implemented December 2022
 - Contractor management – stage 3 – Implemented February 2023.
 - Reporting for Tier 2 & 3 meetings is now being conducted via the Assure reports.
 - Accident reports now produced within Assure and actions shared with appropriate users.

5. Business as Usual ('BaU') Updates

5.1 Lone Working – following the staff engagement work completed to understand the lone working risk, devices have been circulated to at risk officers with work continuing to ensure full coverage.

5.2 Site H&S Inspections – We continue a programme of planned and ad-hoc site H & S inspections. The intent of a site inspection is to benchmark the safety practices observed on site against relevant criteria in legislation and regulations.

- Following inspections action plans are developed to assist the site in recording and monitoring any recommended corrective actions.
- The inspections also extend to the monitoring of contractor safety performance and compliance with the implementation of their risk assessments and method statement pertaining to the work being undertaken.

5.3 We continue our monthly joint meeting of the H & S and HR/People teams has allowing for all pertinent data and cases to be reviewed and actions to be identified, at the current time no obvious themes are evident from the data across all Directorates.

6. Links to Corporate Strategy

6.1 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.

6.2 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’.

7. Finance / Resource Implications

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

7.2 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).

7.3 There are approved operational budgets in 2022/23 to enable the delivery and improvement of the H & S function

8. Legal Implications

8.1 There are no legal implications directly because of this report.

8.2 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).

9. Climate and Sustainability Implications

9.1 There are no Climate and Sustainability implications directly as a result of this report.

10. Safeguarding and/or Community Safety Implications

10.1 There are no Safeguarding and/or Community Safety implications directly because of this report.

10.2 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.

11. Equality and Diversity Implications

11.1 There are no Equality and Diversity implications directly because of this report.

11.2 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).

12. Social Value Implications

12.1 There are no Social Value implications directly because of this report.

13. Partnership Implications

13.1 There are no partnership implications directly because of this report.

13.2 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.

14. Health and Wellbeing Implications

14.1 There are no Health and Wellbeing 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 Health & Wellbeing risks, and may even present opportunities for improved Health and Wellbeing (e.g. reduced staff sickness levels).

15. Asset Management Implications

15.1 There are no Asset Management implications directly because of this report.

15.2 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)

16. Data Protection Implications

16.1 There are no Data Protection implications directly because of this report.

17. Consultation Implications

17.1 There are no Consultation implications directly because of this report.

17.2 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.

18. 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 (delete if not applicable)

Appendix A	H & S Scorecard High Level Summary (with observations & recommendations)
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Contact Officers

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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
HAWS	Hand Arm Vibration Syndrome

HSE	Health & Safety Executive
HSMS	Health & Safety Management System
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

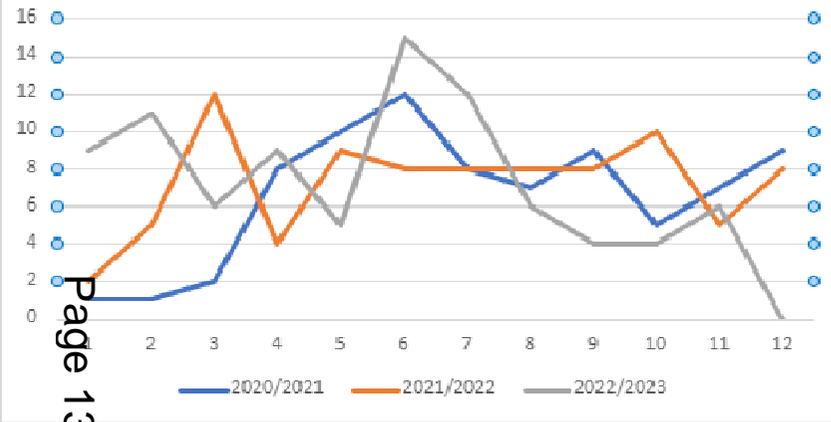
Health & Safety progress update

Appendix A

(for Audit & Governance committee report March 2023)

Annex A - H & S Performance

3 Year Comparison Graphic



Month	2020/2021	2021/2022	2022/2023
April	1	2	9
May	1	5	11
June	2	12	6
July	8	4	9
August	10	9	5
September	12	8	15
October	8	8	12
November	7	8	6
December	9	8	4
January	5	10	4
February	7	5	6
March	9	8	0
Total	79	87	87

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General Observations

- Accidents +10% (Projected) This year over previous years. This is due to increased reporting of minor accidents that would have been missed previously.
- Incidents projected to be approximately the same as 2021/2022
- Near Miss +300% (Projected) over last 3 years
- Key Event reasons = slip/trip/fall (members of public), failed risk assessment, PPE
- Hazard Spotting function of Assure Software has been released and will be heavily promoted during induction and toolbox talks.
- SANs –, Contractors are the main recipient of SANs for hazardous work practices.
- RIDDORS – 5 this year, 2 Asbestos release (contractors), 1 Fracture (MOP) and 1no. 7+ Day incapacity (Staff).
- Contractor Management – addressing historic issues, still carrying risk, although a huge amount of work has gone into developing a database for approved contractors.
- NO HSE INTERVENTION- During contact with HSE, Implementation of SAN Policy has been enough to show a robust management of risk on part of SWT.

Recommendations

- New reporting mechanism via. Assure software has markedly increased the level of reporting of Near Misses.
- Workplace/Asset/Site Inspections continue to galvanise risk management and are beginning to focus more on contractors.
- Access to risk assessment/SSOW/Dynamic Risk Assessment and Toolbox Talks is now available via Assure software
- Stronger links between investigation and Insurance (conversion of accidents to claims)
- Regular desktop audits of principle contractors own contractor management processes.
- Contractor Induction has been drafted and all Housing Contractors will have to complete this before working on SWT. This will be delivered via Assure programme. This will outline our expectations as a Council.

Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

Landlord Health and Safety Property Compliance Update Report

This matter is the responsibility of Executive Councillor for Housing, Cllr 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. We continue to maintain 100% compliance in the majority of workstreams and improved performance overall. In addition, we have recently procured an independent specialist consultant (Savills) to undertake an overall desktop Property Safety Compliance Audit. This will act as a key opportunity to measure our progress as we approach Vesting Day into Somerset Council. We await their final report, but it is encouraging that they have indicated we have effective systems in place and, following their undertaking a detailed review of our data sources, have confirmed they have found no areas of concern relating to our compliance records. However, their audit has reaffirmed our need to ensure we continue to focus on Electrical Inspections (Electrical Inspection Condition Reports – EICRs) and Air Source Heat Pump (ASHP) servicing. Activities being undertaken to achieve this are detailed in Section 4 of the report below.

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

- Asbestos management
- Electrical safety
- Fire safety
- Gas safety
- Passenger lift and stairlift management
- Water safety
- Non-Gas heating safety
- Radon safety
- Street lighting
- Smoke and Carbon Monoxide Alarms

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 6th March 2023).
- Comparative performance from the previous report submitted on 12th December 2022 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:

- Completed procurement activity to deliver compliance programmes, including emergency exit release switches to door entry systems on communal doors, fire alarm systems to extra-care schemes, and an extension to the third-party independent audit process for certification of gas systems and electrical inspections.
- A review and update for our compliance policies and procedures
- Maintaining 100% compliance for HRA annual gas safety checks.
- Maintaining 100% compliance for annual asbestos re-inspections (excluding dwellings).
- Maintaining 100% compliance for Fire Risk Assessments (FRAs)
- Maintaining 100% compliance for lift inspections.
- Produced a Building and Resident Health and Safety Strategy, as required by the Building Safety Act, which is to go to the SCC Executive Committee on 15.3.23 for final approval

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

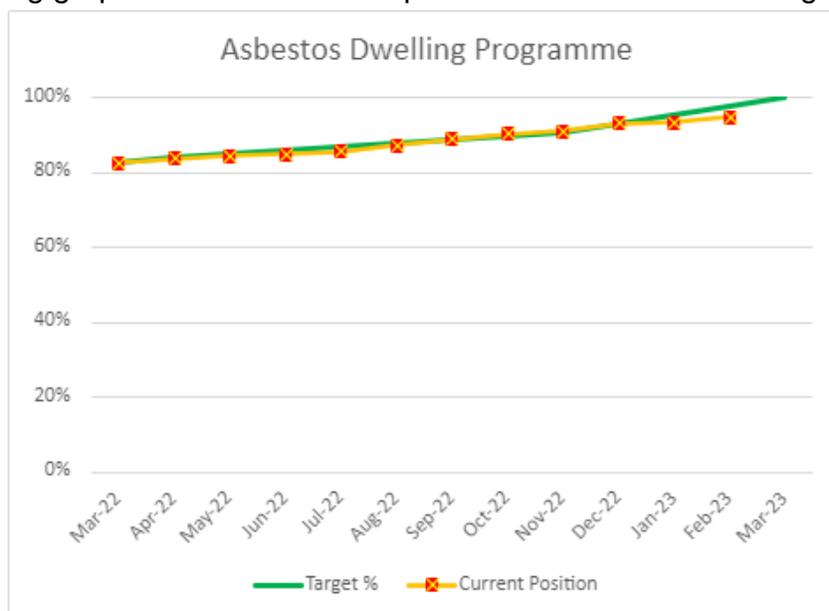
- 4.1.1 Asbestos management activities continue for all property types, both for new management surveys and re-inspections. However, progress on undertaking new management surveys to HRA dwellings is behind programme due to both specialist consultancy resource availability, and access issues from tenants not wishing a survey to be undertaken in their home. We are continuing to work closely with our asbestos consultancy to prioritise this work, as well as increasing our in-house resources (both from the housing tenancy and housing property compliance team) to resolve 'no access' issues.
- 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	402	402	100% (100%)
HRA – Meeting Halls	18	18	8	8	100% (100%)
HRA – Guest Rooms	10	10	6	6	100% (100%)
HRA – Dwellings	5496	5214	N/A	N/A	94.87% (91.05%)
HRA - Commercial	2	2	1	1	100% (100%)
GF – All Properties	48	48	20	20	100% (100%)

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 is behind programme, with 282 surveys still required out of 5496.

In addition to this programme however, 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. However, as noted in 1.6 above, we have recently procured Savills to undertake an overall desktop Property Safety Compliance Audit and they have identified the need for us to review and refresh our project management and resources in order to achieve 100% compliance for Electrical Inspections (Electrical Inspection Condition Reports – EICRs). We have, therefore, put in place an updated EICR Action Plan to manage and monitor progress on achieving full 100% EICR compliance (including undertaking 'remedial' works) as soon as is reasonably practicable. This is reviewed and monitored on an, at least, weekly basis and further tasks added as required to maintain focus on this critical safety area. Actions recently undertaken include:

- A review of the effectiveness of existing project management arrangements and provision of additional support, risk assessment (including remedials) and implementation of a revised process
- An increase of in-house electricians to expand capacity to support the EICR programme (again, including remedials)
- A review of 'no access' arrangements with contractors and the housing team, including legal enforcement routes
- Appointment of a Tenant Liaison Officer (TLO) to focus on tenant engagement to gain access
- Ongoing discussions with Savills to identify and implement any further actions we may be able to undertake to accelerate progress

However, it should be noted that there remain significant challenges in achieving 100% EICR compliance due to, for example, ongoing difficulty in obtaining electricians, and obtaining access from tenants who are increasingly 'hard to reach' due to vulnerabilities and requiring significant housing tenancy interactions. Nevertheless, we are making progress in delivering the programme.

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 cycles
- Common Parts of domestic buildings – 5 yearly cycles
- Commercial buildings owned and operated by SWT – As recommended from the most recent previous test certificate

4.2.5 Inspections are actively monitored by the Housing Property Compliance team, acting as 'client' role, 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.

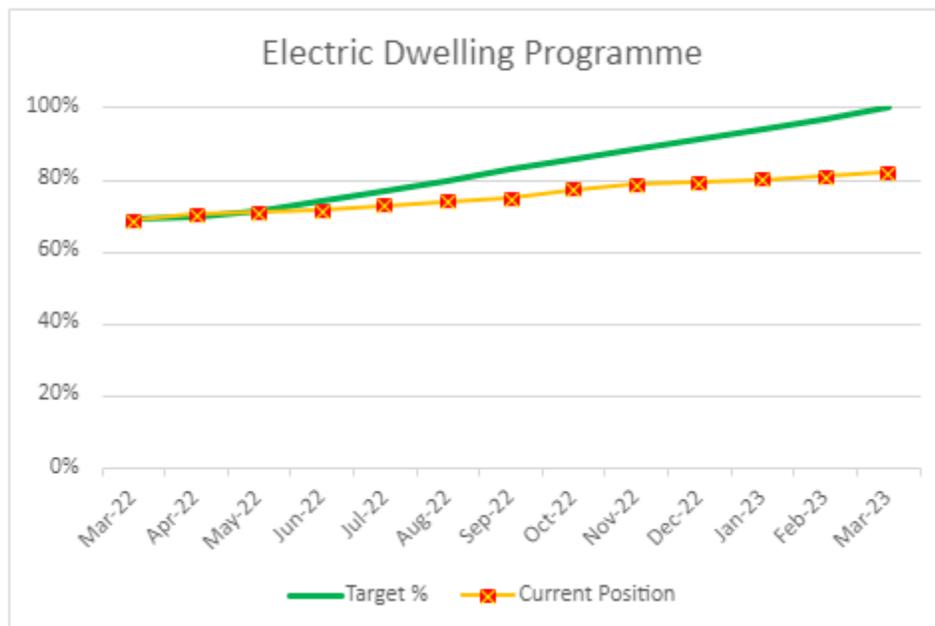
4.2.7 All Code 1 hazards ('Danger present - Risk of injury') which are identified during the inspection are rectified on site, and if they cannot be rectified the areas are made safe until works can be completed. Code 2 hazards ('Potentially dangerous') are programmed to be undertaken urgently. Any Code 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% (100%)
HRA – Meeting Halls	18	18	100% (100%)
HRA – Guest Rooms	10	10	100% (100%)
HRA - Dwellings	5651	4623	81.81% (78.10%)
HRA - Commercial	3	3	100% (100%)
GF - Properties	54	53	98.15% (96.49%)

Note: 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 82.87%. For GF Properties we have one property outstanding, although all works have been completed, we are awaiting the certificate.

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



Note: Please see item 4.2.1 above for details of the actions being taken to progress compliance.

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% (72.22%)
HRA – Guest Rooms	9	8	88.89% (66.67%)
HRA - Commercial	3	3	100% (100%)
GF - Properties	12	12	100% (100%)

Note: One guest room is outstanding within the above table, this has been attended and we are currently awaiting the report.

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.

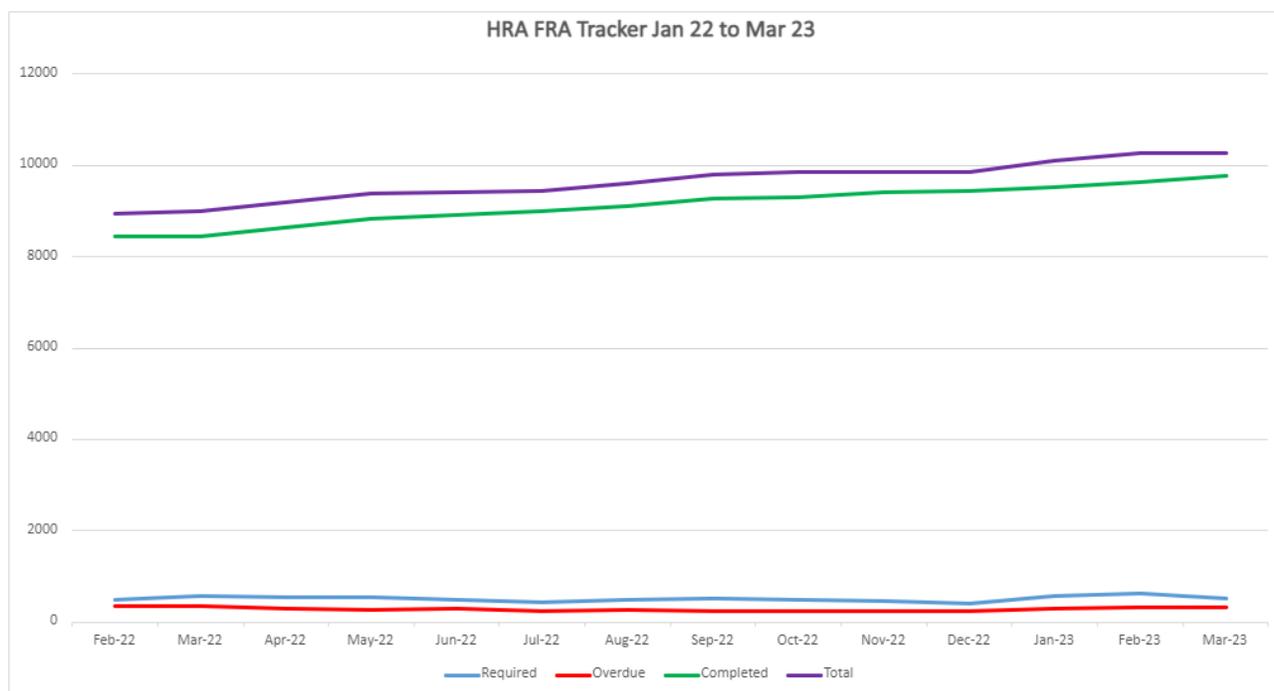
The following table shows the current position for fire risk assessments:

Property Account Type	Number of Properties	Number Inspected	Percentage Compliant
HRA - Blocks	337	337	100% (100%)
HRA – Meeting Halls	18	18	100% (100%)
HRA – Guest Rooms	10	10	100% (100%)
HRA - Commercial	3	3	100% (100%)
GF - Properties	32	32	100% (100%)

Note: Property numbers on blocks have decreased significantly since the last report, this is due to legislative changes brought by the Fire Safety Act 2021 to include shared-roof properties for consideration if applicable to the Fire Safety Order 2005. All assessments have been completed and concluded they did not need to be repeated under current legislation, the number of properties has reduced to only those blocks with communal areas which are subject to future fire risk assessments.

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. All defects which posed immediate danger, under either urgent or high priority have been completed. The remaining actions are prioritised for completion within 6-12 months.

The following graph and table show the current position for FRA remedial actions:



Date	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Required	489	562	551	535	476	444	493	524	489	451	403	563	633	511	462
Overdue	333	341	342	282	272	280	244	251	241	243	228	233	305	319	310
Completed	8446	8448	8632	8842	8927	8990	9106	9265	9306	9401	9449	9531	9646	9768	9815
Total	8935	9010	9183	9377	9406	9434	9599	9789	9852	9852	9852	10094	10279	10279	10279
New Actions	73	75	173	194	29	28	165	190	63	0	0	242	185	0	0

For context, over the last 24 months 9815 FRA remedial actions have been addressed 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	9	0
Compartmentalisation	268	224
Compliance Management	6	1
Detection and Alarm	7	3
Electrical Improvement	15	0
Emergency lighting	20	3
Fire Signage	1	1
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	12	2
Tenancy Management	124	76
Arson Risk	0	0
Total	462	310

Notes:

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 427 actions were raised on updated FRA's during the period since the last report to the committee.

Compartmentalisation remedial actions are being progressed via two contracts, i.e. one relating specifically to fire door installations and associated fire stopping works, and an additional recently procured contract to address fire stopping requirements not associated with the fire door programme. Tenancy management actions continue to be progressed by carrying out person centred risk assessments and personal emergency evacuation plans.

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	16	84.21% (84.21%)
	Fire Alarm: 6 monthly service and test	19	19	100% (100%)
	Emergency Lighting: monthly service and test	27	21	77.78% (92.86%)
	Emergency Lighting: annual service and test	27	24	88.89% (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	12	12	100% (100%)

HRA – Meeting Halls	Fire Alarm: weekly test	13	13	100% (100%)
	Fire Alarm: 6 monthly service and test	13	13	100% (100%)
	Emergency Lighting: monthly service and test	13	13	100% (100%)
	Emergency Lighting: annual service and test	10	8	80% (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	1	50% (100%)

Note: GF properties fire alarm weekly test and monthly and annual emergency light inspections have been completed, however we await the contractor service reports prior to updating compliance records. HRA Meeting Halls annual emergency lighting tests have been completed, however two Meeting Halls require a replacement fitting which is currently being installed, we also await the service report prior to updating the compliance records. HRA Commercial annual emergency lighting tests have been completed, but we also await the service report prior to updating the compliance records.

4.4 Gas Safety

- 4.4.1 Gas safety checks and servicing 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	4434	4434	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% (95%)

4.5 Passenger Lifts and Stairlifts

4.5.1 We continue to undertake service and inspections of stairlifts, passenger lifts and through-floor lifts.

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:

- Stairlifts – Annual service and inspection
- Passenger lifts and through-floor 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	59	59	100% (98.39%)
HRA - Dwellings	Through-floor lifts: 6 monthly service and inspection	3	3	100% (100%)
HRA - Blocks	Stairlifts: Annual service and inspection	6	6	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%)
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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 HRA and GF properties. All remedial actions have been completed.
- 4.6.2 Following 'go-live' of the new Open Housing and Open Asset IT system, we are now developing an updated stock condition survey template process for WRAs to HRA dwellings. In the interim, we have implemented new iAuditor software and our in-house teams have commenced HRA dwelling WRAs, and subsequently any identified remedial actions will be carried out.
- 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, identified for correction from water risk assessments undertaken, are carried out by external contractors and our in-house property maintenance team. We have had 651 water risk remedial actions raised over this calendar year and all have been completed.
- 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
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GF - Properties	53	53	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	39	39	100% (100%)
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%)

4.7 Non-Gas Heating Safety

4.7.1 A number of the HRA Dwelling properties are heated by various Non-Gas heating systems and regular safety checks, servicing and repairs are undertaken to each of these systems. However, as noted in 1.6 above, we have recently procured Savills to undertake an overall desktop Property Safety Compliance Audit and they have identified the need for us to review and refresh our project management and resources in order to achieve 100% compliance for Air Source Heat Pump (ASHP) servicing. We have, therefore, put in place an updated ASHP Action Plan to manage and monitor progress on achieving full 100% ASHP compliance (including undertaking ‘remedial’ works) as soon as is reasonably practicable. We are working closely with the outgoing contractor to complete as many outstanding service visits as possible, and are also liaising with the newly procured contractor to mobilise to commence the new contract in April 2023 (following approval by Somerset County Council). Again, it should be noted that there remains the challenge to achieving 100% compliance due to obtaining access from tenants who are increasingly ‘hard to reach’ due to vulnerabilities and requiring significant housing tenancy interactions. Nevertheless, we are making progress in delivering the programme.

4.7.2 Somerset West and Taunton Council have a Non-Gas Policy and associated Procedures to ensure that they meet their statutory requirements.

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

4.7.4 The following table shows the current position for Non-Gas safety:

Fuel Type	Number of Properties	Number Inspected	Compliance %
Open Fires	30	29	96.67% (72.73%)
ASHP	687	518	75.40% (65.70%)
Oil	5	5	100% (100%)
Solid Fuel	30	28	93.33% (75.00%)

Notes:

Open fires and solid fuel properties have overdue services due to 'no-access'. We are liaising with the tenants to arrange for these services to be undertaken urgently.

4.8 Radon Safety

- 4.8.1 Radon gas comes from uranium and is a colourless, odourless, radioactive gas occurring everywhere in rocks and soils. The radon level in the air we breathe outside is very low but can be higher inside buildings, warm air rising can draw radon from the ground underneath a building into indoor spaces, with the highest levels usually found in basements. The radioactive elements formed by the decay of radon can be inhaled and enter our lungs. Inside the lungs, these elements continue to decay and emit radiation, most importantly alpha particles. These are absorbed by the nearby lung tissues and cause localised damage. This damage can lead to lung cancer.
- 4.8.2 The amount of radon is measured in becquerels per cubic metre of air (Bq m⁻³). The average level in UK homes is 20 Bq m⁻³. For levels below 100 Bq m⁻³, your individual risk remains relatively low and not a cause for concern. However, the risk increases as the radon level increases. The Radon Action Level is the recommended limit for the activity concentration of radon in UK homes. The Radon Action Level is 200 Bq m⁻³, expressed as the annual average radon gas concentration in the home. Radon Affected Areas are those parts of the country with a 1% probability or more of present or future homes being above the Action Level. Radon UK publishes a map of the UK – this shows that parts of Somerset West and Taunton are within higher risk areas.
- 4.8.3 Somerset West and Taunton Council have a statutory duty as outlined in Ionising Radiation Regulations 2017 and other relevant technical guidance to manage the control of Radon gas within its asset portfolio.
- 4.8.4 Somerset West and Taunton Council have a Radon Safety Policy and associated Procedures to ensure that they meet their statutory requirements and ensure best practice is always maintained.
- 4.8.5 To allow Somerset West and Taunton Council to suitably manage radon gas within its property portfolio, an appropriate inspection programme needs to be followed. Following a desk top exercise to identify properties higher than one percent as shown on the Radon UK map, radon monitoring has commenced with 1395 properties where detection devices have been placed within the property. The balance of 194 properties to be monitored are programmed to have detection devices placed in them by the end of March 2023. The devices will be collected and sent to an independent laboratory for analysis. Following analysis, we will develop a programme of works to undertake suitable and sufficient control measures and/or remedial work, appropriate to the levels of radon detected within the type of property and its occupancy.

4.9 Street Lighting

- 4.9.1 A number of HRA Dwellings are sited on land owned by Somerset West and Taunton Council which have streetlights as part of the amenity provided. The condition of these streetlights needs to be periodically inspected to ensure public safety.
- 4.9.2 Somerset West and Taunton Council have appointed a specialist contractor to undertake a condition survey of all of the streetlights in its ownership. This survey includes a visual condition assessment inspection, electrical safety test, numbering (as per Somerset County Council methodology), and type identification. This survey has now been completed and we have received a copy of the registration data housed in the County Council's streetlighting data system. We are awaiting the condition reports for analysis and will then develop and implement a remedial programme of works.

4.10 Smoke and Carbon Monoxide Alarms

- 4.10.1 The Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 came into force on 1 October 2022. From that date, all relevant landlords must:
- i. Ensure at least one smoke alarm is equipped on each storey of their homes where there is a room used as living accommodation.
 - ii. Ensure a carbon monoxide alarm is equipped in any room used as living accommodation which contains a fixed combustion appliance (excluding gas cookers).
 - iii. Ensure smoke alarms and carbon monoxide alarms are repaired or replaced once informed and found that they are faulty.
- 4.10.2 Somerset West and Taunton Council have installed detectors to all properties requiring them to ensure we are compliant with the regulations.

5 Links to Corporate Strategy

No direct links.

6 Finance / Resource Implications

Landlord health and safety property compliance funding costs are incorporated into the Housing Revenue Account budget.

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 property health and safety compliance for this asset base is being managed.

Report Number: SWT 29/23

Somerset West and Taunton Council

Audit and Governance Committee 13 March 2023

Audit and Governance Committee Chair's Annual Report for 2022/2023

Report Author: Cllr Lee Baker, Chair of the Audit and Governance Committee

1. Introduction

To provide Members of the Council with details of the work carried out by the Audit and Governance Committee (AGC) during the year ended 31 March 2023. The report also details how the AGC has fulfilled its Terms of Reference during this period.

Last year, following a review and report from the Council Governance Arrangements Working Group it was resolved by Full Council at its Annual Council meeting on 4 May 2021 that the Audit Governance and Standards Committee be split into two separate committees. The two committees subsequently formed were the Audit and Governance Committee and the Standards Committee. This report relates to the work of the Audit and Governance Committee only throughout the period 2022/2023.

2. Background

The AGC function is to provide assurance of the adequacy of the risk management framework and associated control environment; provide scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weaknesses in the control environment and oversees the financial reporting processes. The Committee's specific powers are set out the Terms of Reference in the Constitution.

Audit Committees are a key component of a robust Corporate Governance framework and provide an important source of assurance about an organisation's arrangements and practices for managing risks, maintaining an effective control environment, together with reporting on financial and other performance.

In 2018, The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities to help ensure that AGC's operate effectively. The AGC has adopted the procedures set out in this guidance as best practice. The guidance also recommends that the AGC's report annually on how they have discharged their duties.

3. Work Undertaken and Findings

The AGC have met on five occasions in the year between 1 April 2022 and the date of this report (7 February 2023) and is due to meet again for a final time on 13 March 2023 prior to the ultimate vesting to Somerset Council from 1 April 2023. All meetings of the AGC this year have been face to face meetings, which I enjoy more and I'm sure all members prefer rather than the virtual meetings that were in place throughout COVID.

Looking forward, as mentioned above, this year will be the last year that the SWT Audit and Governance Committee will sit before handing over to the audit and governance function of the new Unitary Somerset Council.

It has, overall, been a busy and informative year from both a financial and a governance perspective. During this period, the AGC has assessed the adequacy and effectiveness of the Council's risk management controls and monitoring arrangements, together with the associated counter fraud systems.

The AGC has reviewed various governance items including the Council's Local Code of Corporate Governance, Risk and Opportunity Management Strategy, the 2021/2022 and 2022/2023 Annual Governance Statements and proposed changes to the Council's constitution.

We have regularly received updates on health and safety as well as reviewed Landlord Compliance, as a result of concerns raised by Internal Audit reports. In addition, the committee has monitored that audit recommendations are being actioned by officers, with regular progress reports coming before the AGC. It is good to see that, at last Covid has started to reduce the impact on various aspects of the Council, the auditors and the work of the committee.

In November 2022 the AGC reviewed and approved the audited 2021/2022 Annual Governance Statement and Statement of Accounts for SWT which were compiled and approved before the required deadline, one of only 9% of councils to have made this deadline which is a feat we can all be very proud of. Both internal auditors (SWAP), and external auditors (Grant Thornton) along with I as Chair and the rest of the AGC, have all thoroughly discussed the audit process and all parties are very pleased with progress. A great deal of scrutiny and challenge was put into these topics by the committee, but I am overall very pleased with the resulting outcome. All parties mentioned are satisfied with progress in this regard and deem it a very good result and a reasonably healthy and assured future for moving to unitary with no major high-risk issues to be highlighted at this stage.

I want to thank all the excellent members of the Audit and Governance Committee for their support throughout a challenging year, particularly the Vice-Chair Janet Lloyd who has had to deputise for me on occasions where my work commitments have trumped Committee meetings. I want to thank Paul Fitzgerald, John Dyson and all the finance team. I also want to thank our external auditors Grant Thornton and our internal auditors SWAP, special

thanks to Jackson Murray of Grant Thornton and Alastair Woodland of SWAP for joining us at our meetings. I would like to thank the Governance Team for their continued support and our newly appointed and extremely experienced and knowledgeable clerk Amy Tregellas who replaced Jess Kemmish throughout the year and has kept me in tow (and believe me that's not easy!) We were very fortunate as a committee to have secured the services of Amy when Jess moved onto pastures new.

4. Financial Statements

The 2021/2022 Annual Governance Statement and Statement of Accounts for the Authority were, as I have mentioned above, produced on time. However, the national issue relating to the statutory override for infrastructure assets caused a slight delay in signing the Council's Statement of Accounts. The AGC gave me delegated powers to sign the Statement of Accounts, which was completed on 1 March 2023. The Statement of Accounts received an Auditor's unqualified opinion and in a new Auditor's Annual Report, we have received assurance over value for money arrangements. The management response provided an extensive overview of our risk management arrangements in this regard, but we will keep the action plan under review.

5. External Audit

During 2022/2023, Grant Thornton's audit plan updates were received regularly throughout the year, including:

- Audit Plan for 2021/2022 Accounts
- Progress reports and Sector Updates
- Risk Assessment 2021/2022 - ISA240 Inquiries of Management
- Audit Findings Report 2021/2022
- Assessment of Going Concern for 2021/2022 Accounts
- External Auditors Annual Report 2021/2022

The 2022/2023 external audit plan was also considered by the Committee in March 2022.

6. Internal Audit

This function is provided by SWAP. It appears to be very effective. During the year, the AGC has received and considered various items highlighted by SWAP, together with SWAP's schedule of work to be performed over the financial year, including:

- SWAP Internal Audit – Outturn Report for 2021/2022 and 2022/2023
- SWAP Internal Audit – Annual Opinion Report for 2021/22 and 2022/2023
- Internal Audit Plan progress updates (quarterly)
- Baseline Assessment of Maturity in relation to Fraud

I have not listed or catalogued all outstanding risk issues that are under discussions at the AGC, however, members can access the relevant information in the appropriate AGC minutes and agendas in Mod.Gov and either I, the AGC, Governance or the SWT Finance Team will be more than happy to answer any member or public queries if they arise. Suffice to say all relevant parties are in agreement that the SWTs governance process and audit procedures are generally fit for purpose going forward.

7. Summary

This year has still posed many challenges for the Audit and Governance Committee however, now that we have moved past the transformation period and the pandemic is having less of an impact on everyday life, I feel the business of the committee settled into a good rhythm. I hope that this will continue into next year so that we may leave the dealings of the committee in good stead for the new unitary authority.

I am satisfied that SWT's Governance and Audit processes continue to remain good and fit for purpose and am reassured that this opinion is shared by the Internal and External Audit functions.

In my third and final year, due to Vesting to the new Somerset Council, as Chair of the Committee I hope I have managed to interject some humour to the proceedings whilst we effectively conducted the business of the committee.

Councillor Lee Baker
Chair Audit and Governance Committee

7 February 2023