

Public Document Pack

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A meeting of the **Corporate Governance & Audit Committee** will be held in Virtual on **Monday 27 March 2023 at 2.00 pm**

MEMBERS: Mr F Hobbs (Chairman), Mr J Brown (Vice-Chairman), Miss H Barrie, Mr A Dignum, Mr T Johnson, Dr K O'Kelly, Mr D Palmer and Mr P Wilding

AGENDA

- 1 **Chairman's Announcements**
Any apologies for absence that have been received will be noted at this point.
- 2 **Approval of Minutes** (Pages 1 - 5)
The committee is requested to approve the minutes of its ordinary meeting on 9 January 2023.
- 3 **Urgent items**
The chairman will announce any urgent items that due to special circumstances are to be dealt with under the Late Items agenda item.
- 4 **Declarations of Interest**
These are to be made by members of the Corporate Governance and Audit Committee or other Chichester District Council members present in respect of matters on the agenda for this meeting.
- 5 **Public Question Time**
The procedure for submitting public questions in writing by no later than noon 2 working days before the meeting is available [here](#) or from the Democratic Services Officer (whose contact details appear on the front page of this agenda).
- 6 **Accounting Policies 2022-23** (Pages 7 - 9)
 1. **Recommendation**

The committee is requested to consider this report and approve the continued application of existing accounting policies in the preparation of the Council's 2022-23 financial statements.
- 7 **Internal Audit - Audit Plan Progress** (Pages 11 - 17)
The Committee is requested to consider and note the audit plan progress report and its appendices.
- 8 **Corporate Governance and Audit Committee Work Programme 2023-24** (Pages 19 - 23)
Recommendation

The committee is requested to consider and agree its work programme for 2023-24.

9 **Risk Management Update** (Pages 25 - 61)

Recommendation:

That the Committee notes the updated Strategic Risk Register and the internal controls in place, plus any associated action plans to manage those risks, and raises any issues or concerns.

10 **Exclusion of the Press and Public**

The Committee is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Parts I to 7 of Schedule 12A of the Local Government Act 1972, as indicated against the item and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information. **The reports dealt with under this part of the agenda are attached for members of the Corporate Governance & Audit Committee and senior officers only (salmon paper).**

11 **Report on Potential Litigation Liabilities of the Council in 2023** (Pages 63 - 65)

The Committee are requested to note the contents of the Part II report and make the associated recommendations.

12 **Late items**

The committee will consider any late items as follows:

- a) Items added to the agenda papers and made available for public inspection
- b) Items that the chairman has agreed should be taken as a matter of urgency by reason of special circumstances to be reported at the meeting

NOTES

1. The press and public may be excluded from the meeting during any item of business where it is likely that there would be disclosure of "exempt information" as defined in section 100A of and Schedule 12A to the Local Government Act 1972.
2. Restrictions have been introduced on the distribution of paper copies of supplementary information circulated separately from the agenda as follows:
 - a) Members of the Corporate Governance & Audit Committee, the Cabinet and Senior Officers receive paper copies of the supplements (including appendices).
 - b) The press and public may view this information on the council's website here [here](#) unless they contain exempt information.
3. The open proceedings of this meeting will be audio recorded and the recording will be retained in accordance with the council's information and data policies. If a member of the public enters the committee room or makes a representation to the meeting, they will be deemed to have consented to being audio recorded. If members of the public have any queries regarding the audio recording of this meeting, please liaise with the contact for this meeting at the front of this agenda.
4. Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intention before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash

photography. Filming of children, vulnerable adults or members of the audience who object should be avoided.

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Minutes of the meeting of the **Corporate Governance & Audit Committee** held in virtual on Monday 9 January 2023 at 2.00 pm

Members Present: Mr F Hobbs (Chairman), Mr J Brown (Vice-Chairman), Miss H Barrie, Mr A Dignum, Dr K O'Kelly, Mr D Palmer and Mr P Wilding

Members not present: Mr T Johnson

In attendance by invitation:

Officers present: Mr P Jobson (Taxation Manager) and Mr J Ward (Director of Corporate Services)

182 **Chairman's Announcements**

The Chairman agreed the following items would be taken under Agenda Item 9; Late Items;

- Approval of the minutes from the meeting held on 31 October 2022, and;
- Budget Update

Apologies had been received from Cllr T Johnson

183 **Urgent items**

There were no urgent items.

184 **Declarations of Interest**

No declarations of interest were made.

185 **Public Question Time**

There were no public questions.

186 **Enforcement Agent Contract**

Mr Jobson presented the report to the Committee.

He explained the report provided an update on the Council's contract with the enforcement agents employed to collect council tax, business rates and unpaid parking fines. The contract had been in place since November 2020 and was operating well, with collection rates higher than the national average.

Following the report introduction, the Chairman invited members of the Committee to come forward with any comments or questions.

Responding to a question from Cllr O'Kelly, Mr Jobson updated the Committee on the way in which debt was now being recovered following Covid-19. He explained the role of the Supporting You team and the Tell Jo app; information provided via the app was used to ensure that the correct support was offered to individuals. By working more holistically officers expected the rate of compliance to increase, with enforcement action only being employed against those who refused to pay.

Mr James confirmed that corporate debt recovery would be included within the council's Audit plan going forward.

Mr Jobson clarified the cost of debt recovery to the Council and how it was administered. In addition, he explained how unrecovered debt was accounted for.

RESOLVED;

That the Corporate Governance and Audit Committee note the report.

187 **Capital Strategy Report 2023-2024**

Mrs Belenger introduced the report. She explained that the draft Capital Strategy was a key corporate document which set out a high-level overview of the council's capital ambitions.

Mrs Belenger highlighted the key factors included within the strategy including; the Strategic Planning Framework, Governance Arrangements Council Assets, and the affordability of investments.

She explained how the strategy is linked to the council's treasury management activities and considered the issue of proportionality and risk in relation to the capital investment plans.

A new feature within the strategy was the consideration of service investment which had been brought into the regulatory framework, this included loans and investments which contributed to the council's strategic objectives or delivery of statutory responsibilities.

Mrs Belenger explained the table on page 27 of the agenda pack, would be amended to reflect what had already been recommended to Cabinet for the Treasury Management Strategy. An updated table would be circulated after the meeting.

She confirmed the strategy incorporated the requirements of CIPFA's Capital Strategy guidance, however, due to the late release of this information last year, several changes had been made to ensure compliance, these amendments had been set out in Appendix 1 of the report.

Following the report presentation, the Chairman invited the Committee to comment.

Responding to a question from Cllr Wilding; Mrs Belenger explained why the Local Plan was included within the Council Investment Vision.

Mrs Belenger provided further clarification of the figures detailed in Table 1 (p20 of the agenda pack) and Table 2 (page 21 of the agenda pack). The total approved spend in table 1 (£82.74m) was higher than the proposed capital expenditure (£72.88m). This was to be checked by officers and updated if necessary before Cabinet consider this report.

Responding to a question from Cllr Barrie; Mrs Belenger explained how climate change was considered as part of the decision-making process, and why it had not been given its own specific set of governance arrangements. In addition; the Chairman highlighted that the Cabinet Member for Environment was the advocate for climate change, and it was their responsibility to ensure that appropriate consideration was given at Cabinet and Council.

Following a vote; the Committee agreed to support the report recommendation.

RESOLVED

That the Corporate Governance and Audit Committee considered the Council's draft Capital Strategy for 2023-24 to 2027-28 and recommends to Cabinet and Council for approval.

188 **Audit Plan Progress Report**

Mr James presented the report. He informed the Committee that the following two audit reports had been completed since the last meeting; Travel & Subsistence and Treasury Management.

A summary of exceptions had been raised; these were of a reasonable assurance and assurance and were no cause for concern.

Following a vote, the Committee agreed to note the report.

RESOLVED

That the Corporate Governance and Audit Committee note the report.

189 **Exclusion of the Press and Public**

There was no requirement to exclude the press or public.

190 **Late items**

As announced by the Chairman the following Late items were considered;

- Budget Task & Finish Group update
- Approval of the Minutes of the Meeting held on Monday 31 October 2022

Budget Task & Finish Group update

Cllr Palmer gave the update.

Before he proceeded, he expressed his disappointment that of the six members of the TFG only two attended the meeting (one apology was received) and asked that Cllr Hobbs, as Chairman pick this matter up outside the meeting.

During the TFG the members present investigated the financial risks facing the Council. Their main areas for concern were Car Parks and the Management Contract for the Leisure Centre.

The Council were in the fortunate position of having no debt and this provided some security at a time of great uncertainty.

Cllr Palmer thanked officers for their support in preparing the report and recommended it to the Committee.

Mrs Belenger informed the Committee that the Five-Year Financial Model along with the Resources Statement had been circulated to members of the TFG ahead of their meeting to help set out the council's financial position.

A key point raised by officers at the TFG was the rise in Net budget requirements from £15,015,000 to £15,696,000. Mrs Belenger explained the increase was in line with what was expected in the Financial Strategy, however, it was subject to change as officers were currently working on the final budget and awaiting details of the Government's Local Government Finance Settlement

Responding to a question from Cllr Hobbs; Mrs Belenger explained that in response to the pandemic in 2020 the Council had set £8million aside to maintain financial security and support the revenue budget in the medium term. When the 2022-23 Budget was set around £808,000 was required from that figure to balance the current year's budget. However, in year monitoring suggests that this is likely to be higher because of the cost inflationary pressures being experienced. Details of which were set out in the Council's Financial strategy, in November 2022.

The Corporate Governance and Audit Committee agreed to note the update.

Approval of the Minutes of the Meeting held on Monday 31 October 2022

The minutes of the meeting were agreed as a true and accurate record.

The meeting ended at 2.49 pm

CHAIRMAN

Date:

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Chichester District Council

Corporate Governance and Audit Committee

27 March 2023

2022-23 Accounting Policies

1. Contacts

Report Authors:

Helen Belenger, Divisional Manager Financial Services

Tel: 01243 521045 Email: hbelenger@chichester.gov.uk

David Cooper, Group Accountant

Tel: 01243 5234733 E-mail: dcooper@chichester.gov.uk

2. Recommendation

The committee is requested to consider this report and approve the continued application of existing accounting policies in the preparation of the Council's 2022-23 financial statements.

3. Background

3.1. The Council applies the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) in preparing its accounts. The Code is reviewed continuously and is normally updated annually. The 2022-23 Code has been developed by the CIPFA/LASAAC Local Authority Code Board and has effect for financial years commencing on or after 1 April 2022.

3.2. The committee should note that the external audit review of the Council's statement of accounts for 2021-22 is still ongoing. The outcome of their review is now expected to be reported to the committee at their July 2023 meeting.

4. Changes to the Council's 2022-23 financial statements and accounting policies

4.1. No material new or amended standards have been introduced into the 2022-23 Code. The Council's existing accounting policies continue to be a suitable basis for preparing the 2022-23 financial statements.

4.2. The Council's definition of materiality can also remain unchanged:

"An item would be considered material to the financial statements if, through its omission, misstatement, obscuring or non-disclosure, it could reasonably be expected to influence the decisions of the users of these financial statements and therefore no longer show a true and fair view"

4.3. The accounting policies and disclosure notes presented in the Council's Financial Statements will abide by the following principles to avoid excessive detail which may obscure key messages:

- (a) For accounting policies, only those that are material to a reader's interpretation of the accounts will be included.
 - (b) For disclosure notes, unless the note is qualitatively material (see paragraph 4.5) or required by statute, the note will not be prepared or will be replaced by a shorter text disclosure
- 4.4. In determining if a disclosure note contains material information or not, both qualitative and quantitative aspects of materiality will be considered. There is no reason to alter the Council's current quantitative materiality level of £1,000,000 for the total of any income, expenditure, assets, or liabilities disclosed in a single note.
- 4.5. The following disclosures will be prepared, even if they are immaterial as they are of heightened interest to readers (qualitative materiality):
- (a) Members' allowances
 - (b) Officers' remuneration
 - (c) External Audit Costs
 - (d) Related Parties
 - (e) Termination benefits
 - (f) Market risk exposure for Financial Instruments
 - (g) Investment property income and expenditure
- 4.6. The mandatory introduction of IFRS 16 Leases has been delayed once again until the financial year 2024-25, so the expected the impact of this change will be considered when completing the 2023-24 statutory accounting statements.
- 4.7. The committee should also note that the IFRS 9 statutory override for charging any movements in the fair value of our external pooled funds to a reserve, rather than against council tax, was extended for a further 2 years until 31 March 2025.

5. Resource and legal implications

- 5.1. The Council is required by the Accounts and Audit Regulations to comply with CIPFA's Code of Practice for Local Authority Accounting in preparing its accounts.

6. Consultation

- 6.1. Not applicable

7. Community Impact and Corporate Risks

- 7.1. None

8. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X

Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other		X

9. Background Papers

- 9.1. 2021-22 Accounting policies published in the Council's draft Statutory Accounting Statements for 2021-22.

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Chichester District Council
CORPORATE GOVERNANCE & AUDIT COMMITTEE

27 March 2023

Progress Report – Audit Plan for 2022/23

1. Contacts

Report Author:

Stephen James – Internal Audit & Corporate Investigations Manager

Tel: 01243 534736

E-mail: sjames@chichester.gov.uk

2. Recommendation

2.1 That the committee notes performance against the audit plan for 2022/23.

3. Update on 2022/23 Audit Plan

3.1. The audit report issued as final since the last committee meeting is:

- Debtors

3.2. Results of the audit are contained in appendix one. There have been no audits given a 'No Assurance' rating and no critical exceptions have been raised.

3.3. As previously advised to the Committee, the audit Moving In/Out of Westward House Processes will be added to the 2022/23 plan and taken out of contingency.

3.4. Following the proposed adjustments to the Audit Plan reported to the October Corporate Governance & Audit Committee this would mean that the 2022/23 plan contains 14 full audits and 3 follow-ups.

3.5. As of 28 February, an audit report has been issued as final, the remaining are work in progress.

4. Audit plan 2023/24

4.1 The audit plan for 2023/24 has been prepared and considers risk value and system complexity. Due to the number of audits that have had to be deferred from 2022/2023 due to staff shortages, a decision has been made to review the four year plan to bring up it up to date with the high risk audits. The plan for 2023/2024 represents the first year of the four year plan.

The staffing situation has improved with two new members of staff shortly to join the section, we are also being assisted by an agency member of staff. It is envisaged that a proportion of the audit work will be to undertake the Key Financial Systems work. The remaining time will be taken up with annual activity and audits that are high risk or have not been audited before.

5. Background

5.1. Not Applicable

6. Outcomes to be Achieved

6.1 Not Applicable

7. Proposal

7.1. Not Applicable

8. Alternatives Considered

8.1. Not Applicable

9. Resource and Legal Implications

9.1 Not Applicable

10. Consultation

10.1. Not Applicable

11. Community Impact and Corporate Risks

11.1. Not Applicable

12. Other Implications

<i>Are there any implications for the following?</i>		
	Yes	No
Crime & Disorder:		√
Climate Change and Biodiversity:		√
Human Rights and Equality Impact:		√
Safeguarding and Early Help:		√
General Data Protection Regulations (GDPR):		√
Health and Wellbeing:		√
Other (Please specify):		√

13. Appendices

- 13.1. Audit completed since the last committee report.
- 13.2. 2023/2024 Audit Plan

14. Background Papers

- 14.1 None

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Audits completed since the last Committee meeting (9th January 2023)

<u>Audit title</u>	<u>Critical Risk</u>	<u>High Risk</u>	<u>Medium Risk</u>	<u>Low Risk</u>	<u>Total no of Exceptions</u>	<u>Overall Assurance level</u>	<u>Summary</u>
Debtors	0	0	1	2	3	Reasonable	<p>The Medium Risk exception raised related to:</p> <ul style="list-style-type: none"> - The CIVICA Debtors user guide states that invoices should ALL be changed to 2 days after the current date, to allow for authorisation and overnight generation, otherwise the recovery route process will start to early compared to when the customer actually receives the invoice. Testing found that invoices were not forward dated in all cases. <p>The two Low Risk exceptions raised related to:</p> <ul style="list-style-type: none"> - 1 of the 20 (Periodic Invoice Master) PIMs tested was authorised by an officer with an approval limit below the PIMs value including VAT. - That reconciliations should be completed within 14 days after the month end and certified within 30 calendar days of the month, testing found that this is not happening in all cases.

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Individual Audit Plan for 2023-2024							Appendix 2	
	Internal Audit & Corporate Investigations Manager	Principal Officer Int. Auditor & Corp Investigations	Internal Auditor	Trainee Internal Auditor	Internal Auditor (Agency)	TOTAL		
Audits for 2023-2024 and Other Chargeable Work	690	157	78	260	130	65	690	
Audits Carried Forward from 2022-2023 Plan	Audit Days							
Ins and Outs Westward House	8	4	0	0	0	4	8	
							0	
	8	4	0	0	0	4	8	
New Audits for 2023-2024	Audit Days							
Debt Recovery (potentially Key Financial)	20	0	0	5	0	15	20	
HR Exam Fee Recovery	5	0	0	0	5	0	5	
Building Control	15	4	0	0	11	0	15	
Disabled Facility Grants	20	0	0	7	0	13	20	
Non CDC Temporary accommodation (Exclude B and Bs)	20	5	0	15	0	0	20	
Non CDC Temporary accommodation (B and B's)	20	5	0	15	0	0	20	
Income Generation (Estates)	15	0	0	15	0	0	15	
Service Charges (Estates)	15	0	0	0	15	0	15	
IT security	15	0	0	15	0	0	15	
Electronic Data Retention	10	0	0	5	0	5	10	
Private Hire and Hackney Carriage Licences	15	0	0	0	15	0	15	
Refunds across the Council	15	0	0	15	0	0	15	
Contract Management	15	0	0	15	0	0	15	
	200	14	0	107	46	33	200	
Key Financial Systems Audits for 2023-2024	Audit Days							
Asset Management (Update procedures if applicable and YE Rec only)	B 0	0	0	0	0	0	0	
Cash and Bank	B 0	0	0	0	0	0	0	
Council Tax	B 0	0	0	0	0	0	0	
Creditors	B 15	0	0	15	0	0	15	
Debtors	B 0	0	0	0	0	0	0	
Benefits								
HB to include overpayment recovery	A 10	0	0	3	0	7	10	
PMQA	A 10	0	7	0	3	0	10	
CTR	A 10	0	0	3	0	7	10	
NDR	B 0	0	0	0	0	0	0	
HR Payroll (Including Subsistence)	A 10	0	0	10	0	0	10	
Treasury Management	B 0	0	0	0	0	0	0	
	55	0	7	31	3	14	55	
Annual Activity								
Planning and Control (Audit planning and reviews)	15	5	5	5	0	0	15	
Meetings/discussions with EY	1	1	0	0	0	0	1	
Committee reports and representation	15	15	0	0	0	0	15	
Corporate Advice	10	8	2	0	0	0	10	
NFI	5	0	4	0	1	0	5	
AGS and Evidence	15	15	0	0	0	0	15	
Contingency	59	8	7	20	20	4	59	
Public Sector Internal Audit Standard (PSIAS)	5	5	0	0	0	0	5	
Risk Management Reviews	6	6	0	0	0	0	6	
Follow Ups								
Rent in Advance (and damaged deposit)	5	0	0	5	0	0	5	
Discretionary Housing Payments	5	0	0	5	0	0	5	
Travel and Subsistence recommendations check	10	0	0	5	5	0	10	
Treasury Management	5	5	0	0	0	0	5	
Contract Management	5	5	0	0	0	0	5	
Section 106 and CIL	5	0	0	5	0	0	5	
Council Tax	5	0	5	0	0	0	5	
Business Rates	5	0	0	0	0	5	5	
	176	73	23	45	26	9	176	
Chargeable Work Total	0	439	91	30	183	75	60	439
Non Chargeable Work								
Management (inc Fraud)		15	8	0	0	0	23	
Administration		5	2	2	2	0	11	
Fraud shadowing		2	0	0	0	0	2	
Elections		0	0	0	0	0	0	
Performance and Appraisals		2	4	2	1	0	9	
Internal Training		6	2	13	13	1	35	
Professional Training		0	13	20	20	0	53	
General Meetings		5	5	3	1	3	17	
Annual Leave and Bank Holidays		29	13	35	17	0	94	
Sickness		2	1	2	1	1	7	
Non Chargeable Work Total	0	66	48	77	55	5	251	
Total	439	157	78	260	130	65	690	
Unallocated	251	0	0	0	0	0	0	

55% 65% 72%

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Chichester District Council

CORPORATE GOVERNANCE AND AUDIT COMMITTEE 27 March 2023

Corporate Governance and Audit Committee Work Programme 2023-2024

1. **Contacts**

Francis Hobbs - Chairman of the Corporate Governance & Audit Committee
Telephone: 01730 813313
E-mail: fhobbs@chichester.gov.uk

2. **Recommendation**

The committee is requested to consider and agree its work programme for 2023-24.

3. **Background**

3.1 Each year the Corporate Governance and Audit Committee prepares its work programme identifying the issues it will consider throughout the year.

3.2 At previous meetings of the committee the following principles were agreed:

- Task and Finish Groups can be used to take an issue off-line for deeper consultation and report back with recommendations.
- Where major documents (such as Treasury Management) are brought to the committee for approval, highlighting or underlining should be used to identify changes from previously approved versions.
- Reports should be shorter and more use should be made of executive summaries.
- High/medium priority internal audit reports would be included with the agenda and low priority audit reports would be emailed to members for information.

Developing a Work Programme

4.1 The 2023-2024 work programme has been developed in consultation with the Council's external auditors and with internal audit officers and considering suggestions for future focus discussed by the committee during the year.

4.2 The Business Routeing Panel last met on 22 September 2022 to discuss the council's full work plan and to agree those issues which should be considered by this committee.

4.3 Members are requested to consider and approve this committee's work programme attached at Appendix 1.

5. **Implications**

Are there any implications for the following?

	Yes	No
Crime & Disorder		x
Climate Change		x
Human Rights and Equality Impact		x
Safeguarding		x
Other (please specify) eg biodiversity		x

6. **Appendices**

Appendix 1 – Draft Work Programme 2023-2024

7. **Background Papers**

None

Corporate Governance and Audit Committee Work Programme 2023/24

Subject	Route	Lead Officer
17 July 2023		
2021/22 Annual Governance Statement and Corporate Governance report. App 1 CGAC's report to Full Council; App 2 Annual Governance Statement; App 3 Effectiveness of Internal Audit section	Council	Stephen James
Audit Results Report for the year ended 31 March 2022		EY
Statement of Accounts 2021-22		David Cooper
Audit Plan for year ended 31 March 2023		EY
2022-23 Treasury Management Out-turn report	Cabinet	Helen Belenger
Progress Report – Audit Plan 2023/2024		Stephen James
Annual Updates to the Constitution		Nick Bennett
Strategic Risk Group - Appointment of three members of the committee – verbal report		Helen Belenger
Housing Benefit Subsidy Audit 2020/2021		Marlene Rogers
Fraud Prevention Report 2022-23		Jeremy Todd
Corporate Health and Safety and Business Continuity Management		Warren Townsend
30 October 2023		
Annual Partnerships Report 2023		Pam Bushby
Annual Audit Letter Year ended 31 March 2022		EY
S106 and CIL Annual Monitoring report		Simon Davies/Karen Dower
Budget Review TFG Terms of Reference		Helen Belenger
Financial Strategy & Plan 2024-25	Cabinet Council	Helen Belenger
2023-2024 Treasury Management half-yearly update	Cabinet	Helen Belenger
S106 annual exceptions report		Simon Davies

Subject	Route	Lead Officer
Progress Report – Audit Plan 2023/2024		Stephen James
Housing Benefit Subsidy Audit 2021/2022		Marlene Rogers
Complaints, Freedom of Information requests and Data Protection Analysis 2022-23		Nick Bennett/Deborah Williams-Dorn
Debt Recovery Update and Write Off report 2022-23		Paul Jobson
Strategic Risk Management Update		Steve James
8 January 2024		
2024-25 Draft Treasury Management Strategy and Policy and Investment Strategies and Capital Strategy Update	Cabinet Council	Helen Belenger
Review of Funding Agreement and SLA for CFT and PHG	Cabinet Council	Sarah Peyman
Progress Report – Audit Plan 2023/2024		Stephen James
2022/23 Annual Governance Statement and Corporate Governance report. App 1 CGAC's report to Full Council; App 2 Annual Governance Statement; App 3 Report on Partnerships; App 4 Effectiveness of Internal Audit section	Council	Stephen James
Audit Results Report for the year ended 31 March 2023		EY
Statement of Accounts 2022-23		Helen Belenger / David Cooper
25 March 2024		
Audit Plan for year ended 31 March 2024		EY
Accounting Policies 2023-24		Helen Belenger
Housing Benefit Subsidy Audit 2022/2023		Marlene Rogers
Potential liabilities of outstanding litigation (Part 2)		Nick Bennett
Progress Report – Audit Plan 2023/2024		Stephen James
Strategic Risk Management Update		Helen Belenger

Reports emailed to CGAC members for information:

- Audits where recommendations are low risk only the medium and high-risk audits are included on agenda
- Treasury Management monthly reports – sent to Committee by Financial Services
- Property Investment performance monthly reports – sent to Committee by Estates Service
- Employment Statistics annual report – November (reported as part of Equality Strategy update) – sent to Committee by Democratic Services
- EY Briefings – sent to Committee by Democratic Services

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Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

27 March 2023

Risk Management Update

1. Contacts

Report Author:

Stephen James – Internal Audit & Corporate Investigations Manager
Tel: 01243 534736 E-mail: Sjames@chichester.gov.uk

2. Recommendation:

2.1. That the Committee notes the updated Strategic Risk Register and the internal controls in place, plus any associated action plans to manage those risks, and raises any issues or concerns.

3. Background

- 3.1. Under the governance arrangements as set out in the Council's Risk Management Strategy and Policy, the Committee should receive the outcome of the Strategic Risk Group's (SRG) review of the risk registers at least twice a year.
- 3.2. The Committee last received a risk management update report at its meeting of 18 July 2022. It should be noted that the outcome of the SRG meeting held on 18 November 2022, was not reported to the committee on 9 January 2023 due to an oversight.
- 3.3. This report reflects the outcome of the SRG meetings held on 2 March 2023 and any matters arising from the 18 November 2022 meeting.

4. Outcomes to be achieved

- 4.1. The Strategic Risk Register and the high scoring Organisational Risk items that are current, and relevant to the Council and its operation, and that those risks are well managed in accordance with the Council's Risk Management Strategy and Policy.

5. Risk Management Policy and Strategy

- 5.1. The change from quarterly to twice a year, is due to the fact that the risks do not significantly change between each assessment period. Also risk management is embedded within the organisation and the protocols in place are adhered to, especially on significant service risk areas and major projects which are considered regularly by officers in the interim of the formal reviews by the SRG.

6. Update on the Strategic Risk Register

- 6.1. Appendices 1(a) and 1(b) (part 2) show the updated risk register considering the comments and recommendations from SRG.
- 6.2. The risk map below shows the risk numbers and where they currently appear on the heat map for the strategic risk register:

LIKELIHOOD	4 (Almost Certain)		188	147	
	3 (Probable)		9, 97	185	1
	2 (Possible)		148	8, 189	
	1 (Unlikely)				68
		1 (Minor)	2 (Moderate)	3 (Substantial)	4 (Major)
IMPACT					

Key to Risk Numbers:

1 = Financial Resilience, **8** = Skills, Capability/Capacity, **9** = Business Continuity, **68** = Health & Safety, **97** = Cyber Risk across ICT estate, **147** = Southern Gateway Regeneration, **148** = Local Plan, **185** = Increase in Homelessness Service Demand Due to Increased Cost of Living and Ukraine Sponsorship Programme Impact, **188** = Climate Emergency Detailed Action Plan, **189** = Crouchlands Lagoon 3

- 6.3. There are now 10 strategic risks following the latest review by SRG; 7 of which are controlled, whereas the other remaining 3 have controls pending; which is where actions are still in progress to control or mitigate the risk.
- 6.4. This half year the following risks' scores have changed on the existing risks:
- **CRR 08 – Skills, Capability/Capacity** – The risk score has decreased from 9 to 6, as the likelihood has reduced from 3 (probable) to 2 (possible) because of the use of premia payments (market supplements) for those with long term established recruitment issues and the use of the relocation package has aided recruitment. The impact score has remained at 3 (substantial).
 - **CRR 148 – Local Plan** – the risk score has decreased from 12 to 4 as it is considered that the likelihood of a loss of control over development reduces to 2 (possible) from 4 (almost certain). With the continued use of the Interim Position Statement for Housing Development it is considered the impact is reduced to 2 (moderate) from 3 (substantial).
- 6.5. At the November SRG meeting risk CRR 170 – Change of use of the High Street in City and Rural Towns was reviewed, with the decision to move this risk from the Strategic Risk Register to the Organisational Risk Register, for the service to monitor.

- 6.6. All other existing strategic risks scores have remained unchanged since they were last reviewed, and no new strategic risks have been identified.
- 6.7. SRG were satisfied with the mitigation measures in place in relation to the high scoring organisational risk register items.

7. Consultation

- 7.1. The Risk Management Policy and Strategy changes have been considered by both SLT and SRG, along with both the Council’s risk registers for strategic and organisational risk, in line with the required reporting regime. The outcome of their review is now being reported to this Committee.

8. Other Implications

	Yes	No
Crime & Disorder:		X
Climate Change and Biodiversity:		X
Human Rights and Equality Impact:		X
Safeguarding and Early Help:		X
General Data Protection Regulations (GDPR):		X
Health and Wellbeing:		X

9. Appendices

- 9.1. Appendix 1 (a) – Strategic Risk Register
- 9.2. Appendix 1 (b) - Strategic Risk Register (Part 2)

10. Background Papers

- 10.1. None.

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Corporate Risk Register - Strategic Risks Summary Report

Report Author: Stephen James
Generated on: 09 March 2023



Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

Internal Control Status	
Good	All controls are in place and working effectively
In Progress	Controls in place yet to be fully effective or additional controls yet to be implemented.
Poor	No controls or controls inadequate/ineffective


Control Pending

Status	Risk No.	Risk Area	SLT Lead	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 147	Southern Gateway Regeneration (CONFIDENTIAL)	Jane Hotchkiss	9	12	12	4	31-Mar-2024	In progress
	CRR 148	Local Plan	Andrew Frost	9	12	4	3	31-Mar-2024	Good
	CRR 188	Climate Emergency Detailed Action Plan	Andrew Frost	8	8	8	2	31-Mar-2024	In progress
	CRR 189	Crouchlands Lagoon 3 (CONFIDENTIAL)	Andrew Frost	6	6	6	1	31-Mar-2024	Good

Controlled

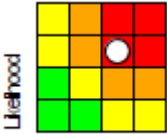
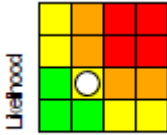
Status	Risk No.	Risk Area	SLT Lead	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 01	Financial Resilience	John Ward	9	12	12	3	31-Mar-2027	Good
	CRR 08	Skills / Capability / Capacity	John Ward	3	6	6	2	31-Mar-2024	Good
	CRR 09	Business Continuity	Andrew Frost	9	6	6	4	31-Mar-2024	Good
	CRR 68	Health and Safety	Andrew Frost	9	4	4	4	31-Mar-2024	Good
	CRR 97	Cyber Risk Attack Across ICT Estate (CONFIDENTIAL)	John Ward	6	6	6	4	31-Mar-2024	Good

Appendix 1(a)

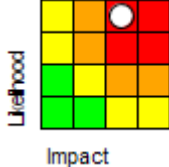
Status	Risk No.	Risk Area	SLT Lead	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 185	Housing - Potential Increase in Homelessness Service Demand due to Increased Cost of Living and Ukraine Sponsorship programme Impact	Louise Rudziak	9	9	9	4	31-Mar-2024	Good

Corporate Risk Register - Strategic Risks Detail





Management Control Pending

CRR 148	Local Plan	Management	Control Pending	
		Corporate Links		
<p>Loss of control over development of new housing in the absence of an up-to-date local plan, the impact would be:</p> <ul style="list-style-type: none"> • 5 year housing land supply (HLS) would continue to be assessed against a figure derived from the Government's standard methodology for assessing housing need the objectively assessed need (OAN) for housing rather than the housing requirement figure in the adopted Local Plan, making it harder to demonstrate a 5 year HLS. • Without a 5 year HLS the presumption in favour of sustainable development would apply, assessed against the policies in the National Planning Policy Framework (ref: para. 11). • Both 1. & 2. would result in an extension to the period of time in which the Council had to rely upon the <i>Interim Position Statement for Housing Development</i> to guide the location and form of housing development with decisions being made through the planning application and appeal process, rather than in accordance with the development plan as it would be considered to be out of date. • The ability to plan and coordinate development with the provision of infrastructure would be reduced with an unplanned approach to the location of new development. • The potential for government intervention to take plan-making decisions out of the control of the Council. • Damage to the reputation of the Council for further delays in producing a Local Plan in line with its statutory duties as Local Planning Authority. <p>Risk Owner: Andrew Frost Responsible Officer: Tony Whitty</p>				
Original and Target Risk Assessment				
Original Risk Date	07-Mar-2018		Target Risk Date	31-Mar-2024
Original Risk Score	9		Target Risk Score	3
Current and Previous Risk Assessment				
Current Assessment & Previous Assessment	24-Feb-2023			4

Appendix 1 (a)

	08-Nov-2022		12
Internal Controls			Current Status
Agreed Timetable for Plan Production	<ol style="list-style-type: none"> 1. Revised statutory timetable for Plan production (the Local Development Scheme) agreed by Cabinet and Council in January 2023. 2. Detailed project plan for evidence base and plan production prepared. 		Good
Sufficient Staff Resources to achieve timetable	<ol style="list-style-type: none"> 1. Use of agency staff to cover vacant posts where required 2. Recruitment incentive payment and premia payments agreed to recruit and retain staff. 3. Recruitment to Planning Policy Manager and Divisional Manager posts in 2022. 4. Further recruitment efforts for Neighbourhood Planning Officer and Policy Officer posts underway 		In progress
Ensure evidence base provided to meet timetable	<ol style="list-style-type: none"> 1. Evidence base has now been predominantly completed, however updates will be required through to examination, as necessary. 		Good
Member agreement to contents of plan	<ol style="list-style-type: none"> 1. Provision of information, debate and discussion through Member briefings, Development Plan and Infrastructure Panel and formal democratic decision making process through Cabinet and Council. Briefings given by Planning Advisory Service on key Plan issues. Plan agreed for regulation 19 consultation and submission by Council on 24 January 2023. 		Good
Public Consultation	<ol style="list-style-type: none"> 1. Public consultation to ensure that the views of the community are taken into account in the plan-making process. 2. Initial public consultation has taken place on issues and options. 3. Public consultation on the Local Plan Review: Preferred Approach has been completed. 4. Consultation on the Pre-submission Local Plan (regulation 19) commenced on 3 February 2023 and ends on 17 March 2023. This is the last formal consultation prior to submission of the Plan for examination. 5. Some further consultation may be required through the examination process. 		Good
Latest Position Statement			
23 Feb 2023	<p>Agreement by Council on 24 January 2023 to publish the Pre-submission plan for consultation and then submit for examination. Consultation closes on 17 March 2023. Following this there will be a need to collate and consider and representations received. Any necessary changes would then be submitted alongside the Pre-submission plan as modifications. Submission is anticipated to be May/June 2023 with examination to follow late 2023. Following successful examination, adoption is likely to be mid 2024. Good progress has been made in filling key roles within the team. Temporary cover has been used to fill vacant posts that have been hard to recruit to previously, however further efforts are being made to recruit permanently to a vacant planning officer post and a senior neighbourhood planning officer post. As the LDS timetable has recently been updated the programme as set out in the LDS is on track. Although the Council is now much</p>		

	<p>closer to submission of the Plan for examination, it will remain the position for at least a year that the Council will not have an up-to-date local plan. Additionally, the Council can currently only evidence a 4.7 year housing land supply. So whilst the Council is currently on track to meet the timetable set out in the latest LDS, there remain risks to development outside of the Council's control through application of the 'tilted balance'. Nonetheless, as the Council's new emerging plan progresses it will gain weight in the determination of applications and appeals. A current consultation on changes to the NPPF, including transitional arrangements for Councils to only have to demonstrate a 4 year housing land supply (for a period of 2 years) where plans are at an advanced stage of preparation, may have the effect of giving the Council greater control over the planning application decision making process, while the plan progresses through examination. Until the outcome of the consultation is known (likely by May 2023) the council cannot rely upon this in assessing the risk to uncontrolled development, however the provisions in the draft NPPF are likely to be delivered in some form, and the Council's progression of its Plan to regulation 19, increases the likelihood that it will benefit from any such interim position.</p> <p>It is therefore considered that the likelihood of a loss of control over development reduces to 2. With the continued use of the Interim Position Statement for Housing Development it is considered the impact is reduced to 2.</p>
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CRR 188	Climate Emergency Detailed Action Plan		Management	Control Pending
			Corporate Links	
<p>The Climate Emergency Declaration made by Council in January 2020 led to the Council approving detailed Climate Emergency Action Plan in January 2021 which includes achieving a 10% reduction year on year on both an internal carbon target and a district wide target. It must be noted that as the Councils internal emissions account for only 0.05% of the district emissions the cost benefit of all internal projects must be considered against completing priorities. The risk of failing to achieve the internal 10% carbon reduction increases if delivery of carbon saving projects identified in the action plan are postponed or delayed. The risk of failing to achieve the internal 10% carbon reduction increases if delivery of carbon saving projects identified in the action plan are delayed due to lack of funding or staff resource. The external target is not going to be achieved and is not within the Council’s remit. It is included as a call to arms, to add transparency to the Council’s Climate Emergency Declaration as to what is needed. A risk arises from on-going pressure by interested local groups and individuals who are closely monitoring the Council’s performance and who perceive the Council to be failing to deliver climate emergency actions not within the action plan or to deliver actions within the plan to a bigger scale or to a tighter timescale. A further risk arises from the Government not delivering manifesto pledges and delays in enacting legislation essential to support the climate emergency work. This risk has increased in recent months due to the economic situation in the country.</p> <p>SLT Risk Owner: Andrew Frost/John Ward/Jane Hotchkiss Responsible Officer: Alison Stevens/Kevin Carter/Sarah Peyman</p>				
Original and Target Risk Assessment				
Page 34	Original Risk Date	08-Jun-2021	Target Risk Date	31-Mar-2024
	Original Risk Score	8	Target Risk Score	2
				
				
Current and Previous Risk Assessment				
Current Assessment & Previous Assessment	07-Feb-2023		8	
	24-Oct-2022		8	

Appendix 1 (a)

Internal Controls		Current Status
SMART Measures	<ol style="list-style-type: none"> 1. Project specific targets developed for each project. Monitoring progress against targets agreed. 2. Monitoring progress against targets agreed. 	In progress
Council Assets - Feasibility Studies & Internal Targets	<ol style="list-style-type: none"> 1. Council assets to be assessed by an external consultant to develop actions and targets to meet the Climate Action Plan objectives. These reports by Pope have been completed. None of the options are currently being progressed but will be considered through the Future Services Framework. 2. Westgate Decarbonisation project. This is scheduled for completion at the end of February 2023. 3. Investigation of a Power Purchase Agreement with a local to-be-built solar farm. 	In progress
Fleet Review	<ol style="list-style-type: none"> 1. Review of Council fleet and fuel used. 2. Evidence required from test acquisitions for alternative fuel usage e.g. electric vehicles etc. Two electric vehicles arrive for pilot use in the first quarter 2023. 	In progress
Internal Targets	<ol style="list-style-type: none"> 1. Deliver a communication and engagement plan to encourage behaviour change. 2. Delivery of DEFRA Trees Project. Tree-planting projects will only deliver very small reductions in the lifetime of the current targets, but will support subsequent targets and the national goal of net zero by 2050 3. Delivery of Strategic Wildlife Project. 4. Promote the uptake of grants to reduce greenhouse gas emissions from domestic and non-domestic buildings 5. Support greater use of electric vehicles in the district. 6. Support cycling, walking and use of public transport as an alternative to car travel. 7. Illustrate the scale of the measures that would need to be undertaken to meet the targets including estimates of cost. 8. New officer roles focussing on helping householders, businesses and not-for-profit organisations in the district to reduce their emissions. 	In progress

Latest Position Statement

28 Feb 2023	<p>The Council approved the Climate Emergency Detailed Action Plan in January 2021. The progress of the plan is reported bi-annually to Environment Panel and annually to Full Council. The 2nd update to Full Council occurred on 31 January 2022.</p> <p>The action plan now contains 64 actions related to either the internal or the district wide target. The status of which is summarised below;</p> <table border="1"> <thead> <tr> <th>Status</th> <th>Number of actions</th> </tr> </thead> <tbody> <tr> <td>On-going</td> <td>38</td> </tr> <tr> <td>Waiting for input from others</td> <td>6</td> </tr> <tr> <td>May not be initiated/completed on time</td> <td>0</td> </tr> <tr> <td>Not initiated/completed on time or not expected to be</td> <td>3</td> </tr> <tr> <td>Completed</td> <td>13</td> </tr> <tr> <td>Not due to be started yet</td> <td>4</td> </tr> <tr> <td>Total number of actions in plan</td> <td>64</td> </tr> </tbody> </table>	Status	Number of actions	On-going	38	Waiting for input from others	6	May not be initiated/completed on time	0	Not initiated/completed on time or not expected to be	3	Completed	13	Not due to be started yet	4	Total number of actions in plan	64
Status	Number of actions																
On-going	38																
Waiting for input from others	6																
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Not initiated/completed on time or not expected to be	3																
Completed	13																
Not due to be started yet	4																
Total number of actions in plan	64																

District wide target

There was an 8.7% reduction in emissions in the first year of the target which was calendar year 2020. This was likely due to the impact of Covid on road transport emissions and illustrates the scale of change to achieve the target. While emission figures for local areas for 2021 have not yet been published by central Government, the UK wide figures show emissions rose 4% in 2021 compared with 2020 as the economy began to recover from the Covid pandemic. It seems likely that our district will follow the same trend. The employment of additional staff will ramp up council activities to reduce emissions, but the district target will not be met without a transformative scale of action.

Council internal target

There were reductions of 12% and 4% in the first and second years respectively (Oct 2019-Sep 2020 and Oct 2020-Sep2021). Covid is likely to have been a key factor.

Third year Oct 2021-Sep 2022: Target likely to be missed significantly. There may even be an increase in emissions. Projects expected to complete and deliver saving in this period did not (ensure consistent operation of the Novium biomass boiler, Westgate leisure centre project, domestic refuse collection vehicles routes), although target would not have been met even if they had. Freeland Close which opened in this period will increase electricity demand.

October 2022-September 2023: We could achieve a 6% reduction due to energy efficiency work on Westward House, use of two electric refuse vehicles, completion of Westgate project. This may be reduced depending on how Freeland Close increases emissions, any post-Covid bounce back in emissions plus St James industrial estate will have re-opened in this period following its re-development. Again, this will impact emission figure even though the new site has been designed to have reduced emissions.

October 2023-September 2024: The target does not look likely to be met (a 3% reduction estimated) without additional emission reduction actions being started prior to this period.

October 2024-September 2025: The target may be met(a 9% reduction) if the council enters into a Power Purchase Agreement for electricity from a planned new solar farm in the district (this % reduction may be less depending on the amount of electricity the council puts into the PPA. The amount has financial implications). The target is likely to be missed (1% reduction) if that contract is not entered into.

Mitigating actions

Achieving a year-on-year reduction requires a continuous pipeline of projects which has not been established.

Fleet

The depot will require significant electrical infrastructure upgrades if the trial of electric refuse vehicles (eRCV) is successful. That needs to be prepared for in advance of the trial completing so as not to delay expansion of eRCV fleet and a reduction in the council’s biggest source of emissions -should the trial be successful. Rest of fleet: a policy is in place to replace diesel and petrol vehicles with electric. However, increased asset replacement budgets will need to be approved by councillors.

	<p>Buildings</p> <p>None of the options outlined in the Pope reports are being taken forward however they will be considered through the Future Services Framework. Installing PV on council buildings is a competing option to the Power Purchase Agreement. Other options yield small savings, concern buildings with a question-mark over their future (EPH, Novium) or have very long/non-existent paybacks. Further work modelling customer use would need to be done to judge the financial case for installing solar carports powering EV charge-points on CDC car parks.</p>
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Management Controlled

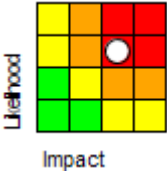
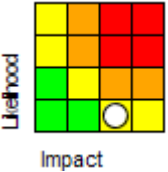
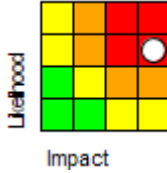
CRR 01	Financial Resilience	Management	Controlled
		Corporate Links	Corporate Plan Priority - Use Resources Effectively and Efficiently.

Risk Description:

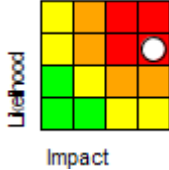
- Failure to maintain a robust and deliverable budget will lead to a lack of resources to fund services and council priorities, leading to reactionary decision making, and reputational consequences.
- Failure to maximise efficient use of resources and so unsuccessful redirection of resources and not achieving objectives and outcomes of the council including efficiency savings identified under the Future Services Framework (FSF).
- Failure to maximise income streams.
- Unpredictable Government policy (e.g. localisation of business rates.)
- COVID-19 (Coronavirus) unpredictable economic impact.

Cost of living crisis - unpredictable impact on service demand. Plus inflationary cost pressures on the council's own costs.

Current Risk Owner: John Ward
Responsible Officer: Helen Belenger

Original and Target Risk Assessment					
Original Risk Date	31-Jul-2012		Target Risk Date	31-Mar-2027	
Original Risk Score	9		Target Risk Score	3	
Current and Previous Risk Assessment					
Current Assessment & Previous Assessment	17-Feb-2023				12

Appendix 1 (a)

	21-Oct-2022		12
Internal Controls			Current Status
Five Year Financial Model and Deficit Reduction Plans	<ol style="list-style-type: none"> 1. Monitor and update the 5 year financial model as required and review with CMT. 2. Assess against progress on Deficit Reduction Plan and savings targets. 3. Monitor income volatility in relation to use of New Homes Bonus (NHB) (Policy approved) and localisation of both Council Tax Reduction scheme (CTR) & business rates. 4. COVID recovery and financial planning reports agreed by Council 21 July 2020. New framework for service prioritisation model to develop future service delivery from 2022-23. 5. Budget review tasks after election in May 2023. 		Good
Income Streams	<ol style="list-style-type: none"> 1. Monitor income performance and review with SLT so remedial action can be taken. 2. Divisional Managers and service managers monitor income monthly from budget monitoring reports. 3. Service managers to assess fee setting for services in accordance with Fees & Charging Policy, and react when if income reductions occur. 4. Putting money in place to achieve better returns. 		Good
Reconciliation of Income	<ol style="list-style-type: none"> 1. Monthly reconciliations by services. 2. Non compliant services are identified by Internal Audit when service is reviewed as part of the Audit Plan. 3. Support given by Financial Services when setting up new income streams and reconciliation processes. 		Good
Control of Expenditure	<ol style="list-style-type: none"> 1. Approval limits and routes for additional funding are detailed in the Council's Constitution and Financial Regulations. 2. Quarterly monitoring of major variances by SLT. 3. Quarterly Financial Health Check meetings by Financial Services with Directors and Divisional Managers prior to SLT's quarterly revenue and capital monitoring review. Results published on the Council website and detailed in the member's bulletin. 		Good
Financial Strategy Principles	<ol style="list-style-type: none"> 1. All key decisions of the Council should relate back to the Corporate Plan. 2. Ensure the revenue and capital programme remain balanced and sustainable over a rolling 5 year period. 3. Over the next 5 years maintain a position of non-dependency on reserves. 4. In order to maintain a balanced budget in a climate of no growth, savings in the revenue budget or external funding will need to be identified before any new revenue expenditure, including capital expenditure that has revenue consequences, is approved. 5. Review costs in response to changes in service demand. 		Good

	<p>6. Where the Council has discretion over charging for services, consideration needs to be given as to the extent to which service users should bear the costs, and the proportion met by Council Tax.</p> <p>7. Continue to review the Council's costs in order to find further savings.</p> <p>8. Match Council Tax increases to a realistic and affordable base budget.</p> <p>9. Budgets should be pooled with other service providers to achieve more effective and cost efficient outcomes for the community.</p> <p>10. New Homes Bonus (NHB) is a non ring-fenced grant from Government. Council policy has agreed in principle that this funding should be reserved to reward communities that have accepted growth. However, the allocation of this source of funding and its use must take into account that as this is not new funding; it can be used to protect services, and aid the council's legal requirement to set a balanced budget. The allocation of this funding will be reviewed annually during the budget setting process considering the financial settlement from Government.</p> <p>11. Localisation of Business Rates. The decision to pool our business rates should be reviewed annually after receipt of government draft settlement to that the Council is in the best financial position. The Section 151 Officer continues to review the risks and opportunities that will emanate from the 100% localisation of business rates.</p>	
<p>Revenue and Capital Programme Principle</p>	<p>1. Capital receipts, reserves and interest on investment will primarily be available for new investment of a non-recurring nature, thereby minimising the overall financial risk.</p> <p>2. Ensure that a sufficient level of reserves are maintained, as informed by the Financial Strategy, so that the Council can remain flexible and is able to respond to a changing local government environment.</p> <p>3. Borrowing could be used for capital schemes or "invest to save" projects providing the cost of servicing the debt is contained within the revenue savings/income the project generates. The payback period for invest to save projects should be shorter than the life of the asset.</p> <p>4. A Capital Strategy which sets out the clear vision of the council's capital ambitions, linked to the Corporate Plan and all other key strategies and policies which aid the decision making process for the allocation of resources to projects. The governance arrangements are clearly set out in this document for an open and transparent process that adheres to good practice.</p>	<p>Good</p>
<p>Treasury Management</p>	<p>1. Generate better returns with the Treasury Management Strategy and the Investment Protocol and the Council's view of risk and increased diversity.</p>	<p>Good</p>
<p>Latest Position Statement</p>		
<p>22 Feb 2023</p>	<p>The Council's Financial Strategy and 5 year model have been updated to reflect the current situation in 2022-23 was approved by the Council at their November meeting.</p> <p>The strategy is set against a background of the long term effects of the pandemic, the uncertainty within the economy and the inflationary pressures being experienced. There is also uncertainty regarding future local government funding and the continued delay in the Government's funding review and any significant changes to Business Rates Retention Scheme. The model assumes that changes may occur for 2025-26 in the Business Rates Retention Scheme.</p> <p>Since the impact of the issues experienced from 2020 has meant that the council has used general fund reserves to help set a balanced budget in last couple of years, and in the main are forecast to do so over the medium term, using the £8m set aside to support the revenue</p>	

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budget.

For the 2022-23 budget, it was estimated that £808,000 of reserves would be required for a balanced budget. However, the situation has changed significantly since setting the budget in March, and now we are forecasting to use around £2m, which are due to those costs that are outside our control plus the council have decided to invest in priority areas. These are generally one-off items and will not impact future year’s budgets, amounting to **£1.136m**.

The Financial Strategy currently shows that we have an underlying deficit going forward of about £500,000 per annum. However, there are lots of uncertainties related to the assumptions made. These uncertainties are detailed in the report to Cabinet on 1 November.

In summary, if all of the uncertainties go in our favour, we still think we will need to make further savings of around £500,000. However, should any of the significant risks go against us we could easily find ourselves having to find savings running into £1m - £2m. No new policy options were built into this forecast which also assumed a £5 council tax increase based on previous referendum criteria from Government in the financial settlement for local government funding.

The strategy predicted a small surplus for 2023 of £99,000. And the budget developed for 2023-24 has a surplus position based on the draft budget of £150,000, where it has been proposed that this sum is allocated for measures to help address the cost of living crisis in addition to the £300,000 that Council allocated last year to the “Supporting You” programme. Demonstrating the Council’s commitment to protecting those in its community who are most vulnerable. The draft budget including the allocation of the £150,000 allocation will be considered at Council on 7 March when setting the council tax for the coming year.

The settlement was better than anticipated in a number of areas:

- Firstly, a new Funding Guarantee Grant worth £704k
- Secondly, the Services Grant which was expected to be withdrawn has been retained but at a reduced level. This is worth £91k.
- Rural Services Deliver Grant of £222k up from the £198k previously anticipated.
- Finally, there has been another year of New Homes Bonus allocation worth £811k.

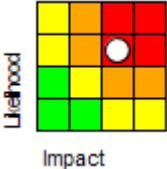
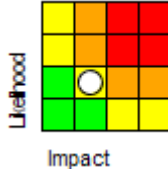
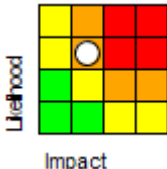
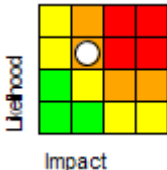
Looking forward it is unclear if the Funding Guarantee Grant will be awarded again in 2024-25, reduced, or removed altogether. Members will need to bear in mind that while the Financial Strategy predicted a surplus in 2023, it also predicted a deficit position by 2025 and beyond.

Also, in the settlement the Council is expected to receive £170k of funding to provide a further round of Council Tax Reduction Support to help those most in need.

The budget assumes that the council tax will increase by 2.99% which equates to £5.26 on the council tax Band D average, or just 10pence per week. The Council continues to offer up to 100% support under the Council’s Council Tax Reduction Scheme so the most vulnerable residents will be protected from this increase.

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	<ul style="list-style-type: none"> 2. Completion of appraisals on time. 3. Strategic training needs identified. 	
Training Plan and Budget	<ul style="list-style-type: none"> 1. Use First Line Managers course to develop new managers. 2. Use management apprenticeship or diploma programmes to develop CDC managers. 3. Specific training programme for new Directors and Divisional Managers. 	Good
Recruitment Benefits	<ul style="list-style-type: none"> 1. Use of benefits packages to aid recruitment: relocation package widely used, exceptionally assisted house purchase scheme. 2. Guidance to be issued for how to use recruitment benefits. 	Good
Staff Satisfaction Survey	<ul style="list-style-type: none"> 1. Staff survey to be undertaken every two years, and action plans progressed. 	In progress
Strategic Leadership Team & Divisional Managers	<ul style="list-style-type: none"> 1. Specific training programme to newly appointed Divisional Managers to address core competencies, hosted by Portsmouth University. 	Good
Measuring Staff Turnover by Significant Groups	<ul style="list-style-type: none"> 1. SLT to review turnover statistics and the reasons quarterly. 	Good
Latest Position Statement		
<p>20 Feb 2023</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 43</p>	<p>Increased use of premia payments (market supplements) for those areas with long term established recruitment issues and the use of the relocation package has aided recruitment for some service areas. Premia payments are subject to review every 2 years (review for implementation in April 23 recently completed), which is in line with the new procedure governing these as agreed with the Staff Side / Unison. However there are still recently been some significant recruitment and retention issues in some services including Planning, Environmental Health, HGV drivers and Building Services, who will continue to work with HR to ensure that appropriate resources and incentives are in place; these include further recruitment attempts including recruitment payments, flexible use of staff across the service, improved advertising of jobs and marketing of the Council as an employer, using head hunters and temporary (agency) staff, where required. It should be noted that this risk is linked to the national issue of shortage of labour in some sectors and our ability to control or mitigate this is limited.</p> <p>Review of Workforce Development Plan underway with a greater focus on the need to grow and develop our own staff.</p>	

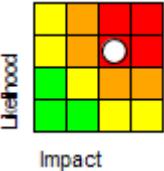
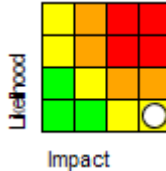
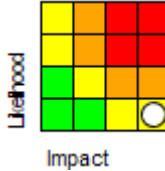
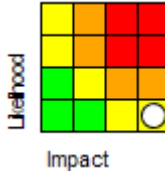
CRR 09	Business Continuity	Management	Controlled
		Corporate Links	Corporate Plan Priority - Use Resources Effectively and Efficiently.
Risk Description: Failure to react to an incident that would adversely affect the delivery of services, including leading to a breach of the council's statutory duties under the Civil Contingencies Act and result in both inability to service the community and reputational damage.			
SLT Risk Owner: Andrew Frost Responsible Officer: Alison Stevens/Warren Townsend.			
Original and Target Risk Assessment			
Original Risk Date	31-Jul-2012		Target Risk Date
Original Risk Score	9		Target Risk Score
			31-Mar-2024
			
			4
Current and Previous Risk Assessment			
Current Assessment & Previous Assessment	22-Feb-2023		6
	14-Oct-2022		6
Internal Controls			Current Status
Robust BC Plans	<ol style="list-style-type: none"> The Business Impact Assessment (B.I.A) is refreshed annually with SLT. Critical services have Business Continuity (BC) plans covering the first 3 days of a business interruption. The BC plans are tested every 2 years. Retraining takes place where necessary, to embed BC into culture of the council. BC plans and associated documents are stored on the council's x drive and off-site on external site (Resilience 		Good

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	Direct). 6. Non critical services also have plans for over 3 days business interruptions. 7. Health checks take place of Plans in all service areas. 8. Effective backup of data.	
BC Management Strategy	1. Annual BIA meeting held with SLT. 2. Monthly report from Safety & Resilience team to SLT cover any updates and issues. 3. Articles for team briefs or management forum to embed BC planning into organisation.	Good
Business Recovery Team	1. Training and repeated messaging to embed BC cultural into organisation. 2. Annual appraisals targets for Divisional Managers and relevant staff.	Good
Latest Position Statement		
28 Feb 2023 Page 45	<p>There are different threats that can create a business continuity incident - this assessment considers the key threats but has to summarise our overall level of risk. Whilst the internal controls are good for business continuity management, the risk score remains fairly high as the likelihood of a business interruption is currently more likely with the current issues around the Ukraine conflict and the impacts that has on energy and fuel. For example, there is an increased risk of interruptions to power over the remaining winter period. We are still experiencing a low level of interruption in terms of staff illness at the depot in relation to covid. The majority of CCS staff cannot work from home if suffering from covid. The risk of a concurrent event, e.g. a cyber-attack is again probable. This is because CDC, like many large organisations, continually fights against potential attacks on our IT systems. We have good mitigation against cyber-attacks; however there remains a risk due to the frequency of attempted attacks and the changing nature of cyber threats. Physical mitigation controls against loss of IT or building/s are good and would be 'unlikely' and therefore less of a risk. We have excellent mitigation for the loss of the physical IT infrastructure based at EPH since the commissioning of the off site server room based at the Westhampnett depot. Should the servers located within EPH fail for any reason then the majority of the council's IT systems can be reinstated within a matter of hours. The threat of losing EPH due to a fire, for example, is no longer deemed significant as resilience is good in terms of staff being able to carry out their work from home. The Westhampnett Depot also provides a location for office-based activities to be relocated to. The Novium and a reciprocal mutual aid arrangement with WSCC provides a location for face to face council business to be conducted, if necessary. The BIA (Business Impact Assessment) continues to be refreshed annually by SLT – the last review took place on 14 November 2022. BC plans continue to be refreshed on a 6-monthly basis – the last review was completed in October 2022.</p>	

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CRR 68	Health and Safety	Management		Controlled	
		Corporate Links		Corporate Plan Priority - Use Resources Effectively and Efficiently.	
Risk Description: Failure to adhere to H&S policies and procedures leading to death or serious injury of an employee or third party resulting in prosecution or other enforcement action under H&S legislation, adverse publicity, fines and possible custodial sentences. Such failures may also lead to civil claims for compensation					
SLT Risk Owner: Andrew Frost					
Responsible Officer: Alison Stevens / Warren Townsend.					
Original and Target Risk Assessment					
Original Risk Date	03-Sep-2013			Target Risk Date	31-Mar-2024
Original Risk Score	9			Target Risk Score	4
					
Current and Previous Risk Assessment					
Current Assessment & Previous Assessment	22-Feb-2023			4	
	14-Oct-2022			4	
Internal Controls					Current Status
H&S policies & procedures	Clear health and safety policies, procedures and guidance are available to all staff and members via intranet and in hard copy format at some sites. The Policy includes: <ol style="list-style-type: none"> 1. Statement of intent. 2. Hierarchy for communication/organisation. 3. Roles and responsibilities. 				Good

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	<ul style="list-style-type: none"> 4. H&S arrangements - these are the policies, procedures and guidance for specific H&S issues e.g., control of contractors, COSHH assessments forms etc. 5. An extensive range of evidence compliance forms. 6. Specific risk assessments for site visits undertaken for staff and member visits. 7. Quarterly updates to Cabinet member for Planning & Environment by the Safety & Resilience Manager. 	
Training Programme & Competencies	<ul style="list-style-type: none"> 1. Specific training programmes for all aspects of H&S skills and competencies required with the Council's business. 2. Staff with relevant competencies and holding key responsibilities available on staff intranet. 3. Training records maintained to evidence training provided. 4. Training for all new members as part of the Members' Induction Programme. 	Good
Legionella Testing	<ul style="list-style-type: none"> 1. Written policy available. 2. Regular testing and monitoring to demonstrate compliance. 3. Pentana used to record monitoring and escalate areas of non-compliance. 4. Staff involved in legionella management or may be exposed to legionella risk are provided with training. 	Good
Health & Safety, and Insurance performance meetings for high risk service areas	<ul style="list-style-type: none"> 1. CCS - Monthly insurance & H&S meetings with the Director of Corporate Services & the Contract Services Divisional Manager with Safety & resilience Manager & CCS Technical Supervisor. To assess accident trends and claims and agree any actions required to staff duties, policies and procedures. 2. The Safety & Resilience Manager attends the quarterly CCS H&S Management meetings. This is a high-level meeting with the service managers and lead officers to discuss H&S performance across all CCS activities. 3. All accidents, near misses and reports of ill health are investigated by the Safety & Resilience team. Interventions made with the service where appropriate to improve systems of work to prevent reoccurrence. 	Good
PAT testing	<ul style="list-style-type: none"> 1. Annual testing of all electrical equipment carried out by qualified contractor. 	Good
Safety Committee	<ul style="list-style-type: none"> 1. A group of managers and employees (including union representatives) meet 3 times a year to discuss health and safety issues and matters of interest. CCS, car parks, foreshores and the Novium feed into this committee. The Safety Committee reports any issues of significance to the Joint Employee Consultative Panel (JECP). Meeting minutes are posted on the council's intranet page for staff to access. 	Good
Caution Alert Register (CAR)	<ul style="list-style-type: none"> 1. Specific procedures and decision tree guidance in place for staff and members to follow on the intranet. 2. Nominated person CR Keeper who maintains register and advises staff. 3. Procedures in place for appropriate staff and members to access CAR. 4. Compliance with data protection legislation included in policies and procedures. 5. Incident response team available to support staff and members at EPH if an incident occurs. 6. Conflict Management & Physical Intervention training provided to relevant staff. 	Good
Emergency arrangements for Council Premises	<ul style="list-style-type: none"> 1. Evacuation procedures in place for EPH on staff intranet. 2. Designated staff with allocated roles & responsibilities for evacuation procedures. 3. Regular testing of evacuation procedures carried out. 4. Policy advising the arrangements in place for safe evacuation of council owned buildings. 	Good
Corporate H&S Audits &	<ul style="list-style-type: none"> 1. Programme of H&S audits of service areas, improvements and observations which are fed back to Service, H&S 	Good

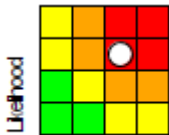
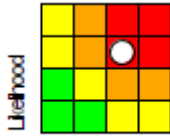
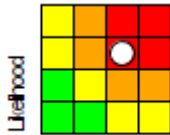
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Action Plans for Service H&S Improvement	and management with any necessary improvement action plans. Progress with recommendations made are reviewed after an agreed period. 2. In addition, there is a programme of audits in place for the SLM leisure centres contract. This involves checking H&S performance and compliance in key identified areas.	
Contract Management	1. Every major contract should have an identified contract manager who is responsible for ensuring the delivery of the contract in accordance with specification. 2. The contract manager must ensure that their contractor adheres to H&S legislation in carrying out the specification and has a monitoring system in place which includes performance reporting to the council's contract manager. 3. Upon request the Safety & Resilience Manager will attend regular quarterly/annual meetings for the council's specific high risk activity contracts along with the contract manager, to liaise with the contractors regarding any H&S concerns. 4. Members are involved in major decisions on procurement matters.	Good
Health & Safety Corporate Compliance Group	• The group as set up early 2022 and meets quarterly to check compliance with statutory and locally set requirements across all directorates.	Good
Fire Safety Management	1. Activity based Fire Risk Assessments of all CDC managed premises are undertaken on a 2-yearly programme.	Good
Safety watch	1. The Safety & Resilience team undertakes monitoring visits to engage with operatives, check training / competence and compliance with policies and procedures. Waste/recycling crews, grounds teams, streets team and small works operatives receive at least 1 face to face Safetywatch visit per year. Waste/recycling crews also have 1 Safetywatch observation via live vehicle cameras per year. Results of Safetywatch are reported to CCS management.	Good
Latest Position Statement		
22 Feb 2023	The consequences of a serious accident or incident at work have the potential to be 'major', i.e. death of a member of staff, contractor or member of the public. Therefore, the severity of impact in the risk score is always going to be high. However, the Council operates an effective H&S management system with good controls in place to reduce the likelihood of such an incident. Despite having good systems and procedures in place, CCS remains the highest risk operation within the Council due to the nature of the work. H&S compliance of CDC's biggest service contractor, Everyone Active, is monitored through a programme of audits carried out by the Safety & Resilience team on an annual basis.	

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Applications	(Software) A rolling programme of installing the latest version of application software is in place, and detailed in our annual Service Plan roadmap. The move to Microsoft 365, being cloud based, has implications when accessing on-premises key business line of sight systems (e.g. IDOX, Northgate, CIVICA). An upgraded version of CITRIX successfully implemented during the summer, and adoption of zero trust security when implementing Microsoft 365, will mitigate any increased risks.	In progress
Physical Access door controllers and CCTV	(System) Not in ICT control and management. Allows physical access to building and specific sections with swipe card. As part of our network this is still scanned. An example of a system with default admin rights still in place, e.g. User 'Admin' and Password 'Password' There are steel shutters on windows and doors. In addition, we monitor sensitive parts of our estate e.g. room 6 with CCTV.	Good
Backups	(System) Weekly data (tape) backups are encrypted and verified. Good security practice in place, with weekly tapes removed from the EPH premises. The new CDC off site server project was formally completed, as reported to Cabinet in September, following a full test programme. During Q3/Q4 we will be supporting the Safety & Resilience led review of corporate business continuity arrangements, taking into account the new DR server capability (cf. CRR09).	Good
Change control	(System) Introduced on 1st April our new change management approach has proved very effective. Based on International Technology Infrastructure Library (ITIL) best practise and National Cyber Security Centre (NCSC) guidance, we have improved our controls in this area. Tested during the x6 emergency patching (c.f. Patching entry above) this internal control is now assessed as Good.	Good
Latest Position Statement		
Feb 2023	<p>This year we have completed the roll out of Microsoft 365 (for staff) which has introduced enhanced security through the introduction of In Tune and multi factor authentication. We have completed testing and commissioned our new corporate Disaster Recovery Server facility and have had a successful annual IT Health Check. Historically linked to maintaining access to the Public Sector Network (PSN), this annual evaluation is commissioned to cover our entire network.</p> <p>Based on these outcomes the impact risk score remains at 2.</p>	

CRR 185	Housing - Potential Increase in Homelessness Service Demand due to Increased Cost of Living and Ukraine Sponsorship programme Impact		Management	Controlled
			Corporate Links	
Risk Description: Failure to meet potential increase in homelessness service demand due to increased cost of living and Ukraine sponsorship programme.				
SLT Risk Owner: Louise Rudziak Responsible Officer: Kerry Standing				
Original and Target Risk Assessment				
Original Risk Date	17-Feb-2021		Target Risk Date	31-Mar-2024
Original Risk Score	9		Target Risk Score	4
Current and Previous Risk Assessment				
Current Assessment & Previous Assessment	22-Feb-2023		9	
	27-Oct-2022		9	
Internal Controls				Current Status
County Level	All councils within West Sussex have joined up to fund a new Housing and Policy Officer post to work across the district and borough councils to improve joint working, aid service improvements and outcomes for residents. One of the key initial priorities will be looking at prevention work to minimise housing approaches. At Chichester we are currently liaising with our largest registered providers to obtain rent arrears levels so that we can look at the likely number of future homeless approaches whilst ensure operationally we have practices in place including working with the registered providers to minimise homeless approaches overall.			In progress

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Adequate Staff Resources	All posts within Housing are filled and the restructure has bedded in well.	Good
Prevention Work	Prevention work to identify potential evictions in advance with registered providers and private sector.	Good
Homelessness reviews and monitoring	A review will be undertaken during 2023-24 to monitor and forecast potential homelessness approaches to ensure our temporary accommodation provision need is understood, our needs can be met and where there are issues plans are developed accordingly.	Good
Prevention Tools	A number of financial support schemes are in place to support and prevent homelessness including some additional funding provided by WSCC.	Good
Home Finder & Use of Private Sector	The Home finder and private rented sector offer are under review to ensure we are set up in the most effective way moving forward through the supply of private rented properties, where these are required. The Home finder scheme in its current format is being wound down. As tenants move from properties these are being handed by to the respective landlord. A review of how we utilise private sector accommodation where we need to for a housing need is to be explored and options identified to do this. Whilst the social sector is so much more reliable for tenants from a tenancy security aspect some needs can be more urgently met through the private sector.	In progress
Financial Support	The Council has launched a Supporting You campaign which provides a ranger of support and services for residents including, but not limited to debt management advice, budgeting support and income maximisation etc.. All with the aim of helping residents support themselves and sustaining their tenancies. For 2023/24 an additional £100k has been allocated to top up the Discretionary Housing Fund. This will enable us to provide more support to those in need.	Good
New Initiatives	We have entered into an agreement with Beam from January 2023 as a pilot. This is a very different approach to how we have historically operated and we want to identify how we can best support homeless clients. Beam has 3 key benefits: 1) It helps individuals to crowd fund (to help them back onto their feet with start up costs i.e. interview clothing), 2) employment – works with motivated homeless clients who want to get into employment and 3) private rented sector – where Beam has shown its strengths is in its ability to work with the private sector to secure suitable properties. Given this model is different we wanted to pilot this to learn from it and to see if there are better ways of providing some of the service moving forward. Without pre-judging the pilot there are significant gains to be had with this i.e. employment rises and less impact on the public purse let alone all the social benefits this may bring and the benefits to the individuals themselves.	In progress
Latest Position Statement		
28 Feb 2023	Liaison meetings continue with WSCC whereby we monitor the impact of the Ukrainian scheme. To date we've seen very minimal impact from this. We have also committed to the Local Authority Housing Fund with two registered providers to provide the accommodation requirements for the Ukrainian scheme and Afghanistan resettlement scheme and we will review things if any further funding is made available later on in the year. At present we have committed to delivering what is required given the timescale of November 2023. The Supporting You team started in November 2022. Early indications of what this is delivering is encouraging and the outcomes are being reported to a Steering Group and members.	

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