



Public Document Pack STROUD DISTRICT COUNCIL

Council Offices • Ebley Mill • Ebley Wharf • Stroud • GL5 4UB
Telephone 01453 766321
www.stroud.gov.uk Email: democratic.services@stroud.gov.uk

22 November 2021

AUDIT AND STANDARDS COMMITTEE

A meeting of the Audit and Standards Committee will be held on **TUESDAY, 30 NOVEMBER 2021** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **7.00 pm**

Kathy O'Leary
Chief Executive

Please Note: The meeting is being held in the Council Chamber at Stroud District Council and will be streamed live on the Council's [YouTube Channel](#). A recording of the meeting will be published onto the [Council's website](#). The whole of the meeting will be recorded except where there are confidential or exempt items, which may need to be considered in the absence of press and public.

Due to current Covid-19 regulations a maximum of 6 members of public will be permitted in the Council Chamber at any one time, if you would like to attend this meeting please contact democratic.services@stroud.gov.uk.

A G E N D A

1. **APOLOGIES**
To receive apologies of absence.
2. **DECLARATION OF INTERESTS**
To receive declarations of interest.
3. **MINUTES (Pages 3 - 10)**
To approve the minutes and exempt minutes of the meeting held on 28 September 2021.
4. **PUBLIC QUESTION TIME**
The Chair of the Committee will answer questions from members of the public submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS Noon on Wednesday 24 November 2021

Questions must be submitted to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud and can be sent by email to Democratic.services@stroud.gov.uk

5. **RISK MANAGEMENT UPDATE (Pages 11 - 18)**
To update the Committee on the review of Risk Management Arrangements and give an oversight of the Corporate Risk Register.
6. **INTERNAL AUDIT PROGRESS REPORT 2021/22 (Pages 19 - 108)**
To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2021/22.
7. **HALF YEAR TREASURY MANAGEMENT REPORT 2021/22 (Pages 109 - 120)**
To provide an update on Treasury Management activity as at 30/09/2021.
8. **PROCUREMENT UPDATE (Pages 121 - 156)**
To update the Committee on procurement activity across the Council.
9. **EXTERNAL AUDIT PROCUREMENT (Pages 157 - 178)**
To agree the arrangements for the provision of external auditors to review the Council's Statement of Accounts and Value for Money Arrangements.
10. **MEMBERS CODE OF CONDUCT - GIFTS AND HOSPITALITY (Pages 179 - 180)**
The Audit and Standards Committee is asked to consider the addition of a reference to 'Gifts and Hospitality' in the Members Code of Conduct, as recommended by the Constitution Working Group and recommend to Council accordingly.
11. **STANDING ITEMS**
(a) To consider the Work Programme for 2021/22 (Pages 181 - 182)
12. **MEMBER QUESTIONS**
See Agenda Item 4 for deadlines for submission.

Members of Audit and Standards Committee

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Paula Baker
Councillor Stephen Davies
Councillor Nick Hurst
Councillor Norman Kay

Councillor Martin Percy (Vice-Chair)

Councillor Keith Pearson
Councillor Ashley Smith
Councillor Rich Wilsher



STROUD DISTRICT COUNCIL

Council Offices • Ebley Mill • Ebley Wharf • Stroud • GL5 4UB

Tel: (01453) 754 351/754 321

www.stroud.gov.uk

Email: democratic.services@stroud.gov.uk

AUDIT AND STANDARDS COMMITTEE

28 September 2021

7.00 - 9.17 pm

Council Chamber

Minutes

Membership

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Paula Baker
Councillor Stephen Davies
Councillor Norman Kay
Councillor Nick Hurst*

*= Absent

Councillor Martin Percy (Vice-Chair)

Councillor Keith Pearson
Councillor Rich Wilsher

Councillor Ashley Smith*

Officers in Attendance

Principal Accountant
Senior Accountancy Officer
Counter Fraud Manager
Principal Auditor
Accountancy Manager
Strategic Director of Resources

Operations Manager
Head of Audit Risk Assurance
Strategic Director of Communities
Democratic Services & Elections Officer
Monitoring Officer
Trainee Auditor

Other Member(s) in Attendance

Councillor Mattie Ross

Others in Attendance

Michelle Hopton, Deloitte, Audit Lead
Chris Lanham, Deloitte, Manager

AC13

Apologies

Apologies for absence were received from Councillors Smith and Hurst.
The Chair proposed and received agreement from the Committee to move Agenda Item 9 to the end of the meeting, after Agenda Item 11.

AC14

Declaration of Interests

There were none.

Audit and Standards Committee
28 September 2021

Subject to approval at
next meeting

AC15 **Minutes**

RESOLVED That the Minutes of the meeting held on 13 July 2021 are approved as a correct record.

AC16 **Public Question Time**

There were none.

AC17 **Counter Fraud Update**

The Counter Fraud Unit Manager introduced the report, she explained the work completed was for the Revenues & Benefits and Housing teams and included:

- Work on the Council Tax Reduction Scheme (CTRS).
- Triage work for the National Fraud Initiative (NFI) single person discount and electoral register matches.
- Information on cases from the housing team tackling tenancy and housing fraud.
- Member Code of Conduct Investigation
- Rolling out training to staff on new policies and record keeping.

The Counter Fraud Unit Manager informed the Committee that a policy regarding Social Media and the use of internet investigations would be brought to the next meeting.

Councillor Kay questioned whether the Council had any authority to investigate the government grants given for PPE. The Head or Audit Risk Assurance confirmed that was possible but required reasonable cause to investigate. The Strategic Director of Resources advised that they would need more information and would need to know what role the Council had in the activities and asked Councillor Kay to contact him for further information.

Councillor Wilsher drew the Committees attention to section 3.1 on page 13 of the document pack and questioned if there were any KPI's around the financial results of the Counter Fraud Unit (CFU) and if not, could they have been introduced. The Counter Fraud Unit Manger offered to provide details outside of the meeting if requested on specific areas.

Councillor Percy asked whether comparisons could be drew with other similar authorities. The Counter Fraud Unit Manager advised that she would speak with the Audit Team to see what comparisons could be made as she didn't carry out the same work with each Authority. She confirmed she would be able to provide further information outside of the meeting.

Councillor Pearson drew the Committees attention to page 29 of the document pack which contained information on grants. He questioned if and when these were going to be looked at to ensure they were claimed responsibly. The Strategic Director of Resources explained this was what Audit Risk Assurance (ARA) had been already looking into. They had been completing pre-payment and post-payment checks for the grants and would look into bringing a summary of the outcomes back to the Committee.

2021/22

The Chair asked questions regarding Paragraph 2.4 of the report which detailed the successful prosecutions. The Counter Fraud Unit Manager explained the sum would be in the account holders Council Tax Account as a debt and would be subject to the usual recovery process. She further explained, prosecution fines would be treated differently as they would be set by the court and therefore recovered by the court as well, any costs would be sent back to the Department for Work and Pensions.

In response to an earlier question from Councillor Percy, the Head of ARA informed the committee from an earlier report he had deciphered that SDC was not more affected by fraud than similar size councils

RESOLVED The Committee RESOLVES to note the CFU Updates

AC18 Annual Audit Letter

The Audit Lead, Michelle Hopton, from Deloitte presented the report and advised that they envisioned issuing an unqualified audit opinion, with regards value for money they had no significant weaknesses to report.

Chris Lanham of Deloitte updated the Committee with regards the outstanding items:

- Awaiting receipt of IAS19 pension letters.
- Work on car park valuation in relation to property valuations.
- Work on the Covid-19 grants to create a benchmarking exercise to create consistency across multiple councils.

He then ran through the significant risks and areas of audit focus, which can be found on page 8 of the report. These included:

- Completeness of Creditors
- Management override of controls
- Pension liability valuation
- Property Valuations
- Covid-19 grants

From a question raised by Councillor Davies, the Audit Lead explained that there had been significant improvement with the Audit process and that there had been good communication between Stroud District Council and the audit team. It was confirmed that they were in a really good position in terms of deadlines.

After a question raised by the chair which regarded the delays with the outstanding items, The Audit Lead explained that the work was ongoing. There had been no break in the work and it would continue until the items were completed with the exception of the IAS19 Pension Letter. This was out of their control and they had chased for a date and had not yet received a response.

On being put to a vote, the Motion was carried.

RESOLVED The Committee RESOLVES to note the Annual Audit Letter on the 2020/21 External Audit.

AC19 **Statement of Accounts 2021/22**

The Principal Accountant presented the report and summarised the main differences between this report and the unaudited Statement of Accounts which had gone to the July Committee. The main differences included:

- Page 66 - The cash flow statement.
- Page 72 – Cash and cash equivalent.
- Page 92,103 &131 - Item property plant and equipment.
- Page 93 - Material items of income and expense.
- Tables had been tidied up by removing 'nil' rows.
- Page 113 – Public Works Loan Board (PWLB) maturity dates
- Page 116 – Provision note.
- Page 119 – Capital adjustment account.
- Page 124 – Cash flow financing activities.

Councillor Pearson asked for clarification over the figures of the overall Audit cost on pages 40 & 133 of the document pack. The Audit Lead explained it was appropriate to report the figures into the year in which they were costed, that was why there was a change of £20,000 which was moved into 2019/20.

Councillor Pearson Proposed and Councillor Davies Seconded.

After being put to a vote, the Motion carried.

- RESOLVED**
- a) Approve the audited Statement of Accounts for the year ending 31 March 2021 and**
 - b) Approve that the Strategic Director of Resources and Chair of the Audit Committee sign the Statement of Accounts and the letter of representation.**

AC20 **1st Quarter Treasury Management Activity Report 2021/22**

The Senior Accounting Officer presented the report and drew the committees attention to the main points of the report:

- Page 163, Table 1 – Benchmarking column had been dropped temporarily, London Interbank Bid Rate (LIBID) was due to be replaced by Standard Over Night Index Average (SONIA).
- Rate of return on internally managed temporary investments was 0.181 which is in line with benchmarking group.
- Rate of return on property investment is 2.88%, error on page 163, In the middle column the figure should have read £58,000,660 investments and an average interest of £26,000.
- Table 2 showed £6m invested in property and £4m invested in assets which totalled £10m. Currently valued at £10.78m.
- Table 3 showed the variety of investments.
- Capital Financing Requirements (CFR) had been updated to £111m while borrowing remained at £102m.

The Senior Accounting Officer answered questions on the following:

- Link Asset Services (LAS) weekly list.

2021/22

- Ethical funds could be separated out in the future, an ethical policy would be developed.
- Stronger returns on building societies in the last few weeks.

Councillor Davies proposed and the Chair Seconded.

After being put to a vote, the Motion was carried.

RESOLVED The Audit and Standards Committee ACCEPTS the treasury management activity first quarter report for 2021/2022.

AC21 To consider the Work Programme for 2021/22

The Strategic Director of Resources informed the committee he would be bringing a report to the November Committee regarding the next round of shared public sector auditor procurement.

Councillor Kay raised a question regarding the Record Management Policy. In a previous meeting on the 13 July, it was agreed to be reviewed and brought back to the Committee. The Strategic Director of Resources confirmed that was indeed the case and would take it up with the new Interim Monitoring Officer.

Councillor Davies requested that the Committee consider a few things in future meetings:

- Action being taken around climate change and the value for the money.
- Canal Restoration Project.

The Strategic Director of Resource confirmed that both of those items could be considered at the audit plan planning meeting.

Councillor Percy raised a question around ongoing Audits and whether they would be completed on time or if they would need to be considered in the following Civic year. The Head or Audit Risk Assurance (ARA) confirmed there would be some impact to the schedule however the size of which wouldn't be known until after the planning review.

AC22 Member Questions

There were none.

AC23 To consider any risk management issues

The Strategic Director of Resource introduced the report which had been circulated to the Committee prior to the meeting.

The Chair commented that there were no scores of 16 on the strategic risk register which indicated an improvement. The Strategic Director of Resources confirmed all of the risks rated 16 were reviewed and re-evaluated after a thorough assessment of the scoring system.

Councillor Pearson raised a concern over the Covid Pandemic being reduced on the risk register despite it still being very current. To which the Strategic Director of Resource confirmed the Pandemic was classed as a 9 which was stil a major risk.

Agenda Item 3

2021/22

Councillor Percy noticed an error in the report where the risk moves from 6-8. It was agreed this would be corrected.

AC24 Internal Audit Progress Report 2021/22

Councillor Ross joined the meeting.

The Chair explained that this report contained exempt information therefore, a vote to enter a private session was required. After concerns raised by Councillor Davies that some of the areas of the report should have been discussed in public, it was agreed to take a vote on the exempt information and begin the discussions in open session.

The Chair Proposed, on the advice of the Monitoring Officer, and it was seconded by Councillor Kay, that Appendices B and C of the agenda item 9 should be considered exempt and if agreed, any questions would be dealt with in closed session. The information was considered exempt as it related to the financial or business affairs of any particular person (including the authority holding that information)

After being put to a vote, the Motion carried.

RESOLVED Pursuant to the provisions of Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of this item at agenda item 9 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A of the Act.

The Head of ARA introduced the report and explained that the report showed the activity up to August 2021. He drew Members attention to page 178 which was the summary of their opinion and assurance on risk and control and explained that it consisted of 1 report. He further explained the two items included in the report:

- ICT Service Desk.
- Grant claims on lost service fees as a result of the Covid pandemic.

The Head of ARA answered questions on the following:

- ICT advisory work and implementation, it was confirmed that a further follow up review was not planned however management could report back to Committee to confirm progress made. Councillor Percy requested that management did provide a follow up report once the actions has been completed.

On being put to a vote, the Motion was carried.

RESOLVED To Note the progress against the Internal Audit Plan 2021/22.

Members moved into closed session to discuss Appendices B and C and the live recording was stopped.

During the closed session Councillor Kay proposed an amendment to include a further report to Committee in February which the Chair seconded.

After being put to a vote, the Motion was carried.

RESOLVED To note the assurance opinions provided in relation to the effectiveness of the Council's control environment subject to a further report in February.

The meeting closed at 9.17 pm

Chair

This page is intentionally left blank

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE
TUESDAY, 30 NOVEMBER 2021

Report Title	RISK MANAGEMENT UPDATE			
Purpose of Report	To update the Committee on the review of Risk Management Arrangements and give an oversight of the Corporate Risk Register			
Decision(s)	The Committee RESOLVES to note: a. The progress on the Risk Management Review b. The Current Corporate Risk Register at Appendix A			
Consultation and Feedback	Chair and Vice-Chair of Audit and Standards Committee			
Report Author	Andrew Cummings, Strategic Director of Resources Tel: Email: andrew.cummings@stroud.gov.uk			
Options	No alternative options at the current stage			
Background Papers	None			
Appendices	Appendix A – Current Corporate Risk Register			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 Stroud District Council is committed to securing effective risk management as part of its responsibility to deliver effective public services within its district.
- 1.2 The Council has a well-established Risk Management Framework including the Risk Management Policy Statement and Strategy, that includes the three primary objectives of Risk Management. This is backed up a Risk Management toolkit available for Officers and committees to help them effectively describe, assess, monitor and ultimately manage the various risks which the Council faces in its work.
- 1.3 The Council currently uses a piece of software called Excelsis as a performance management and risk management tool. Corporate and service risks are managed through this platform.
- 1.4 In light of its significance to the Committee, Risk Management is a standing item for the Audit and Standards Committee

Agenda Item 5

2. MAIN POINTS

- 2.1 The Policy Framework was due for a review in 2020 and a report has been commissioned through Audit and Risk Assurance (ARA) to provide guidance and recommendations as to how develop the risk management processes within the Council. This will include the arrangements for effective oversight of risk, and risk management processes by elected members.
- 2.2 As part of the improvements to the member hub Excelsis is no longer able to be viewed directly by elected members. As a result of this, and also the creation of a new performance management framework to be considered by Strategy and Resources Committee, it is now appropriate to review the system in place to determine whether it meets the requirements of the Council. A procurement exercise is to be carried out in early 2022.
- 2.3 The new Council Plan was approved in October 2021. This therefore represents an ideal time to review risk management practices. The Council Plan has new projects which will require risk assessment and appropriate risk mitigation and reporting. Any such additional measures as may be required by plan activities must be carried out against the background of an up to date risk management framework.
- 2.4 The report from ARA is expected in late 2021 or possibly early 2022. Once the recommendations have been considered these will be shared with the Audit and Standards Committee at the earliest possible opportunity. This will include an action plan to build on any recommendations made within the report.
- 2.5 When considering enhancements to risk management processes the relationship with the Audit and Standards Committee will be paramount. As the Committee for oversight of risk management it is vital the members are given the information which is relevant and timely in order for them to undertake that role.
- 2.6 A particular area of focus for the Committee is to build the level of assurance that is received through risk management arrangements. Increasing the visibility of risks, and risk management will allow greater scrutiny from the committee. This could include, where necessary, reports, analysis and deeper discussion on a particular risk or set of risks.
- 2.7 At that stage before the results of the review are known it is still necessary to give an appropriate focus to corporate risks. Therefore, the current corporate risk register is included for members information at Appendix A. All of these risks have been reviewed and updated by officers within appropriate timescales.

3. CONCLUSION

- 3.1 Risk Management must remain an integral activity and embodied effectively within service delivery at Stroud District Council. The review which has been commissioned will be the starting point for further improvements to the established process. Any such improvement will be bolstered by the creation of the new Council Plan and a review of the software system used for risk management. A full report will be brought back before the Audit and Standards Committee in 2022.

- 3.2 The Corporate Risk register at Appendix A reflects the latest evaluation of the major cross-cutting risks affecting the Council. It does include service specific risk factors.

4. IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising from this decision.

Andrew Cummings, Strategic Director of Resources

Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

There are no specific legal implications arising from the report and/or its recommendations.

One Legal

Tel: 01684 272203 Email: legalservices@onelegal.org.uk

4.3 Equality Implications

An EIA is not required because there are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.

This page is intentionally left blank

Corporate Risk Register – 19 November 2021

Risk Code	Risk	Lead Officer	Probability	Severity	Score	Controls with RAG Status & Control Owner	Risk Target	Date For Review
CCR1	Failure to develop a budget strategy identifying income and savings opportunities to meet the funding gaps identified in the Budget Strategy and MTFP.	Andrew Cummings	2	3	6	1. Develop a series of savings proposals and income generation opportunities to meet the targets in the MTFP	6	28/02/2022
						2. Establish and enter into agreements with third sector or other potential alternative service providers to take on services post 2020/21		
						3. Potential to increase income through measures such as: Council Tax, service charges, maximise retention of business rates (see CCR10)		
						4. Establish and implement a public consultation strategy to manage service expectations prior to 2020/21		
						5. Maximise ability to convert capital receipts to revenue		
						6. Establish and implement a public consultation strategy to manage service expectations post 2020/21		
CCR4	Unable to secure continuity of services during normal business hours ALSO RELATES TO CCR 16	Mike Hammond	3	3	9	1. Council resolves to identify and adequately resource corporate service priorities as part of the budget process	9	28/12/2021
						2. Implement 2016 approved corporate ICT plan		
						3. Individual service continuity plans fit for purpose and adhered to		
						4. Workforce plan to secure expertise to avoid service failures		
						5. Ensure data backup system fit for purpose		
						6. Adequate resources on hand to respond to emergencies		
						7. Communication strategy to keep stakeholders informed of service availability		
CCR8	The Council is required to increase its contributions to the Gloucestershire Pension Fund above the MTFP provision.	Andrew Cummings	2	2	4	1. Ensure workforce plan takes account of financial impact of reducing staffing levels on pension fund contributions	4	30/06/2022
						2. Ensure MTFP accurately reflects contribution likely to be required based upon workforce demographics		
						3. Ensure Treasury Management decisions take account of investment benefits potentially available from ad hoc payments to pension fund		

CCR9	Cost of providing waste and recycling services to the district currently constitutes around a third of the organisations budget. As such any budgetary implication is of significant consequence to the MTFP. An emerging facet of this risk is the Environment Bill that could include legislative changes impacting our financial position.	Mike Towson	3	2	6	1. Monitor customer service use and identify new customers to increase income.	Mike Towson	2	28/12/2021
						2. Effective management of UBICO contract.	Mike Towson		
						3. Maximise effective use of existing resources.	Mike Towson		
						4. Keeping up to date with emerging legislative changes and good practice.	Mike Towson		
CCR10	Failure to develop appropriate staff policies to recognise talent leading to difficulties in retention and recruitment	Lucy Powell	2	2	4	1. Adopt policies which promote staff development and retention	Lucy Powell	2	28/02/2022
						2. Adoption and implementation of efficient and professional recruitment policies and practices	Lucy Powell		
						3. Use consultants to manage service in short term	Lucy Powell		
						4. Shared services with neighbouring authorities	Lucy Powell		
						5. Permanent outsourcing to the private sector	Lucy Powell		
CCR16	Inadequate telephony, IT and infrastructure to meet the current business needs of the authority.	Adrian Blick	2	4	8	Capital project monitoring updates to S and R	Sean Ditchburn	8	30/11/2021
						Regular performance monitoring by member champions	Adrian Blick		
CCR18	The loss of income from recycling/incentive credits and the potential for increased costs of recycle processing.	Mike Towson	4	3	12	Effective management of the UBICO contract	Mike Towson	9	28/12/2021
						Keeping up to date with emerging legislative changes and good practice.	Mike Towson		
						MRF Contract - the value of recycles collected by the Council are determined by industry benchmarks, this may have an impact of the amount received (income) or the costs incurred of disposal	Mike Towson		
						To keep lines of communication open with the County Council to maximise the lead in time for any changes to payment received	Mike Towson		
CCR19	COVID-19 pandemic	Kathy O'Leary	3	3	9	Weekly Overview of all Covid-19 response work, business as usual, comms, staffing	Kathy O'Leary	6	08/12/2021
CCR20	Government white paper on local government reorganisation / devolution	Kathy O'Leary	4	3	12	Assess impact of White Paper and work with neighbouring authorities	Kathy O'Leary	6	28/12/2021
CCR91	Inadequate Information Governance Framework and non-compliance with Transparency Code leading to increased FOI requests, risk of complaints to the ICO	Marie Parkington	2	3	6	Focussing on risk avoidance by applying safeguards that will eliminate or reduce the risk. We aim to achieve this by Training & Education and implementing technical security controls and safeguards. Mandatory Data Protection course in place. Review and implementation of a new Information Governance Framework and	Marie Parkington	3	18/02/2022

	and breaches resulting in ICO investigations and subsequent fines.				<p>associated policies to mitigate threats and reduce the impact. In depth analysis of any breach, management of robust FOI/EIR/SAR requests to ensure dealt with in a timely manner. On going evaluation of controls that are in place to ensure that they are 'fit for purpose'.</p> <p>Mandatory Data Protection Course in place and work is underway to implement a second intermediate level course for Service Heads/Information Asset Owners and Information Governance Coordinators to increase their level of knowledge. Both courses will also reflect data breach investigations to address and prevent further occurrence.</p> <ul style="list-style-type: none"> - An enhanced training exception report has been built with the Learning provider which highlights which staff and members have not yet completed training. - Statutory DPO providing detailed GDPR expertise, advice and support with a recently introduced role of Information Governance Officer to support adherence to regulations and compliance. - revised incident reporting framework and procedure in place, with investigation form completed for all breaches and learning taken forward and shared. - Data Breaches are to be included in a Dashboard to SLT to enable effective response. <p>Revised Privacy Notices across all Service Areas as they have not been updated since April 2018. We wanted to ensure that in line with ICO guidelines, when processing personal data, we tell people what we are doing with it, why we need it, what we'll do with it and who we're going to share it with. We have provided this information in a clear, open and honest way.</p> <p>The ICO Accountability Statement Tracker has been used to record and track our progress via self-assessment. This will help build our own action plan and improve our accountability in Information Governance. This will provide us with actions to work on to ensure that we remain compliant.</p>	<p>Marie Parkington</p> <p>Marie Parkington</p> <p>Marie Parkington</p>		
--	--	--	--	--	---	---	--	--

This page is intentionally left blank

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE
30 NOVEMBER 2021

Report Title	INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2021/22			
Purpose of Report	To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2021/22.			
Decision(s)	The Committee RESOLVES to note: a) The progress against the Internal Audit Plan 2021/22; and b) The assurance opinions provided in relation to the effectiveness of the Council's control environment.			
Consultation and Feedback	Internal Audit findings are discussed with Service Heads/Managers. Management responses to recommendations are included in each assignment report.			
Report Author	Piyush Fatania Head of Audit Risk Assurance Tel: 01452 328883 Email: piyush.fatania@gloucestershire.gov.uk			
Options	There are no alternative options that are relevant to this matter.			
Background Papers	None.			
Appendices	Appendix A – Internal Audit Activity Progress Report 2021/22 Appendix A – Attachment 1 & 2 Appendix B – Planning Review (Enforcement) ARA report Appendix C – Planning Applications ARA report			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION/BACKGROUND

- 1.1 Members approved the Internal Audit Plan 2021/22 at the [27th April 2021 Audit and Standards Committee meeting](#).
- 1.2 In accordance with the [Public Sector Internal Audit Standards \(PSIAS\) 2017](#), this report (through Appendix A) details the outcomes of Internal Audit work carried out in accordance with the approved Plan.

2.0 MAIN POINTS

- 2.1 The Internal Audit Activity Progress Report 2021/22 at Appendix A summarises:

Agenda Item 6

- I. The progress against the Internal Audit Plan 2021/22, including the assurance opinions on the effectiveness of risk management and control processes;
 - II. The outcomes of the Internal Audit activity delivered during the period September 2021 to October 2021; and
 - III. Special investigations/counter fraud activity.
- 2.2 The report is the second progress report in relation to the Internal Audit Plan 2021/22.
- 2.3 As agreed with Audit and Standards Committee, two full ARA reports are also presented in relation to the following concluded activities:
- I. Appendix B – Planning Review (Enforcement); and
 - II. Appendix C – Planning Applications.

3.0 CONCLUSION

- 3.1 The purpose of this report is to inform the Committee of Internal Audit work undertaken to date, and the assurances given on the adequacy and effectiveness of the Council's control environment. Completion of the Internal Audit Activity Progress Reports ensures compliance with the PSIAS, the [Council Constitution](#) and [the Audit and Standards Committee Terms of Reference](#).
- 3.2 In accordance with the PSIAS and as reflected within the Audit and Standards Committee work programme, Internal Audit Activity Progress Reports against the approved Internal Audit Plan 2021/22 are scheduled to be presented to the Audit and Standards Committee at the 8th February 2022, 26th April 2022 and July 2022 (specific date to be confirmed) meetings.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

Graham Bailey, Principal Accountant
Email: graham.bailey@stroud.gov.uk

Risk Assessment:

Failure to deliver effective governance will negatively impact on the achievement of the Council's objectives and priorities.

4.2 Legal Implications

Monitoring the implementation of Internal Audit recommendations assists the Council to minimise risk areas and thereby reduce the prospects of legal challenge.

One Legal

Tel: 01684 272203 Email: legalservices@onelegal.org.uk

4.3 Equality Implications

There are no equality implications arising from the recommendations made in this report.

4.4 Environmental Implications

There are no environmental implications as a result of the recommendations made within this report.

This page is intentionally left blank

Internal Audit Activity Progress Report

2021/22



Audit and Standards Committee
30 November 2021



Agenda Item 6
Appendix A

Agenda Item 6

Appendix A

(1) Introduction

All Councils must make proper provision for Internal Audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority 'must undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

The Council's Internal Audit service is provided by Audit Risk Assurance (ARA) under a Shared Service agreement between Stroud District Council, Gloucester City Council and Gloucestershire County Council. ARA carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards 2017 (PSIAS) as representing 'proper Internal Audit practices'. The standards define the way in which the Internal Audit service should be established and undertake its operations.

The Internal Audit service is delivered in conformance with the International Standards for the Professional Practice of Internal Auditing.

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the Council that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance. These are set out in the Council's Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the PSIAS is that the Head of ARA should provide progress reports on Internal Audit activity to those charged with governance. This report summarises:

- I. The progress against the 2021/22 Risk Based Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- II. The outcomes of the 2021/22 Internal Audit activity delivered during the period September 2021 to October 2021; and

III. Special investigations/counter fraud activity.

(4) Progress against the 2021/22 Internal Audit Plan, including the assurance opinions on risk and control

The schedule provided at **Attachment 1** provides the summary of 2021/22 activities which have not previously been reported to the Audit and Standards Committee.

The schedule provided at **Attachment 2** contains a list of all of the 2021/22 Internal Audit Plan activity undertaken during the financial year to date. This includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activity outcomes have been presented to the Audit and Standards Committee.

Agenda Item 6

Appendix A

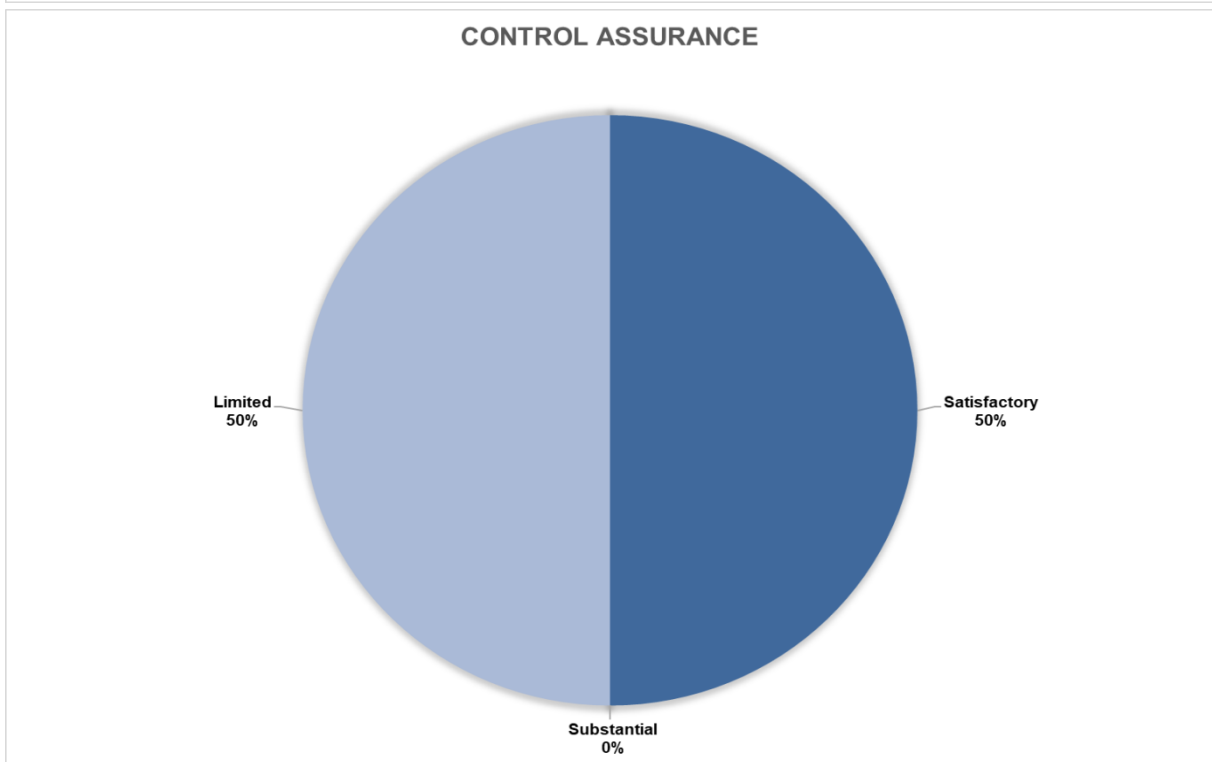
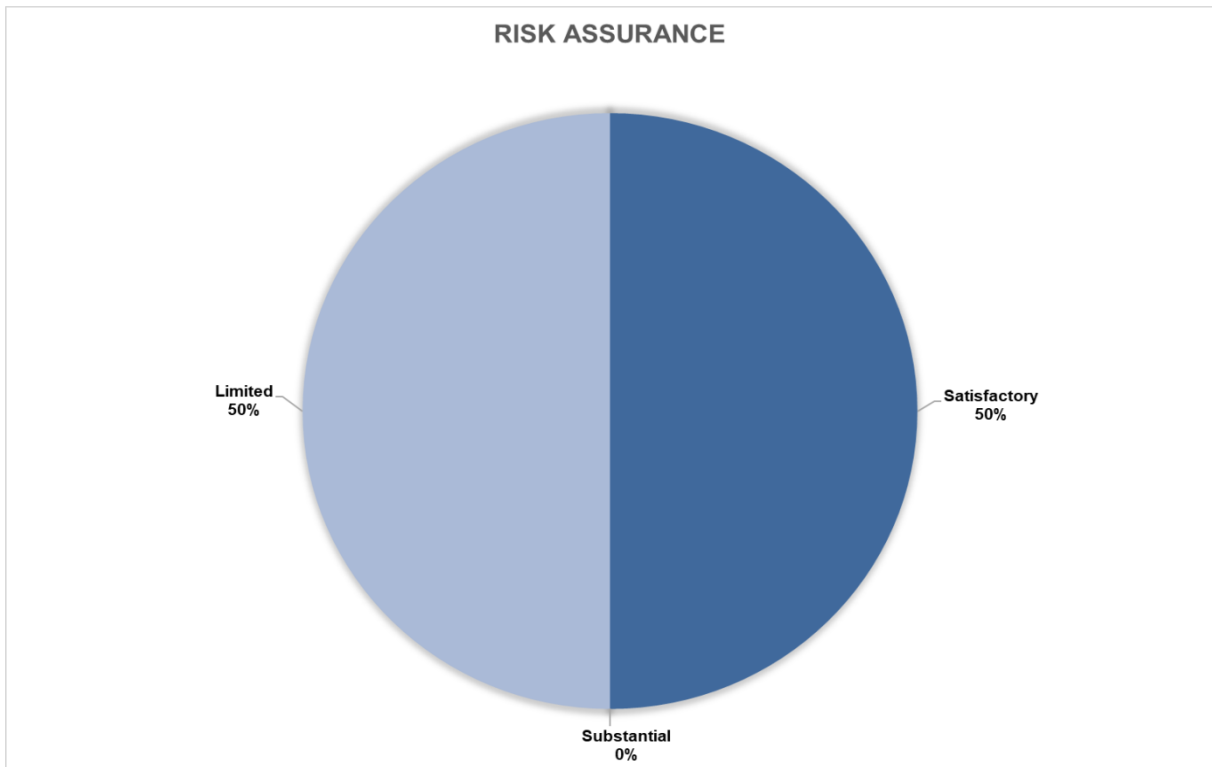
Explanations of the meaning of the assurance opinions are shown below.

(4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The below pie charts show the summary of the risk and control assurance opinions provided in relation to the 2021/22 audit activity undertaken from April up to October 2021.

It is noted that the majority of ARA activity delivered to October 2021 has not generated an audit opinion, due to being a grant or consultancy review. This position has impacted the below pie chart content.

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Policy.	<ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved. • Control Application – Controls are applied continuously or with minor lapses.
Satisfactory	Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, customer/partners, and staff. However some key risks are not being accurately reported and monitored in line with the Council's Risk Management Policy.	<ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger. • Control Application – Controls are applied but with some lapses.
Limited	Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Policy, the service area has not demonstrated a satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, customer / partners and staff.	<ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls. • Control Application – Significant breakdown in the application of control.



(4b) Limited Control Assurance Opinions

Where audit activities record that a limited assurance opinion on control has been provided, the Audit and Standards Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

Agenda Item 6

Appendix A

(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During the period September 2021 to October 2021, no limited assurance opinions on control have been provided on completed audits from the 2021/22 Internal Audit Plan.

(4d) Satisfactory Control Assurance Opinions

Where audit activities record that a satisfactory assurance opinion on control has been provided and recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

(4e) Internal Audit Recommendations

During the period September 2021 to October 2021, Internal Audit made a total of **23** recommendations to improve the control environment. **Six** of which were high priority and **17** which were medium priority recommendations. 100% of the recommendations have been accepted by management.

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(4f) Risk Assurance Opinions

During the period September 2021 to October 2021, no limited assurance opinions on risk have been provided on completed audits from the 2021/22 Internal Audit Plan.

Monitoring of the implementation of recommendations to manage the risks identified is owned by the relevant manager(s) and helps to further embed risk management in to the day to day management, risk monitoring and reporting process.

(4g) Internal Audit Plan 2021/22 – Update

Members approved the Internal Audit Plan 2021/22 at the 27th April 2021 Audit and Standards Committee meeting. Since that point, and as detailed on **Attachment 2**, three new activities have been added to the Internal Audit Plan 2021/22 based on risk position and need (such as new mandatory grant certification work).

The approved new activities include the Senior Leadership Team (SLT) and Member requested Planning Review (Enforcement), which was confirmed as a priority for ARA delivery. This activity is reported at **Appendix B** and has required significant ARA input, due to the breadth of review (including consultation) and audit testing.

Based on the above position, SLT reviewed the Internal Audit Plan 2021/22 in October 2021 to ensure a balanced and viable Plan.

The outcomes of this review are confirmed on **Attachment 2** and propose deferral of a number of activities from the Internal Audit Plan 2021/22, based on the completion of up to date risk assessment per activity and confirmation of their priority. The deferred activities will be considered as part of the 2022/23 risk-based audit planning exercise.

Agenda Item 6

Appendix A

Attachment

1

Completed 2021/22 Internal Audit Activity during the period September 2021 to October 2021

Full ARA activity reports

As agreed with Audit and Standards Committee, two full ARA reports are also presented in relation to the following concluded activities:

- I. **Appendix B** – Planning Review (Enforcement); and
- II. **Appendix C** – Planning Applications.

Summary of Consulting Activity, Grant Certification and/or Support Delivered where no Opinions are provided

Service Area: Resources

Audit Activity: Grant Certification – Green Homes Grant Local Authority Delivery Scheme (GHG LADS) Phase 1a

Background

In July 2020, the Chancellor of the Exchequer announced that £2 billion of support would be made available through the Green Homes Grant (GHG) to help households save money, cut carbon emissions and to create green jobs. The GHG is comprised of £1.5 billion of support through energy efficiency vouchers and £500m of support allocated to English Local Authority delivery partners, through the Local Authority Delivery Scheme (LADS).

The Gloucestershire and South Gloucestershire Warm and Well Scheme has been instrumental in the delivery of the Fuel Poverty Strategy. Their work involves targeting the vulnerable, integrating with the National Health Service (NHS), and improving Energy Performance Certificate (EPC) ratings. All works are delivered by Severn Wye Energy Agency (SWEA), the key delivery partner under the Warm and Well Scheme.

Stroud District Council (the Council), as the lead Council partner in the Warm and Well Scheme, was successful in securing £1,094,050 of the GHG LADS Phase 1a grant funding. This funding was initially allocated to installing external wall insulation (EWI) to 100 park homes and 50 air-source heat pumps (ASHPs) to properties in off-gas areas across Gloucestershire and South Gloucestershire. Due to low demand for ASHPs, most funded-works completed as part of Phase 1a were insulation-related. As of 31st August 2021 (the end date for Phase 1a), 102 EWIs and 10 ASHPs were installed. The total spend to deliver these was £898,902. Unspent monies have been returned.

The Council has also secured £1,034,303 as part of GHG LADS Phase 1b, designated for the installation of EWI in 100 park homes across Gloucestershire and South Gloucestershire. Works are ongoing and the deadline for delivery of Phase 1b has been extended to 31st March 2022.

Scope

Internal Audit sought to determine whether GHG LADS Phase 1a had been administered in line with the grant conditions. Internal Audit undertook a series of checks in order to support the grant declaration requirements set out within the Grant Determination Letter.

The objective of this review was to be able to provide the following declaration in support of the Council's grant expenditure(s) – "To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to GREEN HOMES GRANT: LOCAL AUTHORITY DELIVERY GRANT DETERMINATION (2020): No 31/5187 have been complied with."

Key Findings

- I. During the engagement planning phase, it was identified that SWEA's approach to due diligence checking (of applicants) differed from that employed by other entities delivering GHG LADS 1a. That is, documentary evidence was not obtained or retained in support of applicant eligibility.
- II. Applications were obtained via targeted canvassing at park home sites, supported by data produced by the NHS (the Gloucestershire Clinical Commissioning Group). Eligibility was assessed via completed Application Forms (which included a Self-Declaration). Therefore, the pool of applicants was generally chosen by SWEA themselves, a form of "soft sifting".
- III. The approach taken by other entities delivering GHG LADS 1a was to open applications up on a website and receive completed applications and supporting evidence (for example, bank statements and P60s) via this portal. SWEA experience in delivering the Warm and Well Scheme was that the portal approach would have deterred and disadvantaged the intended targets of the funding (older individuals, those with challenging socio-economic circumstances and the digitally-excluded). SWEA were not in a position to roll-out a portal approach at the time of mobilisation (October 2020).
- IV. A consideration of audit requirements did not factor into the initial planning and mobilisation stages. This is understandable, given the pace of the mobilisation stage. It is worth noting that, due to SWEA delivering similar work to that being funded by GHG LADS 1a, the approach for this grant

was based on that. This may explain the early lack of clarity over the differing requirements and expectations for this type of funding.

- V. The lack of documentary evidence retained in support of client eligibility posed an issue in terms of the assurance that Internal Audit could provide over grant administration. SWEA, with Internal Audit's input, was able to devise and implement a retrospective Verification Check for a sample of clients with installed measures (EWIs and ASHPs). For the sample reviewed, Internal Audit found no instances where a client was ineligible for funding under the GHG LADS 1a. There were some refusals (and non-engagement) where a Verification Check was requested, but this was anticipated and has not impacted upon ARA's ability to recommend grant sign-off.

Conclusion

Internal Audit is not providing a formal assurance opinion as part of this activity. The work undertaken by Internal Audit was to enable the necessary sign-off for grant certification purposes, and a recommendation has only been raised to address a control gap across the wider Council. This will allow the Council to manage the newly-identified risk that has emerged from this grant work. The Verification Check provided reasonable assurance over applicant eligibility. SWEA have responded positively to the support provided by Internal Audit as part of this review.

Internal Audit is satisfied that the conditions attached to the grant have been complied with, as per the Grant Determination Letter and the Memorandum of Understanding. The Project Closure Letter has been completed and returned to the Department for Business, Energy, and Industrial Strategy (BEIS).

Management Actions

Management have responded positively to the recommendation made. This recommendation involved the preparation of corporate guidance and the inclusion of a new risk within the Strategic Risk Register. The target date for implementation is 31st January 2022.

**Attachment
1**

Summary of Special Investigations/Counter Fraud Activities

Current Status

The Counter Fraud Team (CFT) within Internal Audit has received two referrals in 2021/22 to date. In addition, the CFT continues to work on one case brought forward from last year (Covid-19 grant related).

The two in year referrals were both Covid-19 grant related and have now been closed. Staff in the Revenue and Benefits team had identified potential anomalies with two grant applications. The CFT reviewed the applications, associated supporting paperwork and the circumstances of the two businesses. The findings of the investigations were fed back to the Revenue and Benefits team and following discussion, it was agreed that no further action was required by the CFT and the applications could continue through the approved Council process.

The case carried forward from last year remains under review and will be reported to the Audit and Standards Committee on its completion.

Any fraud alerts received by Internal Audit from the National Anti-Fraud Network (NAFN) and other credible entities are passed onto the relevant service areas within the Council, to alert staff to the potential fraud.

Since the start of the Covid-19 pandemic ARA has provided the Council with regular updates on local and national scams which seek to take advantage of the unprecedented circumstances. Risk area updates include a rise in bank mandate frauds, inflated claims, duplicate payments and the submission of fraudulent Covid-19 grant applications. This area of activity continues, with updates provided to the Council where relevant.



Stroud District Council is a proud supporter of International Fraud Awareness Week (IFAW). This year IFAW falls between 14th and 20th November. The aim of the week long event is to encourage everyone to proactively take steps to minimise the impact of fraud by promoting anti-fraud awareness and education. By being a supporter of the event

Stroud District Council is demonstrating its commitment to preventing and detecting fraud.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data matches in respect of the main 2021/22 exercise were released in mid January 2021 and the matches are now available for review.

Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal

Agenda Item 6

Appendix A

Attachment

1

licences to supply alcohol. Not all matches are always investigated but where possible, all recommended matches are reviewed by either Internal Audit, the appropriate service area within the Council or by procuring the services of the Counter Fraud Unit (CFU).

ARA has been advised that the CFU have been employed to undertake some of the match reviews on behalf of the Council. The CFU findings will be separately reported to the Audit and Standards Committee.

Due to the additional government funding made available during the Covid-19 pandemic, additional NFI matches (associated with the payments of the various government grants) have been made available and these continue to be released for review throughout the year. The CFT have offered assistance in reviewing some of these matches.

Data relating to Council Tax Single Person Discount is due to be uploaded between 28th November 2021 and 28th January 2022. Once uploaded any data matches will be available for review.

Progress Report including Assurance Opinions

Department	Activity Name	Priority	Activity Status	Risk Opinion	Control Opinion	Reported to Audit and Standards Committee	Comments
Council Wide	Local Government Association Peer Review	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Council Wide	Risk Management	1	Review in Progress				The activity replaces the previously deferred 'risk and performance reporting' review.
Council Wide	Business Continuity Lessons Learned	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Transformation and Change	Fit for the Future	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Place	Private Sector Housing (Empty Homes) - Limited Assurance Follow Up	1	Planned				
Place	Canal Project Budget Management	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Place	Planning Applications	1	Final Report Issued	Satisfactory	Satisfactory	30/11/2021	Brought Forward from 20/21 plan. Full ARA report attached at Appendix C .
Place	Planning Review (Enforcement)	1	Final Report Issued	Not Applicable	Not Applicable	30/11/2021	New activity . Full ARA report attached at Appendix B .
Resources	Carbon Neutral 2030	1	Planned				Brought Forward from 20/21 plan.
Resources	Creditors - Limited Assurance Follow Up	1	Planned				
Resources	Contract Management Framework	1	Planned				
Resources	ICT Service Desk	1	Final Report Issued	Not Applicable	Not Applicable	28/09/2021	Consultancy review. This activity replaces the original 'Procurement and Contract Management Follow Up' activity. The procurement element of the original review has been deferred.
Resources	ICT Infrastructure Strategy	1	Planned				Brought Forward from 20/21 plan.
Resources	Council Tax	2	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Resources	Grant Payments - Post Payment Assurance	1	Review in Progress				
Resources	Green Homes Grant Local Authority Delivery Scheme - Phase 1a	1	Final Report Issued	Not Applicable	Not Applicable	30/11/2021	New activity . Second phase.
Resources	Green Homes Grant Local Authority Delivery Scheme - Phase 1b	1	Audit in Progress				
Resources	Lost Sales, Fees and Charges - Claim Three	1	Final Report Issued	Not Applicable	Not Applicable	28/09/2021	
Resources	Purchase Cards	2	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Resources	Social Housing Decarbonisation Fund Demonstrator	1	Planned				
Resources	Test and Trace Support Scheme - Main Scheme	1	Audit in Progress				
Resources	Test and Trace Support Scheme - Discretionary Scheme	1	Audit in Progress				New activity .

Agenda Item 6

Appendix A

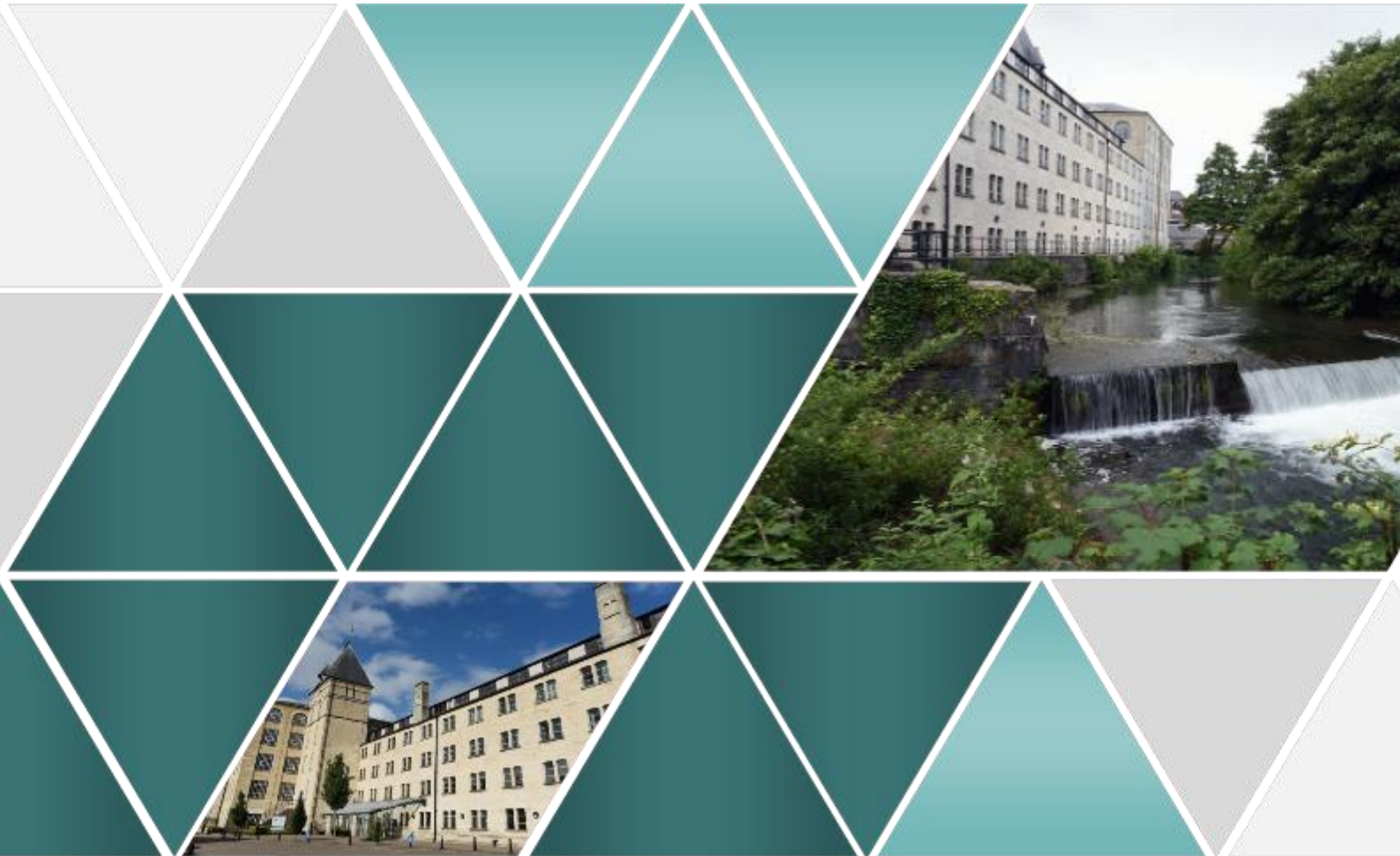
Progress Report including Assurance Opinions

Department	Activity Name	Priority	Activity Status	Risk Opinion	Control Opinion	Reported to Audit and Standards Committee	Comments
Resources	Facilities Management	2	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Resources	Compliance with Gov Standards	1	Audit in Progress				
Resources	Incident Management Process	1	Planned				
Resources	Change Management Process	1	Planned				
Resources	Disaster Recovery and Business Continuity - Limited Assurance Follow Up	1	Planned				
Communities	Tenant Engagement	1	Planned				Terms of reference issued. Brought Forward from 2021 plan.
Communities	Anti-social Behaviour Management	1	Planned				
Communities	Electrical Works Contract - Limited Assurance Follow Up	1	Audit in Progress				Brought Forward from 2021 plan.
Communities	Stratford Park Leisure Centre	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Communities	Cleaner Estates Strategy (Refuse)	2					
Communities	Housing Advice	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Communities	Housing Revenue Account (HRA) Delivery Plan	1	Planned				
Communities	Safeguarding	1	Deferred				Internal Audit Plan 21/22 review completed by SLT in October 21. SLT request for activity deferral. Based on new in year requested activities (such as Planning Enforcement) requiring priority delivery and the completion of up to date risk assessment.
Communities	Voids Management	1	Draft Report issued				Change from priority 2 to priority 1, following 21/22 in year risk assessment update.
Exempt	Exempt	1	Final Report issued	Limited	Limited	28/09/2021	

Planning Review (Enforcement)

18 November 2021

Duncan Edwards - Senior Auditor
Paul Jones - Internal Auditor



Agenda Item 6

Appendix B

Stroud District Council - November 21

Distribution

To: Geraldine LeCointe, Head of Development Management
Copied to: Brendan Cleere, Strategic Director of Place
Andrew Cummings, Strategic Director of Resources
Stephen Taylor, Monitoring Officer
Griffith Bunce, Development Team Manager
Ian Mallinson, Senior Enforcement Officer
Sarah Turner, Senior Policy and Governance Officer
Marie Parkington, Information Governance Officer

Contents

Executive Summary	1
Appendix A – Action Plan and Management Responses	6
Appendix B – Business Improvement Plan	27

Important

Stroud District Council's Internal Audit service conforms to the International Standards for the Professional Practice of Internal Auditing.

The information contained within this Internal Audit report is confidential and personal data herein is subject to data protection legislation.

This report has been prepared solely for the use of the Stroud District Council's appointed auditors and those officers and Members named on the distribution list. Its contents, either in part or in its entirety, must not be reproduced or distributed to anyone other than its intended recipients without the written permission of the Council's Head of Audit Risk Assurance (ARA).

Gloucestershire County Council accepts no liability to any third party for any loss or expense arising from their reliance on any part of this report.

Executive Summary

1. Introduction

- 1.1. Stroud District Council (the Council) is the area's local planning authority, whose duty it is to carry out specific planning functions. The Council's broader Development Management Service enables the discharge of this duty. One of the functions of the Development Management Service is planning enforcement. The Planning Enforcement Service is a discretionary service, where the Council investigates complaints about alleged breaches of planning control.
- 1.2. The National Planning Policy Framework advises local planning authorities to act in a proportionate way when responding to suspected breaches of planning control. The Framework states that enforcement can be important for maintaining public confidence in the planning system, but enforcement action is discretionary and must be proportionate. Detailed information about planning enforcement powers is given in the online Planning Practice Guidance on ensuring effective enforcement. For example, a local planning authority may decide not to take enforcement action if it believes that a development would have been granted planning permission, or may require retrospective planning permission to be obtained.
- 1.3. The Council has responsibility for taking appropriate enforcement action as necessary, in the public interest, within the Stroud District. The Council has an Enforcement Policy and Procedure which recognises that planning enforcement can be a complex and involved process with varying timescales. The aim of the policy is to ensure that the Council's approach is fair and reasonable, that interested parties are kept informed, and that any action is timely and proportionate. This being said, service provision has been adversely impacted by the imposed national (and local) restrictions across the UK in response to the Covid-19 pandemic.
- 1.4. The actions of the Planning Enforcement service are governed by the Town and Country Planning Acts, National Planning Policy Framework, Planning Practice Guidance, the Council's Constitution and the Planning Enforcement Policy and Procedure.
- 1.5. At the April 2021 Audit and Standards Committee Meeting, matters were raised concerning the Council's Planning Enforcement service by several Committee Members and other Members invited to attend and comment. The Audit & Standards Committee requested that Internal Audit undertake an objective and independent review into the Planning Enforcement service.

2. Audit Scope

- 2.1. This audit review has considered the following key service components (themes):
 - i. The development, review, and approval process for the Council's policy;
 - ii. Processes and systems designed to implement the policy and to ensure its application;
 - iii. Control systems designed to ensure and report on compliance with the processes;

Agenda Item 6

Appendix B

Stroud District Council - November 21

- iv. Process and system changes implemented and planned to improve service delivery and outcomes, including the introduction of enhanced IT systems;
- v. Service 'management', operational activities and processes that assess, ensure, and confirm (including monitoring and reporting) that desired policy objectives are achieved (as detailed in section B of the approved Terms of Reference);
- vi. The Member oversight and engagement arrangements that monitor, support, and ensure the service has the required inputs to deliver the desired performance outcomes and deliver those outcomes; and
- vii. The service delivery arrangements during the Covid-19 pandemic in meeting the national and Council requirements to keep staff safe and the consequential impact on following the policy and procedure and delivering outcomes.

2.2. It should be noted that during the course of the review a number of areas have been considered where there are corporate arrangements that should apply, for example, project management, service planning, risk management. The corporate approach to these areas have been determined as being outside of the scope for this review. However, Internal Audit has considered how these have impacted on the enforcement service and how they may have better aided it. Recommendations have been made, but these need to be considered against the particular corporate arrangements and practices operating and planned.

3. Key Findings

- 3.1. This internal audit has been undertaken through an information-gathering process that included:
 - i. Interviews and discussions;
 - ii. The review and testing of processes, including systems and controls. The processes reviewed (and tested) included those in operation in the recent past, and those in current use. Any changes planned were also reviewed; and
 - iii. The review and testing of the key components of effective service delivery which allow for the attainment of the desired policy objectives.
- 3.2. Prior and during the audit period the service was in the process of a system review and change which included the implementation of 'Enterprise' the service's case management system. The findings in this report identifies how the service's planned development actions will enhance operational and management processes and makes recommendations where additional actions will be beneficial.

- 3.3. During the course of the Internal Audit fieldwork, it was apparent that the service was aware of the challenge it had and was experiencing in delivering the requirements of the Planning Enforcement Policy and Procedure. The service had developed an improvement plan, though improvements were identified over the course of our fieldwork. Following discussions with the Development Team Manager, this initial version of the improvement plan has been further developed into a comprehensive Business Improvement Plan. This Plan has been appended to this report as Appendix B.
- 3.4. The findings below identify the challenges the service faced, contributing factors, and include recommendations to address these (or link to the relevant action within the Business Improvement Plan):
- i. Procedures should be reviewed and clarified to ensure that Member oversight of the revised Council Planning Enforcement Policy and Procedure is sufficiently defined;
 - ii. The Enforcement Policy and Procedure requires review and revision to ensure that it contains clear guidance. This review should include establishing through consultation the enforcement aims and objectives, delivery requirements and measurements, and monitoring processes. The policy and procedure monitoring processes should ensure the service is effective and compliant with procedures, internal process, and any statutory requirements. This review and approval of the policy and procedure should be followed by further training on it being offered to Members and officers;
 - iii. There are a number of operating processes which require review, to ensure that they support the delivery of (and compliance with) the Enforcement Policy and Procedure. The current IT systems used (Uniform for case records and Idox for documents and evidence) is a key factor here. For example, Uniform is not a comprehensive case management system, it currently offers little in the way of management information (or oversight functionality) on case progress. There is little built-in functionality with regards to monitoring resource allocation, prompts and event triggers, record-keeping, or communications-monitoring. This has been identified by the service and features in the service's Business Improvement Plan (Appendix B). It is being addressed through the review of Uniform functionality and the adoption of Enterprise, the service's case management system;
 - iv. There are some gaps within the service's Business Improvement Plan with regards to assessing resource demand (as part of achieving key objectives and goals). It is therefore challenging to appraise how realistic Business Plan goals are. The service change being actioned is currently an "activity" to be undertaken alongside 'business as usual'. The change programme should be formally defined as a "project", which requires a resource demand assessment and, where appropriate, specific corporate project support;

Agenda Item 6

Appendix B

Stroud District Council - November 21

- v. The service has struggled to ensure adequate resourcing; the Head of Development Management has advised Internal Audit that she is aware that this is not unique to Stroud, but is also reflected across many English Councils because of a recognised shortage of applicants with planning related skills. The service has not had a full establishment in 2020 and 2021. Recently the approach to resourcing has relied upon the availability of candidates within the 'agency' market. A comprehensive service delivery resourcing assessment is required that results in a business case for change, if so required, to address the resourcing challenges; and
- vi. The demands on the service have increased due to, in the service's view, the impact of the Covid-19 pandemic. There has been no formal assessment of the demand levels and the impact this has on service delivery and compliance with the Enforcement Policy and Procedure. Demand variances should be proactively monitored to ensure that undue pressure is not placed on the service. It would also be prudent to assess the demands exerted (on resources) by both direct and non-direct service activities to fully understand the direct service resource available.

4. Conclusion

- 4.1. The Planning Enforcement service has experienced resourcing and service demand challenges that have impacted on the delivery of the service. The Uniform IT system has not supported working practices and record keeping. The availability of automated performance management tools has not aided the supervision and management of the service. Although it is acknowledged that the Head of Service meets regularly with the Chair of Development Control Committee to discuss matters affecting the service, there is limited opportunity for wider members of the Committee to have appropriate strategic oversight.
- 4.2. Improvement actions are needed to address the service issues. The service had developed an initial improvement plan and has made progress towards implementing this. During the internal audit process, further improvement areas were identified, discussed, and subsequently included in the detailed Business Improvement Plan developed by the service (Appendix B).
- 4.3. In addition to the service's Business Improvement Plan Internal Audit has raised five High and eight Medium Priority recommendations. Once implemented and operating effectively, these recommendations will strengthen the current system of internal control, risk management, and improve monitoring and reporting. These recommendations can be found in full within Appendix A.
- 4.4. The implementation of the Business Improvement Plan and the Internal Audit recommendations offers the opportunity for the foundation and actions needed to deliver the objective and performance requirements of the revised Council Enforcement Policy and Procedure.
- 4.5. The effectiveness of service improvement is reliant on two key factors. These are the resources needed for the timely implementation of the service's Business Improvement Plan and Internal Audit's recommendations, and the resources to deliver 'business as usual' during this period. How the service is supported in delivering these is critical to its

success. The enforcement service improvement also needs to be considered in the context of potential wider impacts on the whole development management service.

- 4.6. Follow-up is required to provide assurance that the improvement planned has been delivered, is effective and has resulted in the desired outcomes. It is suggested the service provide a management update to an officer Member working group to include the Chair and Members of the Development Control Committee (DCC), which will then report back to the DCC and the Audit and Standards Committee, after six months. An Internal Audit assurance review be undertaken after twelve months.

Appendix A – Action Plan and Management Responses

This section contains the findings for each audit objective along with any recommendations made by Internal Audit to strengthen the control environment. The recommendations are categorised as follows:

Priority	Description
High	Critical/Major risk exposure which materially impact on the assets, reputation, service delivery and objectives of the Council.
Medium	Moderate risk exposure that impacts on the assets, reputation, service delivery and objectives of the Council.

5. Theme 1: The development, review, and approval process for the Council’s policy.

- 5.1. The Council has an Enforcement Policy and Procedure that details how the Council will consider and action complaints in respect of planning enforcement matters. The policy and procedure states that this will be subject to an annual review. No records were made available to Internal Audit to demonstrate this requirement had been met, the last review is believed to have been undertaken in 2015 but the scope of that review and the process adopted is unknown. Internal Audit has been advised that in the period since 2015 planning enforcement legislation has not changed significantly and therefore the legislative parts of the policy and procedure may not have varied in the period. However, as a result of not undertaking any review, the opportunity to consider the key components of policy development and review have been missed. The regular review of the policy and procedure (by officers and Members) provides the opportunity to ensure that the service can meet the locally assessed service need, and that this is clearly defined, deliverable, and effectively monitored on an ongoing basis. The latter requires robust management mechanisms for oversight and ongoing testing to ensure compliance with the policy and procedure.
- 5.2. The service is aware the policy and procedure need review and updating, and this is proceeding, though sickness, staff shortages and the pandemic have delayed progress. The Business Improvement Plan Goal A (Appendix B) gives a revised development timeline of May 2022. As it is from the Enforcement Policy and Procedure that the processes stem, it may prove beneficial to bring the timeline for the completion of the review forward if possible. The service has confirmed the review will consider other authority’s policies to identify best practice. In addition, development will consider the relationship between scope, outcomes, demand, and inputs to offer assurance that the objectives and performance requirements can be delivered.
- 5.3. The review of the Council’s Planning Enforcement Policy and Procedure is an opportunity for procedures be reviewed and clarified to ensure that Member oversight of it, is sufficiently defined.

- 5.4. Internal Audit has reviewed a very early draft version of a revised policy and procedure and offered comment and observations for the service to consider, and has offered to provide comment on future draft versions.

No.	Recommendation	Risks	Agreed Action	
1(M)	Procedures should be reviewed and clarified to ensure that Member oversight of the revised Council Planning Enforcement Policy and Procedure is sufficiently defined.	Members do not have oversight of the Enforcement Policy and Procedure objectives and its performance measures.	The revision of the Enforcement Policy and Procedure will define the arrangements for Member monitoring of its objectives and performance measures.	
			Person Responsible	Due Date
			Strategic Director of Place and Head of Development Management	31 st December 2021

No.	Recommendation	Risks	Agreed Action	
2(M)	<p>The review of the Enforcement Policy and Procedure is key to ensuring Members approve guidance that meets the Council’s needs, can be delivered, and can be monitored for effectiveness and compliance (with outcomes that can and will be measured).</p> <p>This review should be a collaborative process between Members and officers. A Policy and Procedure Development Programme has been developed (Business Improvement Goal A, Appendix B), which involves consultation with stakeholders. However, this process should be further defined – this represents an opportunity to proactively engage with Members and groups who may initiate complaints on a more regular basis, like Parish and Town Councils.</p>	<p>The policy and procedure review process does not maximise the learning opportunities from those who have recent experience of engaging with the service.</p>	<p>There is a plan to set up an informal Member group from Development Control Committee to discuss development management and enforcement performance management issues. This group, to be chaired by the Head of Development Management, will provide the Members oversight for the revised Enforcement Policy and Procedure. Consultation on the revised policy will be carried out in accordance with the Council’s Corporate Consultation Strategy. The method of adoption of the revised policy is dependent on the outcome of Recommendation 1. Resources available to progress this dependent on Recommendation 5.</p>	
			Person Responsible	Due Date
			Development Team Manager	Revised policy and procedures to DCC 31 st July 2022

Agenda Item 6
Appendix B

6. Theme 2: Processes and systems designed to implement policy and to ensure its application and the control systems designed to ensure and report on compliance with the processes.

- 6.1. Internal Audit has reviewed the processes and systems operating to deliver the current Enforcement Policy and Procedure. As stated earlier, prior to the start of this Internal Audit the service had commenced a review of its processes and systems. This service-based review has led to the adoption of the ‘Enterprise’ case management system. This was progressing during our review and offered Internal Audit the opportunity to view the Uniform system, the way it is used, and to see the added benefits the Enterprise system can bring.
- 6.2. The service is aware the processes operating do not, in all instances, aid the effective delivery of, or support compliance with the Enforcement Policy and Procedure and the management of the service. Internal Audit undertook sample testing to review the current

processes to ensure all opportunities to improve both the process and controls are considered and actioned as part of the improvement work and the implementation of the Enterprise system. The following points summarise the key matters identified by the service, following Internal Audit's examination of the systems and processes, and from sample testing of records:

- i. The current system (Uniform) is not a case management system so offers very limited management information on work progress and does not support effective overview or performance monitoring;
- ii. The system is not used to record the priority assessment given to a case. As a result, performance information cannot be gained from the system on the progress of cases by priority;
- iii. The system offers the opportunity to use document templates to help ensure standardised wording where appropriate and the ability to add 'free text'. This is not currently used – documents are developed in Microsoft Word and email;
- iv. The system has limited embedded controls to trigger case review points or to ensure segregation where such control is appropriate, or at system defined approval points;
- v. The system does not facilitate the monitoring of case communications to aid management to ensure these occur in accordance with the requirements of the policy and procedure;
- vi. The system does not trigger the closure of cases when appropriate, leaving closed cases open on the system. For cases where a 'no harmful' breach is determined there is no system parameter set to prompt the closure of the case;
- vii. The operating process has one system holding the case details (Uniform) and another system (Idox) holding the supporting documentation and evidence linked to the case. The process and control arrangements do not ensure information held in the case detail system is supported by corresponding evidence in the document system. Case information can be held in Development Management shared IT drives and officer email records;
- viii. Although the system records the enforcement officer allocated to each case, the reporting system does not aid the effective overview and monitoring of staff resources and of case management by the enforcement officer;
- ix. System parameters do not prompt actions where required or report on them when completed, or not carried out. Communicating with complainants or tracking enforcement actions being examples; and
- x. The system does not include parameters that prompt periodic case review, where remedial actions have been agreed to ensure accurate enforcement records and to support accurate reporting to the complainant. For example, where a retrospective planning

application has been granted to ensure that; i) accurate enforcement records are in place and ii) the complainant is notified of the outcome.

- 6.3. In many instances, the system shortcoming is overcome by manual processes and 'work arounds', these being; personal case awareness, team discussions, system interrogation, manual record inspections and manual checks on cases. These processes can be inefficient, not always consistent, comprehensive or complete, and do not produce an effective evidenced management 'audit' trail.
- 6.4. The service has identified many of the operating processes that need development and improvement and these form part of the Business Improvement Plan Goals 2 and 3 see Appendix B.

7. Theme 3: Process and system changes implemented and planned to improve service delivery and outcomes, including the introduction of enhanced IT systems.

- 7.1. Elements of the processes that will change and be improved as a result of the implementation of the Enterprise system have been identified above and are further detailed in Business Improvement Plan Goal 3 see Appendix B.
- 7.2. The implementation of the Enterprise case management system offers the opportunity to provide effective processes, controls and performance management that have not been currently available. The Business Improvement Plan includes many of the system changes the IT enhancement will bring to improve delivery arrangements and management information in support of effective service management.
- 7.3. The Enterprise system is operational in other Development Service's areas, and there is confidence that implementation within the Enforcement Service will be a key factor in delivering improved operational effectiveness.
- 7.4. Internal Audit has reviewed the planned IT improvements and the impact these will have on the Enforcement Service's operating process, control arrangements and service management arrangements. The combination of the new IT platform, the automation of some processes, and action logging and enhanced controls should be a significant aid to the administrative, control and management, and service oversight arrangements. However, ensuring that the systems potential is maximised, and that it complies with the process, are essential to gaining the full benefits possible. These requirements and opportunities need effective service oversight, robust performance management and gaining and retaining the required resource levels (these are discussed in more detail in other sections of this report).

No.	Recommendation	Risks	Agreed Action	
3(H)	The review and implementation of new IT processes represents an opportunity to ensure the efficiency and effectiveness of both processes and controls. Internal Audit should be invited to be a proactive consultee during the testing phase. This should involve Internal Audit reviewing and offering advice on the planned controls, particularly those that are embedded within the IT systems and that support performance management and the delivery of objectives. Audit plan days should be allocated for this within the current year and 2022-23.	A lack of effective processes and control could impair the achievement of the service to meet the Council's objectives.	Internal Audit will be invited to participate in the design and testing phase. Specifically, as part of Goal 3, Objective 3, Action 3 (scheduled for November 2021) and Goal 3 Objective 4 Action 5 (scheduled for December 2021) of the Business Improvement Plan.	
			Person Responsible	Due Date
			Head of Development Management or Development Team Manager and Strategic Director of Resources	31 st December 2021

No.	Recommendation	Risks	Agreed Action	
4(M)	The service should undertake a post-implementation review of the Enterprise system and associated processes. This will ensure that maximum benefit is being obtained and the desired level of case and performance management, control, and record-keeping is being obtained. Internal Audit should be invited to provide independent support to assist this specific review.	The service change programme fails to deliver its intended enhancements and therefore improved service effectiveness that supports the delivery of service performance requirements.	Internal Audit will be invited to participate in the review phase, specifically Goal 5, Objective 2, Action 3 (scheduled for February 2022) and Goal 5 Objective 3 Action 2 (which is dependent on the adoption of the revised Enforcement Policy and Procedure) of the Business Improvement Plan. Resources available to progress this dependent on Recommendation 5.	
			Person Responsible	Due Date
			Development Team Manager	31 st July 2022, to coincide with Recommendation 2

Appendix B
Agenda Item 6

7.5. There are a number of factors and challenges created by the current approach to implementing service change. These may be specific to this implementation or to the approach used by the Council. Given the increased demand and staffing challenges experienced by the Enforcement service, Internal Audit requested details of the structured and resourced project approach for implementing Enterprise and the associated review and change of processes. For example: funding, officer input, backfill (if needed), delivery plan with timescales and milestones. It is understood that arrangements to support service change initiatives are being planned as part of the wider corporate change processes. The Enforcement service needs to ensure it gains any additional support it needs to deliver its change programme and to deliver its 'business as usual' requirements. The Business Improvement Plan has named responsible officers and some target dates, but there are some gaps. In addition, there is no resource demand assessment in the Business Improvement Plan to provide assurance that it is realistic.

No.	Recommendation	Risks	Agreed Action	
5(H)	<p>The service should consider its need for corporate support to deliver its change and improvement programme. Minor change may be able to occur alongside 'business as usual' activities, but change beyond this should be considered as a project in its own right. This project should have clear terms, delivery goals and outcomes, be resourced, be time-limited and have a delivery assurance process.</p> <p>It is Internal Audit's opinion that the Enforcement service's Business Improvement Plan is an activity that should be defined as a 'project' requiring a clear resource demand assessment and support as assessed pertinent.</p>	<p>Business change is not effective in delivery improvement, or delivering within desired time scales, or business change draws resource and impacts on 'business as usual' delivery.</p>	<p>The service agrees in principle with this recommendation and fully supports its implementation however, there is a lack of resource available to assist the service in delivering this piece of work as a project. Although requiring significant resources, the Business Improvement Plan as drafted is considered to be broadly achievable but only to the detriment of the business in other areas of the service. There is not a corporate project team to either manage or support the delivery of a project by the service. There is a structural, financial, and skill resource issue in implementing this recommendation.</p> <p>Discussion to be held with Strategic Director to establish resource and timescale. This recommendation is key to the delivery and success of most other recommendations.</p>	
			Person Responsible	Due Date
			SLT (resource availability) Strategic Director of Place and Head of Development Management	31 st March 2022

8. Theme 4: Service ‘management’, operational activities and process that assess, ensure, and confirm (including monitoring and reporting) that desired policy objectives are achieved.

Delegations, Approvals, and the Authorisation Processes

- 8.1. The Constitution and the policy and procedure detail the delegation process, which is applied. The review of the policy and procedure is the opportunity to ensure these are appropriate to need. Internal Audit has discussed automated control processes. Control parameters will be built within the IT systems to provide an electronic authorisation arrangement that ensures all delegations are correctly applied prior to a case progressing or concluding. This will also create a comprehensive management ‘audit’ trail. This action forms part of the Business Improvement Plan - Goal 3 – see Appendix B.

Awareness and Training in Enforcement Policy and Procedure

- 8.2. Training on the Development Management service is offered to all Members with specific training being offered to Members of the Development Control Committee. In both instances training includes planning enforcement.

- 8.3. The enforcement service is tasked with applying the policy and procedures that Members have determined as appropriate to deliver the planning enforcement objectives as set by the Council. Members have an important role in ensuring that the objectives of the policy are delivered. This may involve providing effective support to complainants from their Wards, supporting the enforcement services determinations or in providing challenge where it is felt appropriate to do so.

- 8.4. The development of a policy and procedure is an opportunity to review and set future awareness and training arrangements. There will be particular elements of policy and procedure where stakeholders and those making complaints should have clear understanding. The areas of priority setting, and therefore the resulting investigation process and potential actions, and the assessment of ‘harm’ and the implications of this assessment are key areas. The revised policy and procedure will be placed on the Council’s website. This is an opportunity for providing additional awareness through the availability of more information that may be beneficial to complainants helping them to better understand how the Council applies its enforcement policy and procedure. Parish and Town Councils are a source of a number of enforcement complaints each year. The offer of training or workshops may prove beneficial and would enhance relationships between the service and this tier of government.

- 8.5. A solution or partial solution to the resourcing challenge may be for the service to ‘train its own’. Current staff have moved into the service with limited experience of planning enforcement. The service has recognised the need to up-skill staff and to provide a professional training and development programme – Business Improvement Plan Goal 6 see Appendix B. In addition, the links between training on the application of the Enforcement Policy and Procedure, and the service processes, is key to supporting and ensuring service performance – Business Improvement Plan Goal 4. Training linked directly to service provision and compliance needs to form

part of a programme that tests effectiveness, is regularly refreshed, and ensure the consistent application of the policy, procedure, and process.

No.	Recommendation	Risks	Agreed Action					
6(M)	Officers should determine and agree the training and awareness arrangements required and provided to stakeholders, interested parties and staff. Determining and agreeing the delivery methods, frequency, scope, and funding. The effectiveness of the awareness and training arrangements should be periodically tested to ensure they remain appropriate and effective.	The policy and procedure awareness and understanding arrangements does not support constructive challenge of service determination or the management of service expectations.	<p>The intent of the recommendation is recognised. However, from the service's experience there is little value to detailed training to a wider audience as planning enforcement decisions are made on a case-by-case basis against planning merit. The objective is to provide clear understanding of the enforcement process, procedures, and scope and the service consider this is best met through the content of the revised Enforcement Policy and Procedure accompanying guidance on the website.</p> <p>Strengthen training on enforcement issues at annual mandatory Development Control Committee training. This is open to any Member to attend.</p> <p>Staff training programme spring 2022. Resources available to progress this dependent on Recommendation 5.</p> <table border="1" data-bbox="1487 1093 2143 1204"> <thead> <tr> <th data-bbox="1487 1093 1827 1131">Person Responsible</th> <th data-bbox="1827 1093 2143 1131">Due Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1487 1131 1827 1204">Head of Development Management</td> <td data-bbox="1827 1131 2143 1204">31st July 2022 (see Recommendation 2)</td> </tr> </tbody> </table>		Person Responsible	Due Date	Head of Development Management	31 st July 2022 (see Recommendation 2)
Person Responsible	Due Date							
Head of Development Management	31 st July 2022 (see Recommendation 2)							

Agenda Item 6
Appendix B

Service Planning (Including Risk and Performance Management)

- 8.6. The corporate approach to service planning is outside of scope of this Internal Audit review. However, Internal Audit sought confirmation that the service planning process for the enforcement service included the key components of setting goals and targets, resourcing, performance management, risk management, monitoring of objectives and goals, budget setting and funding arrangements. These processes should identify service challenges and issues, stimulate debate leading to formal assessment, reporting and action where needed. The approval of the service plan should be confirmation that the inputs will deliver the required outputs and outcomes. It is understood the Council is in the process of reviewing its corporate approach to service planning. There is opportunity to inform the service planning process by assessing why for this service area service planning, risk management, and performance management has not identified the service challenges, and supported the service managers in securing corrective options and actions, to ensure the delivery of these.
- 8.7. The corporate processes should trigger short term solutions for formal consideration and approval and, if required, commence the investigation of longer terms options. Members should be actively involved through the corporate reporting arrangements for service planning and delivery, risk, and performance as these directly relate to outcomes and the delivery of Council policy and procedure objectives.
- 8.8. In reviewing and implementing a revised corporate service planning and delivery process the Council should consider and learn from why current corporate arrangements have not formally identified the challenges the Enforcement service was encountering. In addition, the outcomes from such corporate processes should rectify service matters, where Council policy, procedure, and performance requirements were struggling to be met. This could be seen as a weakness of the corporate performance management framework should a performance matter, be the stimulus for referral to the Audit and Standards Committee.

Page 53

No.	Recommendation	Risks	Agreed Action	
7(H)	Officers and Members should ensure the revised corporate approach to service planning (performance and risk management) provides assurance that policy objectives, performance requirements and risks are being effectively met and managed. Where there are service challenges these corporate and service-based processes should identify and lead to agreed rectification actions that are supported, delivered, and monitored.	The Council fails to identify and escalate service, performance and risk concern and therefore does not resolve these at the earliest opportunity.	The service considers this beyond their remit although fully support this recommendation. This matter shall be raised with the relevant Strategic Directors.	
			Person Responsible	Due Date
			Strategic Director of Resources and Strategic Director of Place	31 st December 2021

Appendix B
Agenda Item 6

Resourcing, Recruitment, and Retention

- 8.9. During the process to establish the terms of reference for this review, the staffing challenges experienced by the service were strongly referenced by both officers and Members. The Head of Development management has advised Internal Audit that she is aware that the staffing challenge is not unique to Stroud, but is also reflected across many English Councils because of a recognised shortage of applicants with planning related skills. Internal Audit have sought to understand the resourcing and funding position in relation to securing and ensuring the delivery of the policy, procedure, and the associated process. There are a number of factors that impact on service resourcing; funding, staffing levels in relation to demand, staff recruitment and retention, communicating the resourcing challenges and actions to resolve.
- 8.10. The Head of Development Management has advised that service funding and resourcing has been challenging in recent years, and pre-pandemic the enforcement team consisted of:
- i. Senior Planning Enforcement Officer (1 FT (37 hours per week));
 - ii. Planning Enforcement Officers (2 PT, 22.5 hours and 20 hours per week); and
 - iii. Compliance Technician (1 FT).
- 8.11. During the pandemic the resource has been:
- i. Senior Planning Enforcement Officer (1 FT) but absent from 17 May 2021 returning 21st July 2021;
 - ii. Planning Enforcement Officer (1 PT works for 20 hours per week);
 - iii. Planning Enforcement Officer (1PT working 22.5 hours per week until 27th May 2021);
 - iv. Contract Planning Enforcement Officer (1 FT) - assigned to look after the backlog complaints who started on 10 May 2021, and stayed for the period to 30 July 2021. They were based outside the Stroud District, undertaking desktop assessments, engagements with landowners and property owners by phone and or email; and
 - v. Compliance Technician (1 FT)

8.12. Other resourcing matters to note: The resource now:

- i. Planning Enforcement Officer (PT vacant from 27 May 2021 to 6 September 2021) has now been made a fulltime role (FT 37 hours a week) with a new officer in role since 6th September 2021;
- ii. Planning Enforcement Officer Contract Officer (FT (recent appointment) started on 31 August 2021, based outside Stroud)); and
- iii. The service has been managed by the Development Team Manager; this post was vacant from the end of 2019 to September 2020.

8.13. Although there has been an awareness, Internal Audit has been advised that no formal assessment of the resourcing challenges encountered, the impact on the service, and the potential options that could be considered to resolve this. As a result, the resourcing has been based on the 'market availability' of contract enforcement officers, which may not have met specific service need. Since May 2021, Enforcement services has engaged agency staff, and those requiring planning enforcement training.

8.14. The management structure for the enforcement service was raised with the Development Team Manager and the Senior Enforcement Officer, as it differs from other sections within the direct service teams in the Development Service. The two other teams are headed by 'Principal' officers with the enforcement team being headed by a 'Senior'. This was not pursued as part of this review but should be examined in terms of salary structures within the Development Services team and possible links to recruitment.

No.	Recommendation	Risks	Agreed Action					
8(H)	<p>The service should produce a comprehensive service delivery resourcing assessment, and a business case for change if needed. This should include a formal assessment of:</p> <ul style="list-style-type: none"> i Resource to meet demand; ii Skills requirements (for each role); iii The market rate for the roles required (salaries and supplements); iv Staff availability; v Reasonableness of service costs (via market testing or benchmarking); and vi Alternative delivery models for service delivery (for example, shared service agreements with other local authorities). <p>In addition, this assessment should also factor in the immediate challenges of implementing both IT and process changes. The medium-term impact of a revised policy and procedure and the long-term impact of more effective IT systems (and service demand forecasting) also require consideration.</p> <p>The outcome of this assessment should link to Business Improvement Plan Goal 6.</p>	Service performance requirements are not met due to inadequate staff resources.	<p>There is a clear need to review the resourcing of the planning enforcement function; at present additional resource is provided by agency staffing at considerable cost. However, the resourcing needs are directly related to the requirements of the Enforcement Policy and Procedure and may be influenced by any efficiencies gained through the introduction of Enterprise.</p> <p>A short term review of resourcing will be made in January 2022 before the current agency placement comes to an end (in February).</p> <p>A longer-term review of resourcing will be made in the summer of 2022 once the expectations of the revised Enforcement Policy and Procedure are identified and the Enterprise system has been embedded into the service's ways of working.</p> <p>Resources required to undertake a resourcing assessment should be included in the project resources as part of Recommendation 5.</p>					
			<table border="1"> <thead> <tr> <th data-bbox="1469 1141 1872 1181">Person Responsible</th> <th data-bbox="1872 1141 2148 1181">Due Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1469 1181 1872 1289">Head of Development Management</td> <td data-bbox="1872 1181 2148 1289">31st July 2022 if resources / support available</td> </tr> </tbody> </table>		Person Responsible	Due Date	Head of Development Management	31 st July 2022 if resources / support available
			Person Responsible	Due Date				
Head of Development Management	31 st July 2022 if resources / support available							
Head of Development Management	31 st July 2022 if resources / support available							

Service Demand

- 8.15. Internal Audit was made aware by officers and Members that in addition to the resourcing challenges, the service has experienced increased demand, particularly since the start of the pandemic. In order to be able to confirm demand levels, Internal Audit obtained complaint case details for recent years and this shows an increase year-on-year. The case numbers are as follows: 402 cases 2018/19, 496 cases 2019/20 and 604 cases 2020/21. The trend over these three years, shows a year-on-year increase in enforcement cases to investigate. In 2021/22 cases at the beginning of September, shows 533 cases, this indicates an expected further increase in cases for the current year. There has been an awareness by both Members and officers of the increase in demand, the pressures this has placed on delivery, and the challenges of resourcing the service. However, there has been no formal assessment and report to Members, on the impact increased demand has had on the delivery of the service and the options to meet this.
- 8.16. The service’s view is that increased demand is linked to the pandemic, with changes being made to premises and greater awareness of those changes being made. Demand levels, numbers and complexity need to be monitored over the coming months to determine future levels and trends and the impact this may have.

Page 57

No.	Recommendation	Risks	Agreed Action				
9(M)	Changes in service demand should be monitored based on pre-determined tolerances which should trigger a formal process that assesses impact and determines, agrees, and approves actions to address these. In the instance of the Enforcement service this could mean officers and Members considering balancing demand to resource and the scope and requirements of the policy and procedure.	Service performance requirement are affected by increasing service demand.	<p>Monitoring of service demand against identified resource tolerances established as part of Recommendation 8. This information can be discussed with the proposed Development Management liaison group to allow for Member involvement.</p> <p>However, there is no provision in the Service Plan or budget for contingency should the tolerances be reached/ breached and the experience of the service is either using agency resource or to make do and mend.</p> <table border="1"> <thead> <tr> <th>Person Responsible</th> <th>Due Date</th> </tr> </thead> <tbody> <tr> <td>Head of Development Management</td> <td>31st January 2022 and ongoing</td> </tr> </tbody> </table>	Person Responsible	Due Date	Head of Development Management	31 st January 2022 and ongoing
Person Responsible	Due Date						
Head of Development Management	31 st January 2022 and ongoing						

Appendix B
Agenda Item 6

Management and Supervision of the Enforcement Service Including Performance Management

- 8.17. Internal Audit has discussed the management and supervision arrangements with the Development Team Manager and the Senior Enforcement Officer and has been advised that in 2018 the service was headed by a Principal Enforcement and Appeals Planner. A number of changes to the management structure now results in the Senior Enforcement Officer providing day-to-day management of the service. The primary function of the Senior Enforcement Officer’s role comprises service management, supervision, and the investigation of complex enforcement cases. The post holder and the Development Team Manager have confirmed that increased service demand, the impacts of managing a fluctuating workforce, absence of automated management monitoring and reporting aids and Covid-19 implications, has meant the functions of management and supervision have been compromised through prioritising of service demands. An assessment of the Senior Enforcement Officer’s post should be undertaken to ensure provision allows for the management and supervision role to be effectively fulfilled and to determine the scope to undertake direct service activities (complex cases). This information should feed into the wider service assessment of the resource requirements to meet complaint numbers and case complexity pressures.
- 8.18. Understanding the impact of direct and non-direct service activities is key to ensuring adequate direct resource is available to meet policy and procedure requirements and performance standards. Direct service time will have fluctuated and will continue to fluctuate until stable operating systems, processes and staffing arrangements are secured.

Page 58

No.	Recommendation	Risks	Agreed Action				
10(M)	The service should introduce time and task monitoring arrangements for a limited period in order to obtain timesheet data on the relationship between direct and non-direct service activities. This information can then be used to inform the resource review recommended earlier.	The resource available to the service falls short of that required.	The service will introduce time and task monitoring over a defined period in spring 2022 once the revised Enforcement Policy and Procedure and the service standards it introduces have been published. However, there is a resource implication in the setting up of time and task monitoring which should be included in the project resources as part of Recommendation 5 and 8.				
			<table border="1"> <thead> <tr> <th>Person Responsible</th> <th>Due Date</th> </tr> </thead> <tbody> <tr> <td>Development Team Manager</td> <td>30th April 2022</td> </tr> </tbody> </table>	Person Responsible	Due Date	Development Team Manager	30 th April 2022
Person Responsible	Due Date						
Development Team Manager	30 th April 2022						

- 8.19. The performance management information to evidence the delivery of the service to the required standards needs improvement. The lack of automated performance information does not aid the supervision and the management of the service and has been identified by them as a key improvement area, Business Improvement Plan Goal 7. Examples of automated performance information that would aid the day-to-day supervision of the service include cases by priority, cases by communication targets, case action tracking, cases by case officer, cases with outstanding actions, closed cases, and case demand levels.
- 8.20. The service performance targets and outcomes should link to and demonstrate the delivery of the policy and procedure objectives. At present no performance monitoring and reporting arrangement is present to demonstrate this. A key component of performance management is the 'golden thread' that links the Council's corporate plan to Council policy, procedure, and service plans to the individual. This chain is broken if performance targets, and outcomes are not set at each level and these support and demonstrate the attainment of the objectives.

No.	Recommendation	Risks	Agreed Action	
11(H)	The performance management framework should be reviewed as part of the policy and procedure review to ensure the delivery of the objectives set can be measured and monitored. This framework should measure and monitor the delivery of the Enforcement Policy and Procedure, supporting and demonstrating the progress of operational and individual targets and outcomes.	The performance management arrangements do not support or demonstrate the delivery of objectives, targets, and outcomes.	<p>The service is in the process of reviewing its performance management tools, as set out in Goal 7 of the Business Improvement Plan. The revised Enforcement Policy and Procedure, the new Council Plan, and any subsequent revised Service Plan will feed into the performance management framework and any tools required to monitor.</p> <p>There is a resource demand to reporting on performance objectives which should be included in the project resources as part of Recommendation 5 and 8.</p> <p>This can only be started with any degree of confidence after other recommendations and aspects of the business improvement plan have been completed and embedded.</p>	
			Person Responsible	Due Date
			Head of Development Management	31 st October 2022

Information Management, Record Management and Record-Keeping

- 8.21. The service has identified the need to improve information management and record keeping and sample testing by Internal Audit supports this requirement. A number of steps are being taken, or are planned to address this and forms part of the Business Improvement Plan, in summary the areas identified are:
- i. Control and review process that ensure all information is held in the two systems used (Uniform and Idox) is complete and accurate;
 - ii. Enhanced training arrangements to ensure Enforcement staff understand the record keeping requirement;
 - iii. The use of the systems to generate and retain communications, including the application of system-based templates to ensure standardised wording to comply with legislation and policy;
 - iv. System generated prompts and management information to ensure and record compliance with policy and procedure requirements;
 - v. Enhanced system-based audit trails; and
 - vi. A service specific set of records retention arrangements.
- 8.22. The development of digital access to information that must be publicly available has been included in the Business Improvement Plan – Goal 8.
- 8.23. Changes to operating processes is an opportunity to undertake a data cleansing exercise and this should be added to Goal 8.

Communication Processes, Timeliness and Effectiveness (including with Parish Councils)

- 8.24. The service is aware that maintaining required or desired levels of communication has proven challenging due to resources, increased service demand and the limitations of automated processes. Service communications with Parish and Town Councils has been raised by Members and Parishes. Internal Audit reviewed the communication requirements for Members and Parish and Town Councils. The current policy and procedure reference the communication requirement in respect of the complainant and those subject to enforcement action. Under the policy, Members or Parish Councils making an enforcement complaint is a complainant, the same as a member of public. Parish and Town Councils and Members are not consultees to the complaints received by the service. Each complainant is afforded confidentiality unless specifically waived, or where enforcement action results. Members are informed of enforcement complaints from their Wards that are being progressed.
- 8.25. Complaints that result in enforcement action where a notice is served are currently reported to the Development Control Committee and there is a process for referral to this committee. The reporting arrangements for complaints, for example criteria, scope, actions available, decisions, and tracking, should be clearly defined in the policy and procedures.
- 8.26. Members have expressed an interest in the number of complaint cases raised by Parish and Town Councils. These are summarised in Table 1 below.

Table 1: The number of complaints raised by both Parish & Town Councils and Members (Stroud District Council).

Period	Number of Complaints – Parish & Town Councils	Number of Complaints – Members (Stroud District Council)
2019/20 – Full Year	53	22
2020/21 – Full Year	83	31
2021/22 – End July	18	9

No.	Recommendation	Risks	Agreed Action	
12(M)	<p>The review of the policy and procedure is an opportunity for officers and Members to assess, agree and approve the enforcement communication arrangements.</p> <p>The communication arrangements should be governed by the required service levels and legal constraints. These should be able to be performance tracked, monitored, and reported, and meet the expectations and requirements of the complainant, the complaint location owner, occupier or person responsible, and Members, whilst maintaining required complainant confidentiality.</p>	<p>Communication requirements are unclear and not monitored and therefore do not support and aid the effective delivery of the service.</p>	<p>The service acknowledges the purpose of this recommendation. The service intends to address this by setting out the communications expectations in the revised Enforcement Policy and Procedure. Additional guidance may be required for Members who are not themselves the complainant; this will be progressed in the form of a note and published on the Members' Hub.</p> <p>The implementation of this is dependent on the date that the revised Enforcement Policy and Procedure is adopted.</p> <p>Resources being available to progress this are dependent on Recommendations 5 and 8.</p>	
			Person Responsible	Due Date
			Head of Development Management	31 st October 2022

Formal Complaints or Questions Raised (in Respect of Service Delivery)

- 8.27. The Council has a formal corporate complaints process where enforcement complainants feel that they have not been offered the expected service standards (the application of policy and procedure and or the delivery of the service to the required performance standard). Where a formal complaint is made, the corporate complaints process is followed. Three current year cases were sample-tested, and these were being progressed through the formal corporate process. The outcome of complaints escalated to the corporate complaints process should form part of the service performance reporting arrangements.
- 8.28. Internal Audit sought confirmation that service practices enable lessons to be learned from corporate complaints and that the outcomes form part of service improvement arrangements. The service has confirmed that under the Business Improvement Plan – Goal 4, the

comprehensive procedure guides will be regularly reviewed. Also, under Goal 6, staff training will reflect learning opportunities arising from the outcome of service complaints.

9. Theme 5: The Member oversight and engagement arrangements that monitor, support, and ensure the service has the required inputs to deliver the desired performance outcomes and deliver those outcomes.

- 9.1. The Councils Constitution specifies the functions delegated to the service and the responsibility of the DCC to provide oversight of specific planning control breaches. It is acknowledged that the Head of Service meets regularly with the Chair of Development Control Committee to discuss matters affecting the service. In addition, the service report planning enforcement complaint information to DCC but there is opportunity to enhance this, reporting on the Enforcement Policy and Procedure objectives and performance measures, this has been referenced at point 5 above. Monitoring and reporting also links to earlier comments on, service planning, performance, and risk management. A formal Member oversight of the policy and procedure objectives and performance measures may have aided the communication between the service and Members identifying, determining, and progressing formal resolutions to the challenges the service recently encountered. *Recommendation 1(M) Applies*

10. Theme 6: The service delivery arrangements during the pandemic in meeting the national and Council requirements to keep staff safe and the consequential impact on following policy and procedure and delivering outcomes.

- 10.1. The Council issued Covid-19 briefings, undertook service-based risk assessments, introduced local practices, and followed national guidance. The corporate guidance in summer 2020 was, 'to arrange an appointment and discuss the access to the site (e.g. gates/doors etc. to be left open) and any Covid-security arrangements on site'. The service specific guidance being, 'the only exception to this being Enforcement visits necessary to gather evidence, but these should still follow core safety measures and all other guidance and measures followed. If visits are unannounced questions regarding the self-isolation of occupants should be made on the doorstep before entering. The visit should be abandoned if necessary'.
- 10.2. It is understood the service followed the guidance, and although service delivery methods will have been impacted by Covid-19, for many of the matters raised earlier in this report; for example, policy and procedure review, service resourcing, operating systems and practices, performance management and oversight, are areas where the impact of Covid-19 has not been the significant factor. This is supported by the following post on the service website page:

“Disruption to Planning Enforcement Services – We are currently unable to provide a full planning enforcement service due to staff vacancies, absence (including self-isolating), annual leave, and recruitment delays. As a result, this means that we have to prioritise very urgent new enforcement over and above other cases over the summer period. All other complaints are being triaged on receipt. This means we may not be able to respond to lower priority requests and complaints at this time. Agency staff have joined us to improve capacity and we hope the impact on our services will be limited in duration.”

- 10.3. The increased service demand has coincided with, or stems from, greater resident awareness during the pandemic. The service delivery method has varied in part due to the response to Covid-19 risks, but also due to the “disruptions” detailed above on the website post. Increased demand has also been a factor. Internal Audit was advised by the Enforcement team that Covid-19 has placed constraints on their ability to gather evidence through site visits. As a consequence, reliance was placed on written communications with relevant parties. These were not consistently responded to in a timely manner, impacting upon service provision.
- 10.4. In addition, Covid-19 resulted in ‘working from home’, less interaction between team members, other teams and other services, the impact or benefits being uncertain.

No.	Recommendation	Risks	Agreed Action				
13(M)	As part of the Enforcement Policy and Procedure review, the implementation of the IT system, the changing working practices and any operational benefits stemming from the arrangements introduced during the pandemic should be considered for inclusion.	The review of the policy and procedures and the Business Improvement Plan do not consider the opportunities from the operating variances introduced during the Covid-19 pandemic.	<p>The introduction of Enterprise will facilitate greater levels of flexible working as through the automation of tasks. The corporate approach to hybrid working is being prepared and the service will ensure that new systems and processes take on board the lessons learned from the pandemic.</p> <p>Furthermore, the service will review (as part of its review of the website or digital platform) IT capabilities to allow the submission of supporting documentation and evidence with enforcement complaints.</p> <p>Resources being available to progress this are dependent on Recommendations 5 and 8.</p> <table border="1" style="width: 100%;"> <tr> <th>Person Responsible</th> <th>Due Date</th> </tr> <tr> <td>Development Team Manager</td> <td>31st July 2022</td> </tr> </table>	Person Responsible	Due Date	Development Team Manager	31 st July 2022
Person Responsible	Due Date						
Development Team Manager	31 st July 2022						

Appendix B – Business Improvement Plan

The following Business Improvement Plan has been developed by the Enforcement Service and was provided to Internal Audit. This was being actively progressed during the internal audit review.

Business Improvement Plan: Planning Enforcement

PURPOSE AND AIM OF IMPROVEMENT PLAN

Review of policy and back-office systems to implement a new way of working which:

- (a) Ensures a clear, up-to-date, policy that establishes how planning enforcement complaints are investigated; and
- (b) Improves the efficiency of the service to help meet service demand and user expectations; and
- (c) Introduces business continuity measures; and
- (d) Reviews systems and control processes.

Sponsor	Geraldine LeCointe, Head of Development Management		
Date	September 2020	Version	3

CONTENTS

GOAL 1	Review planning enforcement policy to ensure it is fit for purpose
GOAL 2	Establish the procedures for investigating and processing planning enforcement complaints
GOAL 3	Review and update back-office set-up and upgrade IT software infrastructure, including improving data
GOAL 4	Provide training on new processes and comprehensive procedure guides
GOAL 5	Implement new way of working
GOAL 6	Develop professional training and continued professional development programme
GOAL 7	Review Uniform case management tools to assist performance management
GOAL 8	Provide public on-line access to planning enforcement register

GOAL 1				
				Lead officer Griff Bunce
<p>Review planning enforcement policy to ensure it is fit for purpose. Is the policy clear? Does it explain how enforcement complaints are processed and considered? Are matters such as expediency and priority defined? Are the possible outcomes established at the start of the process? Does it follow best practice?</p>				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Establish 'best practice'	Review neighbouring and Gloucestershire authorities' enforcement policy (GC; CB; TB; CD; FOD; SG)	GB	September 2021	Complete
	Review guidance from RTP1 and PAS on enforcement plans	GB	September 2021	Complete
	Identify key components of best practice, particularly around expediency and priority	GB	Mid-October 2021	Started; on-track
	Identify what 'key points' are used for customer contact	GB	Mid-October 2021	Started; on-track
Review existing enforcement plan.	Establish whether current processes meet requirements of existing plan	GB	Mid-October 2021	Started; on-track
	Where processes do not meet requirement of plan, identify what updates are required	GB	Mid-October 2021	Started; on-track
	Assess whether plan is easily understood and identify what areas need to be improved	GB	Mid-October 2021	Started; on-track
Ensure a good customer experience	Define processes, procedures, terminology	GB	October 2021	Started; on-track
	Identify key points for customer contact through entire lifespan of complaint	IM (AC)	October 2021	Started; on-track

	Set key performance indicators for customer contact	IM	October 2021	Started; on-track
	Define (for customer) routes investigations may take and possible outcomes, including timeframes.	IM	October 2021	Started; on-track
Draft revised enforcement plan	First draft prepared and circulated internally	IM	October 2021	Started; on-track
	Review feedback on first draft and revise document	GB	November 2021	Yet to start
	Second draft prepared and circulated internally	GB	December 2021	Yet to start
Adoption of enforcement plan	Consult stakeholders on enforcement plan	GLC	February 2022	Yet to start
	Review consultation responses and prepare final version	GB	March 2022	Yet to start
	Final version and circulated internally and with key stakeholders for approval	GLC	May 2022	Yet to start
	Adoption approval process – committee?	GLC	TBC – process needs to be confirmed and scheduled in forward work programme	Yet to start

GOAL 2				
Lead officer Ian Mallinson				
<p>Establish the procedures for investigating and processing planning enforcement complaints. Based on the emerging revised planning enforcement plan, formalise the processes and procedures for enforcement complaints from receipt to closure.</p>				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Create 'model' process map	Identify actions required to investigate, formulate recommendations, and close planning enforcement complaints	GB	September 2021	Complete
Review process map	In line with the outputs of GOAL 3, review and update process map.	IM	December 2021	Yet to start; waiting completion of GOAL 3

GOAL 3		Lead Officer Debra Bedwell		
Review and update back-office set-up and upgrade IT software infrastructure, including improving data.				
Investigate set-up of Uniform to ensure that IT process and procedures meet the expectations of the enforcement plan and process map.				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Resume 'Enterprise' roll-out (for enforcement module)	Purchase Enterprise key for enforcement module	MA	June 2021	Complete
	Activate Enterprise in enforcement module	Idox	June 2021	Complete
Investigate data quality/ data control/ data management	Review other authorities' use of enforcement module	DB	End of October	Started Brief discussion with Andy Birchley of GCC – April 2021. Imported Enterprise Tasks from Chichester for review. Discussion with Tewkesbury arranged – 01.10.2021.
	Examine Idox knowledge hub for best practice examples	DB	During this project and then annually as a mechanism for improvement	Complete
	Recommend any changes to data entry or data fields	DB	End of October 2021	Work commenced in matching new process map to data entry. Initial ideas discussed with MA/IM/SH.
	Review current code lists in uniform. Are they used? Do they fit with new process map?	DB (GLC)	October 2021	Work has commenced reviewing Suffix types.
	Identify any new codes required	DB	October 2021	Some new Inspection/Action codes and Decision types have been identified. These will

				fit with the process map and Enterprise tasks. Some testing has been undertaken on these in Uniform test system by DB
	Update Uniform Code lists	DB	End of November 2021	Yet to start
Establish checks and control systems	Review Uniform tab/ field security	DB (MA)	End of October 2021	In progress
	Review Uniform user roles/ formation of user groups	DB (MA/GB)	End of October 2021	Some work has begun in terms of the formation of user groups for Enterprise tasks. But full review of roles required.
	Recommend security checks and controls	DB	By W/E 05/11/2021	Yet to start
	Update Uniform with any changes	DB (MA)	End of November 2021	Yet to start
Set up/ code Enterprise tasks	Using model process map, identify tasks required for: <ul style="list-style-type: none"> • receipt/ acknowledgement • triage • allocation • investigation • approval • closure • enforcement action 	DB	September 2021	Complete
	Draft Enterprise tasks	DB	End of October 2021	Coding work has started and is approximately 70% complete. Outstanding tasks: Circulation of report Issue final correspondence And Notice tasks

				Some other tasks require small adjustments when letter templates and user groups confirmed.
	Initial checks of tasks with enforcement team	DB	End of October 2021	1 st Initial consultation with IM/SH, covering process up to allocation – completed 30.07.2021 Need to arrange a second meeting to discuss investigation/report tasks in more detail.
	Review and update tasks	DB	By W/E 19 th November 2021	In progress
	Formal testing and feedback	DB (Testers TBC – possibly MG/AC/SH/IM)	December 2021	Yet to start
Update Uniform letter templates, including customer contact and closure statement	Review existing templates – are they still required? Are they fit for purpose?	GLC (IM/GB)	End of October 2021	Work commenced but may be influenced by Tewkesbury/Gloucester collaboration
	Identify template for updating, review content and recommend changes	GLC (IM/GB)	End of October 2021	Yet to start (dependent on previous action)
	Identify new templates	GLC (IM/GB)	End of October 2021	Yet to start (dependent on previous action)
	Create/ update templates and print menus	DB	12 th November 2021	Yet to start (dependent on previous action)
Update Uniform report templates (expediency report; DCC report)	Review existing templates – are they still required? Are they fit for purpose?	GB	End of October 2021	In progress

	Identify template for updating, review content and recommend changes	GB	End of October 2021	Yet to start (dependent on previous action)
	Identify new templates	GB	End of October 2021	Yet to start (dependent on previous action)
	Create/ update templates and print menus	DB	12 th November 2021	Yet to start (dependent on previous action)
Update Uniform Enforcement Notice templates	Review existing templates – are they still required? Are they fit for purpose?	IM (SH)	October 2021	In progress. Tewkesbury / Gloucester collaboration?
	Identify template for updating, review content and recommend changes	IM (SH)	October 2021	In progress. Tewkesbury / Gloucester collaboration?
	Identify new templates	IM (SH)	October 2021	In progress. Tewkesbury / Gloucester collaboration?
	Create/ update templates and print menus	DB	12 th November 2021	Yet to start (dependent on previous action)

GOAL 4		Lead officer Debra Bedwell		
Provide training on new processes and comprehensive procedure guides.				
Prepare training programme and materials to deliver identified improvements including the publication of procedure guides.				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Publish 'how to' procedure guides for business support officers	Identify any existing procedure guides that need to be updated/ culled	SW	By W/E 12/11/2021	
	Draft new procedure guides and update existing	SW	By W/E 19/11/2021	
	Test and review procedure guide	SW	December 2021	
Publish 'how to' procedure guides for compliance/ enforcement officers	Identify any existing procedure guides that need to be updated/ culled	IM (SH)	By W/E 12/11/2021	In progress.
	Draft new procedure guides and update existing	IM (SH)	By W/E 19/11/2021	In progress.
	Test and review procedure guide	IM (SH)	December 2021	Yet to start (dependent on above action)
Publish 'how to' procedure guides for managers	Identify any existing procedure guides that need to be updated/ culled	DB	By W/E 12/11/2021	
	Draft new procedure guides and update existing	DB	By W/E 19/11/2021	
	Test and review procedure guide	DB	December 2021	
Interactive demonstration sessions	Consider groups for training (e.g. support officers, enforcement officers, managers, system testers)	DB	By W/E 12/11/2021	
	Schedule appropriate group sessions	DB	W/C 15/11/2021	

	Establish number of cases required for run-through and at which stage in process	DB	W/C 15/11/2021	
	Log training cases in test system	DB	W/C 15/11/2021	
	Hold training sessions for system testers	DB	W/C 22/11/2021	
	Hold training sessions for all other users.	DB	1 st week of January - By 07/01/2022	

GOAL 5				
				Lead officer Griff Bunce
Implement new way of working.				
Introduce IT and process changes to realise business improvements.				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Set date for implementation	Set date for new way of working to commence (current aim 1 January 2022)	GLC	Depends on progress of GOAL 3 and GOAL 4; monthly review to check progress – decision made by end of November on January launch	In progress
	Provide staff update and timeline for end user engagement	GB	End of November 2021	Yet to start (dependent on previous action)
Initial review	Set up monitor for faults, user errors	DB	End of December 2021	Yet to start
	Seek feedback from users	GB	January 2022	Yet to start (dependent on previous action)
	Consider changes and improvements	DB	February 2022	Yet to start (dependent on previous action)
	Inform of any changes and improvements; update procedure guides	GB	February 2022	Yet to start (dependent on previous action)
	Provide 'refresher' or additional training for any changes	DB	March 2022	Yet to start (dependent on previous action)
	Implement any system changes	DB	April 2022	Yet to start (dependent on previous action)
Link to adopted planning enforcement plan	Review processes against planning enforcement plan, once adopted	GB	Dependent on completion of GOAL 2. Review processes within 2 months	Yet to start

			of adoption of planning enforcement plan; this will be no sooner than Summer 2022	(dependent on previous action)
	Consider changes and improvements	DB	Within 1 month of completed review of processes against adopted planning enforcement plan	Yet to start (dependent on previous action)
	Inform of any changes and improvements; update procedure guides	GB	Within 2 months of completed review of processes against adopted planning enforcement plan	Yet to start (dependent on previous action)
	Provide 'refresher' or additional training for any changes	DB	Within 3 months of completed review of processes against adopted planning enforcement plan	Yet to start (dependent on previous action)
	Implement any changes	DB	Within 3 months of completed review of processes against adopted planning enforcement plan	Yet to start (dependent on previous action)

GOAL 6		Lead officer Ian Mallinson		
Develop professional training and continued professional development programme.				
Instigate a staff training and development programme to up-skill planning enforcement officers and enable a programme of continued professional development.				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Establish current skills and knowledge	Undertaken discussion with staff	IM	October 2021	In progress.
	Manager reflection on current team skills and knowledge	IM	October 2021	In progress.
	Identification of common/reoccurring issues	IM	October 2021	In progress.
	Liaise with area planning teams to identify most common questions	IM	October 2021	In progress.
CPD for individuals	Appraisal undertaken with supervisor; individual training and development needs identified	IM	November 2021	Yet to start
	Individual training and development programme prepared	IM	November 2021	Yet to start (dependent on previous action)
CPD for team	Review of both above objectives to identify areas where there is a team/service training and development need	IM	November 2021	Yet to start (dependent on related actions)
	Programme for group learning prepared	IM	December 2021 and quarterly going forward	Yet to start (dependent on previous action)
	Programme for group learning delivered	IM	Quarterly from Jan 2022	Yet to start (dependent on previous action)

GOAL 7				
				Lead officer Debra Bedwell
Review Uniform case management tools to assist performance management.				
Identify means by which to report on key performance indicators. Introduce management tools to assist in case management.				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Review existing management tools/ reports	Establish if the current tools/ reports are accurate and fit for purpose	IM	End of November 2021	In progress
	Devise a team leader's 'wish list' for management tools/ reports not met by existing	IM	End of November 2021	Yet to start (dependent on above action)
	Devise a manager's 'wish list' for management tools/ reports not met by existing	GB	End of November 2021	In progress
Investigate alternative tools/ reports	Establish feasibility of meeting wish lists	DB	January 2022	Yet to start (dependent on previous action)
	Discuss options with team management	DB	February 2022	Yet to start (dependent on previous action)
	Review alternatives on feedback from team management	DB	March 2022	Yet to start (dependent on previous action)
	Recommend changes to existing or provision of new management tools/ reports	DB	March 2022	Yet to start (dependent on previous action)
Agree management tools/ reports	Consider recommendations and determine whether to proceed	GLC	April 2022	Yet to start (dependent on previous action)
	Set date for implementation	GB	June 2022	Yet to start (dependent on previous action)
	Draft report queries etc.	DB	May 2022	Yet to start

Prepare alternative tools/ reports				(dependent on previous action)
	Initial checks of tools/ reports with team management	DB	June 2022	Yet to start (dependent on previous action)
	Review and update tasks	DB	July 2022	Yet to start (dependent on previous action)
	Formal testing	DB	July/ August 2022	Yet to start (dependent on previous action)
Implement new management tools/ reports	Implement new tools/ reports	DB	Subject to above, current aim September 2022	Yet to start (dependent on previous action)
	Seek feedback from users	DB	Subject to above, current aim November 2022 (2 months from implementation)	Yet to start (dependent on previous action)
	Consider changes and improvements	GB	Subject to above, current aim December 2022 (1 month from feedback)	Yet to start (dependent on previous action)
	Implement any changes and inform users	DB	Subject to above, current aim January 2023 (2 months from feedback)	Yet to start (dependent on previous action)

GOAL 8		Lead officer Geraldine LeCointe		
Provide public on-line access to planning enforcement register.				
THIS IS A PROJECT IN ITS OWN RIGHT				
OBJECTIVE	ACTION	RESPONSIBILITY	TIMEFRAME	PROGRESS
Provide public on-line access to planning enforcement register. NB – public access is a statutory requirement; currently this is provided by paper files and microfiche and requires interested parties to make an appointment at the council’s offices.	Identify information which should be publicly available	IM	February 2022	Yet to Start
	Identify gaps in digital data (i.e. data which is not available in Uniform)	DB	February 2022	
	Identify resource requirements to: <ul style="list-style-type: none"> • make missing data available • realise goal 	GLC	March 2022	
	Define project, assess feasibility	GLC	April 2022	

Agenda Item 6
Appendix B

Page 80

Planning Applications

19th November 2021

Samantha Savory - Senior Auditor



Agenda Item 6

Appendix C

Stroud District Council - November 21

Distribution

To: Geraldine LeCointe, Head of Development Management

Copied to: Brendan Cleere, Strategic Director of Place
Andrew Cummings, Strategic Director of Resources
Griffith Bunce, Development Team Manager
Sarah Turner, Senior Policy and Governance Officer
Marie Parkington, Information Governance Officer

Contents

1	Executive Summary	2
6	Audit Opinions on Risk Management and Control	6
7	Appendix A – Action Plan and Management Response.....	7
8	Appendix B Examples: Development Management Charter	22
9	Appendix C: Parish Council Survey Responses	23

Important

Stroud District Council's Internal Audit service conforms to the International Standards for the Professional Practice of Internal Auditing.

The information contained within this Internal Audit report is confidential and personal data herein is subject to data protection legislation.

This report has been prepared solely for the use of the Stroud District Council's appointed auditors and those officers and Members named on the distribution list. Its contents, either in part or in its entirety, must not be reproduced or distributed to anyone other than its intended recipients without the written permission of the Council's Head of Audit Risk Assurance (ARA).

Gloucestershire County Council accepts no liability to any third party for any loss or expense arising from their reliance on any part of this report.

1 Executive Summary

2 Introduction

2.1 Stroud District Council (the Council) is the area's local planning authority. Development Management is a statutory regulatory service. It has a duty to carry out specific functions such as determining whether planning and other related applications are suitable and in accordance with local and national policy. National government is keen to ensure continuing improvement in the planning system, and measures the Council's performance on the speed and quality of decisions on applications for Major, Minor and Other developments.

2.2 The actions of the Development Management service are governed by the Town and Country Planning Acts, National Planning Policy Framework, Planning Practice Guidance, and the Council's Constitution. Decisions must be made in accordance with the Stroud District Local Plan 2015 unless other material planning considerations indicate otherwise. Planning and other related applications must be made in accordance with legislation contained within the:

- i. Town and Country Planning (Development Management Procedure) (England) Order 2015;
- ii. Town and Country Planning (General Permitted Development) (England) Order 2015;
- iii. Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) 2012 (as amended); and
- iv. Town and Country Planning (Environmental Impact Assessment) Regulations 2017.

2.3 Planning applications have a statutory determination regulatory period dependant on the type of development. For Major developments this is 13 weeks (unless an application is subject to an Environmental Impact Assessment, in which case a 16-week limit applies). And eight weeks for Minor and Other developments. Prior notifications, prior approvals, and other types of applications may be subject to shorter determination periods

2.4 Planning applications are documented and processed onto the Idox Enterprise for Uniform System (Uniform).

2.5 The number of planning applications are increasing per year, as detailed below:¹:

1st April 2021 to 15th October 2021 (date of audit): 1,626;
1st April 2020 to 31st March 2021: 2,897; and
1st April 2019 to 31st March 2020: 2,736.

3 Audit Scope

3.1 To review the effectiveness of the arrangements for accepting, validating, and determining planning applications for Major, Minor and Other developments, to ensure these are recorded and processed with:

¹ Figures exclude pre-application advice

Agenda Item 6

Appendix C

Stroud District Council - November 21

- i. Decisions being made within the statutory determination period; and
 - ii. Planning conditions are discharged in a timely manner.
- 3.2 Adequate performance management and reporting arrangements are in place and these are operating effectively.
- 3.3 This review commenced in March 2020, but delivery was halted during the period March 2020 to December 2020 due to the pandemic. The audit was picked up again with the aim of reporting the outcome to the Audit and Standards Committee at the next committee meeting following the end of the 2020/2021 financial year.
- 3.4 During the end of the fieldwork stage of this review, the Audit and Standards Committee requested Internal Audit to undertake an objective and independent review of the Planning Enforcement Service. As part of the development of the terms of reference for that review, Internal Audit undertook a series of consultation meetings with officers and Members. These included those identified by the Audit and Standards Committee, and others identified as the planning engagement process progressed. The principles of the issues raised around three key themes: decision making, record keeping, and communications respective to the scope of this review have been considered. And in doing so, our focus being placed on forward-looking, offering opportunities to strengthen the current arrangements and drive service improvements.

4 Key Findings

- 4.1 The service is performing highly against the national performance metrics for determining planning applications. Calculated over a 24-month period from July 2019 to June 2021 the Government's published figures show:
- i. 94% of decisions for major developments being made within the statutory determination periods; and
 - ii. 94.7% of decisions for non-major developments being made within the statutory determination periods.
- 4.2 Performance management information is presented every six months to the Strategic Director of Place, the Development Control Committee, Environment Committee, and all Members.
- 4.3 There is the opportunity for the service to strengthen its arrangements for management oversight through:
- i. Formalising the quality assurance process for two of the key stages, accepting and validating applications;
 - ii. Future consideration for a single repository or digital platform for all communication flows; and
 - iii. Further development of service performance metrics.
- 4.4 Whilst some risks are captured and monitored, the service should review the inherent key risks and the internal controls in place to mitigate these in respect of the end-to-end process for administering and determining planning applications.

- 4.5 The process for accepting, validating, and determining planning applications is captured at a high level in the form of a flowchart. The end-to-end process, including procedures, roles, and responsibilities should be formally documented in a Procedures Manual. This document should also define the arrangements for retention of key documents and communications.
- 4.6 Issues were identified within the Validation process that impair consistency of process, record keeping and the gathering of compliance information for determination, and the transparency of the internal audit trail. Two of these stem from system issues within Uniform.
- 4.7 The Council is currently running a project to review and develop Corporate Standards for Customer Service. This will provide an opportunity for the Council to consult both internally and with Members, and to engage with the community to enhance and develop these standards. The Development Management service aim to implement these in accordance with the corporate rollout.
- 4.8 There is an opportunity for management to explore potential options for improving the level and timeliness of responses from internal and external statutory and non-statutory consultees. It is noted that the Council has a greater opportunity to influence the timeliness of responses from internal consultees whilst this would be more difficult for external consultees.
- 4.9 The Council's website provides comprehensive guidance to ensure relevant information is accessible to the public. It also provides a search facility of historical applications and decision notices. Adoption of a Development Management Charter would further support transparency of the service offer, service standards, and management of public and consultee expectations.
- 4.10 Audit testing confirmed full compliance with the expected control environment and a high level of performance against national metrics for determining planning applications as follows:
- i. From a review of all 411 planning applications received between 1st April 2021 and 30th June 2021 that had a planning application number ending with either FUL, HHOLD, COU, ADV, LBC, TEL or CPE² it was found that parish and town councils were consulted in line with Government regulations;
 - ii. The sample of five planning applications selected for review within the period 28th October 2021 and 3rd November 2021, were approved in line with the officer Scheme of Delegation (in this instance Sub-Delegations);
 - iii. For a sample of five planning conditions assigned to five separate planning applications, all had been reviewed and discharged as expected; and

² FUL and COU: - both reflect planning permissions including Changes of Use, HHOLD: Household, ADV: Advertisements, LBC: Listed Building Consent, TEL: Notifications Telecom, CPE: Certificates of Lawfulness of existing developments

Agenda Item 6

Appendix C

Stroud District Council - November 21

- iv. From a sample of 15 planning applications (across major, minor, and other developments) received between 1st January 2021 and 30th April 2021, 12 (80%) all were determined either within the statutory determination period or by the agreed extension date³ for decision-making.

5 Conclusion

- 5.1 Development Management have a framework in place for accepting, validating, and determining planning applications. Performance against national metrics for determining planning applications for the period under review demonstrate that the service is performing well against these.
- 5.2 There are opportunities for the service to explore options for improving communications, transparency of the service offer, service standards, and management of public and consultee expectations.
- 5.3 Internal Audit has made nine medium priority recommendations to further strengthen the internal control environment, risk, and performance management arrangements.

³ Agreements to extend the time for determination can be made for Major, Minor and Other applications that would normally be determined within eight or 13 weeks. The agreement must be in writing between the applicant and the Council.

6 Audit Opinions on Risk Management and Control

6.1 The Public Sector Internal Audit Standards require Internal Audit to provide an independent opinion on the adequacy and effectiveness of the risk identification processes which management has put in place within the area under review, and a sound framework of controls is in place to sufficiently mitigate those risks. This opinion feeds into the Head of ARA's annual opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control environment, which supports the Annual Governance Statement.

6.2 Each report will provide a statement on the levels of assurance that can be given within these two areas, evaluated by applying the following criteria:

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	<p>Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, customer/partners, and staff. All key risks are accurately reported and monitored in line with the Corporate Risk Management Strategy.</p>	<ul style="list-style-type: none"> System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved. Control Application – Controls are applied continuously or with minor lapses.
Satisfactory	<p>Risk Aware Service area have an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, customer/partners, and staff. However, some key risks are not being accurately reported and monitored in line with the Corporate Risk Management Strategy.</p>	<ul style="list-style-type: none"> System Adequacy – Sufficient framework of key controls for objectives to be achieved, but control framework could be stronger. Control Application – Controls are applied but with some lapses.
Limited	<p>Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Corporate Risk Management Strategy, the Service area has not demonstrated an adequate awareness of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, customer/partners and staff.</p>	<ul style="list-style-type: none"> System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls. Control Application – Significant breakdown in the application of control.

6.3 Taking account of the issues identified in this audit, in our opinion, **Satisfactory** assurance can be provided that the risk identification arrangements operating within the area reviewed are operating as intended. **Satisfactory** assurance can be provided that these risks which are considered to be material to the achievement of the services objectives for this area under review are adequately managed and controlled.

7 Appendix A – Action Plan and Management Response

7.1 This section contains the findings for each audit objective along with any recommendations made by Internal Audit to strengthen the control environment. The recommendations are categorised as follows:

Priority	Description
High	Critical/Major risk exposure which materially impact on the assets, reputation, service delivery and objectives of the Council.
Medium	Moderate risk exposure that impacts on the assets, reputation, service delivery and objectives of the Council.

Objective: To determine the effectiveness of the arrangements for accepting, validating, and determining planning applications for major and non-major developments, to ensure these are recorded and processed with

- i. **Decisions being made within the statutory determination period; and**
- ii **Planning conditions are discharged in a timely manner.**

Procedural Guidance

- 7.2 The process for accepting, validating, and determining planning applications is documented at a high level in the form of a flowchart. The end-to-end process, procedures, roles, and responsibilities have not been documented in a Procedures Manual to support officers with processing applications in a consistent and timely manner. It is also important that the expectations for the retention of key documents and communications are clearly defined and documented.
- 7.3 Internal Audit have been advised by the Head of Development Management and the Development Team Manager that they have started developing guidance for the end-to-end planning process.

No.	Recommendation	Risks	Agreed Action	
1 (M)	Develop full guidance to set out the expected procedures to include officer roles and responsibilities, for the various stages of processing planning applications. This document should also define the arrangements for retention of key documents and communications. Provide training to officers on the guidance once developed.	A lack of defined and agreed procedures could negatively impact upon the accuracy and timeliness for processing planning applications through to determination. An inconsistent or incomplete approach could be taken leading to poor service delivery, complaints, and damage to the Council's reputation.	We will continue our programme of documenting and standardising procedure notes.	
			Training will be provided to Officers once complete.	
			Person Responsible	Due Date
			Team Leader Planning Support	30 th September 2022

Receipt and Acceptance of Applications

Page 89

7.4 The Planning Support Team are responsible for receiving and accepting planning applications. Due to the lack of available documented procedural guidance Internal Audit established the current process in operation with the Planning Support Officer. From discussions held, no key control weaknesses were identified within this stage of the process. No compliance testing was undertaken in this area.

Validation of Applications

7.5 The Technical Team are responsible for reviewing and validating planning applications. Uniform automatically generates a checklist customised for the type of planning application, and can include items such as 'Archaeological Assessment', 'Biodiversity Survey' and 'Flood Risk Assessments'. Officers review each item on the checklist and make a decision on whether it is Satisfactory, Unsatisfactory or Not Applicable. Audit testing identified an inconsistent approach by officers as well as system errors, these being:

- i. Inconsistency of recording validation actions undertaken by officers within the checklist held in Uniform; and
- ii. Instances when Uniform has either automatically locked (which is the preferred process as it evidences this part of the process is complete) or not locked, or deleted the checklist once the application was validated (system error).

Agenda Item 6
Appendix C

- 7.6 In addition, Internal Audit found that when more than one parish council is consulted the Uniform system does not always store each letter of correspondence. An email audit trail is available though, thus evidencing that parish councils had been appropriately corresponded with.
- 7.7 Internal Audit has brought this to the attention of the Systems Processing Officer who is investigating these issues. The Development Team Manager has advised that to fix such issues assistance may be required from corporate IT or the software provider. The Head of Development Management has advised Internal Audit that it is her experience that where such issues in the system have been previously identified and raised with the software provider, that fixes are not always forthcoming.

No.	Recommendation	Risks	Agreed Action	
2 (M)	Formalise the quality assurance process to provide management oversight that the processes at each stage: accepting and validating have been followed correctly and in a timely manner.	Errors or omissions within the processing of planning applications are identified late in the process.	This follows on from Recommendation 1 and will introduce sampling every six months.	
			Person Responsible	Due Date
			Team Leader Planning Support	31 st July 2022

No.	Recommendation	Risks	Agreed Action	
3 (M)	Investigate and remedy the Uniform system errors. Should these not be able to be remedied through software updates or similar, alternative arrangements to ensure accurate record keeping should be implemented.	Impaired audit trail within the planning application process. Incomplete record keeping.	System issues to be raised with IT and software provider.	
			Person Responsible	Due Date
			Systems Processing Officer	30 th April 2022 (this post is currently vacant)

Determination of Applications

- 7.8 The Uniform system includes a dashboard that allows Officers and Managers to monitor the progress of planning applications. This enables officers to have oversight of those applications approaching the determination period. This monitoring tool, if utilised by officers as intended, should prevent decisions from being made after the statutory, or agreed determination period.
- 7.9 The adopted officer Scheme of Delegation means that the majority of applications are determined under officer delegated powers, leaving the Development Control Committee (DCC) to consider the more contentious applications. Minutes for the Development Control Committee are published on the Council's website.
- 7.10 From June 2021 a new process has been implemented to support referrals to the Development Control Committee (DCC). This was introduced to ensure that all requests for referral to the Chair of the DCC are properly recorded and help mitigate against planning applications referred to DCC being determined under officer delegated powers. Internal Audit sampled one such referral and found that the new process had been complied with.
- 7.11 A Delegated Panel that consists of six officers, who on a rota basis (two officers each day) review and assess the information presented in support of the case officer's planning application recommendation. The review by Panel officers offers independent oversight and consideration of the comprehensiveness of the information being presented to support approval of decisions. Factors considered, for example, (as evident from review of the case officer's report) includes historical applications, consultee feedback, biodiversity reports, the Local Plan, and regulatory requirements.
- 7.12 Internal Audit sampled five planning applications that went to the Panel between 28th October 2021 and 3rd November 2021. Internal Audit confirmed for the five planning applications two officers of the Panel had reviewed them, and these officers were on the list of Sub-Delegations. Internal Audit found no evidence that decisions were made by default and not without due consideration.
- 7.13 The Town and Country Planning (Development Management Procedure) (England) Order (Article 25 and Schedule 4d) states that parish and town councils should be consulted. This would occur when a '*development, in relation to which an application for planning permission has been made to the Secretary of State under section 293A of the 1990 Act (urgent Crown development: application)(a), where that development is likely to affect land in the area of the parish council*'. In all other cases the Council should notify a parish council when an application is received that could affect land in the respective area. In determining the application, the Council must take into account any representations received from the parish council and must not make a determination before either:

- i. The council of the parish inform them that they do not propose to make any representations;
 - ii. Representations are made by that council; or
 - iii. The period of 21 days of the notification to them has passed.
- 7.14 Validation includes checking that the correct fee has been received, that there are no errors in the required paperwork and the right type of application has been submitted. The verification process could determine that an application is invalid and therefore it would not be in the public interest to share information before the validation process is complete. Statutory Consultees are therefore consulted once the planning application has been validated. They can request an extension to the 21 days to respond which will be considered by the Case Officer.
- 7.15 Internal Audit reviewed all 411 planning applications received between 1st April 2021 and 30th June 2021 that had a reference ending with either FUL, HHOLD, COU, ADV, LBC, TEL or CPE⁴ and found that parish and town councils were consulted in line with Government regulations.
- 7.16 Between 1st April 2021 and 30th June 2021 there were 729 planning applications of which 675 included the requirement to either notify or consult with a parish or town council. Of these 675:
- i. 263 (39%) responded within 21 days;
 - ii. 208 (31%) responded but took longer than the 21 days; and
 - iii. 204 (30%) did not respond (It should be noted, not commenting is an acceptable response to the consultation).

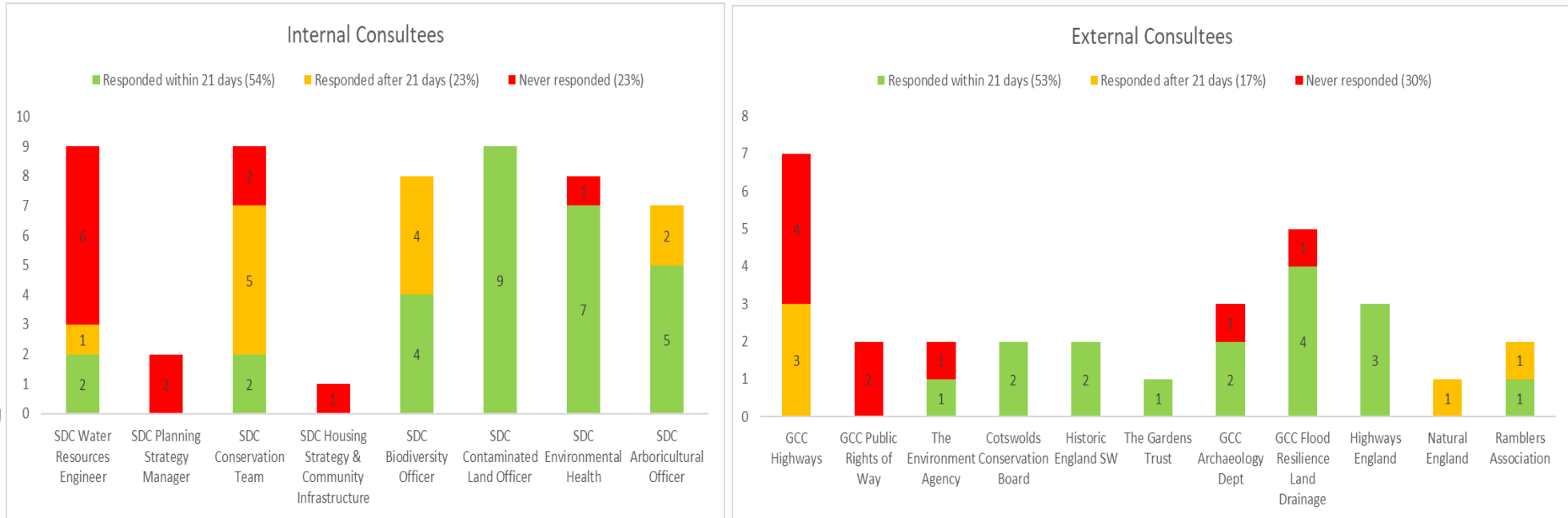
⁴ FUL and COU: - both reflect planning permissions including Changes of Use, HHOLD: Household, ADV: Advertisements, LBC: Listed Building Consent, TEL: Notifications Telecom, CPE: Certificates of Lawfulness of existing developments

No.	Recommendation	Risks	Agreed Action	
4 (M)	Management should explore perhaps through the Parish and Town Council Forum (if reinstated), or alternative avenues, potential options for improving the level and timeliness of responses to planning applications from respective councils.	<p>The planning decision-making process may be less informed.</p> <p>The Parish and Town Council Forum may not be represented by all town and parish councils, in particular those that choose not to respond.</p>	Development Management will engage in the Parish and Town Council Forum, should it be re-established. Furthermore, we will analyse data on applications where a response is not received from the parish or town council to identify trends and investigate barriers with these councils.	
			Person Responsible	Due Date
			Development Team Manager	31 st December 2022

7.17 To support the Council to meet the Government’s requirement for statutory determination regulatory periods or for Development Management to present reports to Committee, it is important that consultees respond to communications within 21 days. If a statutory consultee does not respond within the prescribed period the Council can proceed to make a decision on the planning application, although they are often reluctant to do so without their required specialist input and expertise, especially on Major applications. Internal Audit sampled 13 planning applications received between 1st Jan 2021 to 31st June 2021 to determine whether statutory consultees (excluding town and parish councils) responded within 21 days and found (see Table 1 below):

- i. 54% responded within 21 days;
- ii. 21% took longer than 21 days to respond; and
- iii. 25% did not respond.

Table 1: Analysis of Responses from Consultees (excluding town and parish councils)



7.18 Audit testing highlighted delays from both internal and external statutory consultees. Internally, the key outliers being the Biodiversity Officer, Conservation Team, Water Resources Engineer, Planning Strategy Manager and externally, the Gloucestershire County Council Highways Team and Public Rights of Way. The Development Team Manager advised Internal Audit that the outcomes for timely responses from internal statutory consultees may be skewed. These responses are often provided verbally, or via email and are not always subsequently captured within Uniform. The service is in the process of ensuring that all consultees are signed-up to the newly launched Public Access website. This requires responses to be channelled through this route, therefore going forward this issue should be addressed and record keeping improved. During the interim period, management should ensure that all such responses are formally documented and retained.

7.19 It is noted that the Council has a greater opportunity to influence the timeliness of responses from internal consultees whilst this would be more difficult for external consultees. The Head of Development Management informed Internal Audit that the issue of delays in

receipt of responses from external consultees has been escalated in the past to the previous respective Strategic Director. It is acknowledged however, that this issue is still ongoing and when explored previously was fundamentally due to external staff resource issues. In addition, the Head of Development Management advised that the Government have mooted that the current option for requesting an extension of time for determinations may be abolished going forward. It is therefore important for this issue to be pursued once again.

No.	Recommendation	Risks	Agreed Action	
5 (M)	<p>Management should engage with the respective internal and external statutory consultees to further explore viable solutions that could support the return of timely communications (within the prescribed 21-day period).</p> <p>Ahead of this and moving forward management should ensure that all responses are in writing and documented within Uniform.</p>	<p>The planning decision-making process may be less informed and effective.</p>	<p>For internal consultees, we shall continue the implementation of public access, monitor, and evaluate response times, and raise with service leads as necessary.</p> <p>We shall monitor and evaluate response times for external consultees against the 21-day target. Where continued issues of poor response times are identified communication with external consultees may be required at Strategic Director of Place level.</p>	
			Person Responsible	Due Date
			Head of Development Management	30 April 2022

7.20 Responses provided by consultees are considered by officers however they are not automatically replied to. This is in line with the Council’s website statement “It is not our policy to acknowledge or enter into correspondence on comments made relating to planning applications”. Internal Audit established from discussions held with the Development Team Manager that this is a statement of

procedure and will be reviewed as part of the Corporate Standards for Customer Service project.

- 7.21 The Statement of Community Involvement encourages anyone who wishes to make a response to a planning application to do this either by:
- i. The public access system on the Council's website www.stroud.gov.uk;
 - ii. Email: planning@stroud.gov.uk; or
 - iii. Writing to: Planning, Stroud District Council, Ebley Mill, Stroud, GL5 4UB
- 7.22 Internal Audit is also aware of a fourth type of response method where emails are sent direct to a named officer. This mix of response options could lead to a delay in communications between the parties for various reasons, and offers the opportunity for there to be a lack of transparency as to who will respond and the ability for management to ensure oversight of appropriate and timely replies.
- 7.23 The service does not have a single repository or digital platform available for all communication flows, and therefore no service oversight or reporting metrics on timely communications currently exist.

No.	Recommendation	Risks	Agreed Action	
6 (M)	Management should consider options for strengthening the internal control environment for the management and monitoring of communication flows as part of the service redesign strand of the Council's Fit for the Future modernisation programme.	Lack of, or untimely, responses could have a negative impact on the Council's reputation.	1. The service will review its templates to address concerns over potential for multiple points of contact with a 'digital first' approach. 2. The service will engage fully in any improvements brought in through a digital platform or the Fit for the Future (FFF) programme, but this is beyond the direct influence of the service.	
			Person Responsible	Due Date
			1. Systems Processing Officer 2. Team Leader Planning Support	1. 31 st December 2022 2. to be determined by FFF programme

7.24 The Community Access and Engagement Manager is currently leading on a council wide project to review and develop Corporate Standards for Customer Service. The design, consultation process and delivery of the new Corporate Customer Service Standards provides an opportunity to consult both internally and with Members. There will also be an opportunity for the Council to engage with the community to enhance and develop these standards. The timeline for these to be in place for the Development Management service is could be early 2022 however delivery will be aligned with the corporate programme rollout. This should ensure going forward these are standardised, transparent, and measurable.

Discharge of Conditions

- 7.25 Although planning permission may be given there can be certain conditions that must be met before building work can commence, such as approval of external materials or landscaping and boundary schemes. Not all planning conditions require discharging, for example: a condition that building work takes place within three years. Through discussion with the Compliance Technician Internal Audit established the process in place for encouraging planning conditions to be discharged before building works begin, and where breached the onward referral to Planning Enforcement.
- 7.26 Internal Audit reviewed from the period 30th October 2013 to 21st February 2020:
- i. One sample case for a walkthrough test. All documentation was available to view on the Uniform system, including referral of the case to the Enforcement Team; and
 - ii. Sampled five planning conditions assigned to five separate planning applications (that required discharging prior to building work starting) and found that planning condition information for all five were sent to the Council, reviewed, and discharged as expected.

Information, Advice and Guidance

- 7.27 The Council’s website provides comprehensive guidance accessible to the public. It also provides a search facility of historical applications and decision notices. Adoption of a Development Management Charter would further support transparency of service standards, this could help manage expectations and better inform the public and consultees. Examples of such Charters are publicly accessible for the service to review and consider content for inclusion. (see Appendix B)

No.	Recommendation	Risks	Agreed Action	
7 (M)	The service should develop a Development Management Charter.	Misunderstanding and dissatisfaction from the public, leading to complaints and damage to the Council’s reputation.	Following the publication of Corporate Customer Service Standards, the service will develop a Development Management Charter if necessary.	
			Person Responsible	Due Date
			Development Team Manager	31 st December 2022

7.28 Internal Audit has established through discussions held with the Head of Development Management that prior to Covid-19 Development Management attended the Parish and Town Council Forum to provide support and advice on the planning application process. Once the current health restrictions allow, and should the Forum meetings be reinstated Development Management intend to continue to participate in these.

Risk Management

7.29 There are currently three operational risks on Excelsis, themes being: staffing, IT failures and Covid-19 however the inherent risks that could impact upon the end-to-end process for administering and determining planning applications have not been captured.

No.	Recommendation	Risks	Agreed Action	
8 (M)	The key inherent risks associated with the end-to-end process for administering and determining planning applications and the internal controls in place to manage these should be captured and documented within Excelsis.	Poor controls (design, adequacy, or effectiveness) do not effectively manage risk, or reduce risk to an acceptable level. This could lead to a failure to achieve statutory requirements, corporate and service objectives. Key risks for the end-to-end process are not identified, meaning that effective controls may not be in place.	The service will continue to review risks as appropriate. However, many of the risks faced by the service (such as the number and type of applications) are subject to market forces and the legislative and fee arrangements are matters for central government.	
			Person Responsible	Due Date
			Head of Development Management	1 st April 2022

Objective: To determine whether there are adequate performance management and reporting arrangements in place and that these are operating effectively.

- 7.30 The Council’s service performance metrics for determining planning applications are aligned to the national data set parameters:
- i. 60% of major developments will be determined within 13 weeks;
 - ii. 70% of minor developments will be determined within eight weeks; and
 - iii. 70% of other developments will be determined within eight weeks.

7.31 The service provides performance data to the Department for Levelling Up, Housing and Communities and Ministry of Housing and Communities and Local Government for inclusion in the national data set. Each quarter the Government publishes planning application performance statistics for English Councils calculated over a 24-month period. From July 2019 to June 2021 the published figures indicate that the service is performing highly with:

- i. 94% of decisions for Major developments being made within the statutory regulatory determination periods; and
- ii. 94.7% of decisions for Minor and Other developments being made within the statutory regulatory determination periods.

7.32 The Council’s performance and risk management system (Excelsis) includes the three National Performance Indicators that quarterly measure whether planning applications were determined within Government targets. As of September 2021, Excelsis records that the service is continuing to perform well against these, as follows:

Government Target	Output
60% of Major developments will be determined within 13 weeks	86%
70% of all Minor developments will be determined within eight weeks	87%
70% of all Other developments will be determined within eight weeks	92%

7.33 Internal Audit sampled 15 planning applications (across major, minor, and other developments) received between 1st January 2021 and 30th April 2021 and found that 12 (80%) were determined either within the statutory determination period or by the agreed extension date⁵ for decision-making. The disparity of the % figure in relation to the above table could be due to the size of sample selected. Internal Audit reviewed the quarterly government return (P2 Q3 20) for a sample of 15 applications and found no errors in the quality of data.

7.34 It is evident from a review of available prime documents, that for the period December 2020 and September 2021, the Strategic Director of Place, Development Control Committee, and the Environment Committee received Development Management statistics and reports. In addition, in April 2020 Development Management began circulating Development Management performance statistics to all Members, to provide an overview of the performance of the service. These figures are provided on a half yearly basis (April and October) via an information item on Development Control Committee, and then to all members via the Members Weekly Update and include ‘Application and Enforcement Performance Statistics’.

⁵ Agreements to extend the time for determination can be made for Major, Minor and Other applications that would normally be determined within eight or 13 weeks. The agreement must be in writing between the applicant and the Council.

- 7.35 Going forward, there is an opportunity for the service to consider the benefits of further developing their performance management information through the introduction of additional metrics. The service could monitor, for example the efficiency and effectiveness of various aspects of the Development Management service delivery, and adherence to the future Corporate Customer Service Standards.
- 7.36 Internal Audit have been advised by the Development Team Manager that the service is engaging with the Planning Advisory Service (PAS) to commission a bespoke service to aid the development of the service. In addition, going forward the service may wish to consider utilising the PAS's recently refreshed (launched in August 2021) Development Management Challenge Toolkit. This would provide a 'health check' against current practice, and should any improvement areas be identified formulate an action plan to drive further service improvements. The Development Management Challenge Toolkit is based on what PAS learned from high performing councils. It is designed to challenge and improve a council's service and is structured to help engagement with staff, managers, councillors, and other stakeholders of the Development Management service.

No.	Recommendation	Risks	Agreed Action	
9 (M)	Management should consider the benefits of further developing the service's performance management information, through the introduction of additional metrics to aid management of the service and supervision.	The performance management arrangements do not support or demonstrate the delivery of corporate and service objectives, targets, and outcomes.	(1) Service is already working on improving performance management information and data sets.	
			(2) PAS consultancy arranged.	
			Person Responsible	Due Date
			(1) Systems Processing Officer (post currently vacant)	(1) 31 st December 2022
			(2) Head of Development Management	(2) 31 st January 2022

- 7.37 At the end of October 2020, the service launched a 'Planning Application Service - Feedback' survey. This is sent to applicants and agents with the decision notice regardless of the decision type for example, permissions and refusals. It is currently limited to the most

common types of applications and to date has not been rolled out for Prior Notifications or Pre-application services. Going forward the service will build upon the survey to further seek the opinions of their customers and use that feedback to shape and improve the service, and delivery.

- 7.38 At the July Audit and Standards Committee, Members had requested Internal Audit to consult with parish and town councils to gain their views of the Council's planning service. Internal Audit contacted five councils to ask:
- i. What are the current strengths of Stroud District Council's planning service; and
 - ii. Do you have any suggested improvement areas?
- 7.39 At the date of issue of this report, Internal Audit had received responses from three parish councils. Comments received relating to the area under review concerning communications and decision making have been included within this report for consideration by management. A summary of these can be found at Appendix C.

8 Appendix B Examples: Development Management Charter

South Gloucestershire Council <https://www.southglos.gov.uk/Documents/PTE070404.pdf>

Sandwell Metropolitan Borough Council www.sandwell.gov.uk/info/200275/planning_and_buildings/1081/development

East Northamptonshire Council https://www.east-northamptonshire.gov.uk/downloads/file/3934/development_control_charter

Kirklees English Metropolitan Borough <https://www.kirklees.gov.uk/beta/planning-applications/pdf/development-management-charter.pdf>

Lichfield District Council: <https://www.lichfielddc.gov.uk/planning/development-management-customer-charter/1>

Harrogate Borough Council <https://www.harrogate.gov.uk/planning-development/planning-customer-charter>

9 Appendix C: Parish Council Survey Responses

Category	Strengths	Improvement Opportunities
Communications	We are aware of the large number of parishes with whom SDC deals and before Covid found the planning service responsive and helpful.	During lockdown and currently, it has proved almost impossible to speak to anyone on the telephone.
	<p>Their strength is their willingness to help parish councils with advice about planning documents. For example, Neighbourhood Development Plans, and Community Design Statements. And to give more general advice about obtaining grants, being successful with parish projects and schemes.</p> <p>The parish council have dealt with several different officers at different times, and they have all been really helpful.</p> <p>They are also helpful in explaining how to best use planning legislation and guidance for statutory comments. For example, a talk about changes to the view of 'pastiche' in listed building extensions.</p>	It would help communications if the planning staff were back full-time in their offices at Ebley Mill. It is difficult to speak to them when they are working from home and email responses are not always timely.
		It is sometimes difficult to respond to planning applications in the time allowed. When requesting extensions, the parish council has experienced issues with getting the permission prior to the meeting.

Category	Strengths	Improvement Opportunities
Communications Cont'd		<p>Being able to contact the planning officer is very difficult. Getting call backs when requested is not always the most reliable. Being able to talk to the relevant planning officer is even harder!</p>
		<p>On an infrequent number of occasions, the parish council has had to abandon its meetings due to access to the planning applications.</p> <p>It would be helpful if commenting wasn't switched off quite so rapidly passed the date to enable the parish council to add a response even after the deadline if the application is not decided.</p> <p>Residents have reported that the website is very difficult to manoeuvre around, this puts them off responding.</p>

Category	Strengths	Improvement Opportunities
Decision Making	On standard planning applications for existing housing, SDC generally supports the view of the parish council that provides balanced decision making. It would be unrealistic to expect SDC planning to always agree with us on planning issues but, we find SDC generally gives the council a fair hearing and go out of their way to consult.	Regarding larger scale development, it is felt that SDC planning can be 'heavy handed' and dismissive and in these cases, it would be reassuring to have a more reasonable platform at the committee stage for presentation of issues affecting a parish.
	A strength is their commitment to keeping a local plan in place to avoid unwanted development across the district.	Their commitment to the environmental policies should be recognised.
		A number of applications had decided important factors associated with reserved matters and have not given the parish council sufficient opportunities to discuss matters related to these. We appreciate that reserve matters do come to the parish councils but feel that sometimes the main pointers have all been discussed at committees for the resolution, and it is very difficult to change by the time the reserved matters are put for resolution. The parish council would welcome the opportunity to discuss reserved matters in detail prior to decision.

Category	Strengths	Improvement Opportunities
Decision Making Cont'd		Sometimes the maps and plans provided by the developers are unreadable, a more consistent approach to acceptable plans could be delivered to support parishes.
		When a number of planning applications are applied for a whole road or area, it would be useful if SDC would consider them as a more united application rather than lots of little ones to ensure the infrastructure is delivered as required.
		Regard paid to comments by parish councils on planning applications or local plans. The planners do not give enough consideration to parish council comments or to local knowledge. It would help if the local knowledge was acknowledged or addressed as it can sometimes appear that it is being disregarded. For example, comments that the proposed site for development within the parish floods every year, and the council had an alternative suggestion, but it seems to have been completely ignored.

This page is intentionally left blank

STROUD DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

TUESDAY, 30 NOVEMBER 2021

Report Title	HALF YEAR TREASURY MANAGEMENT REPORT 2021/22			
Purpose of Report	To provide an update on Treasury Management activity as at 30/09/2021.			
Decision(s)	The Audit and Standards Committee RESOLVES to accept the Treasury Management half year report.			
Consultation and Feedback	Link Asset Services (LAS)			
Report Author	Graham Bailey, Principal Accountant Tel: 01453 754133 Email: graham.bailey@stroud.gov.uk			
Options	None			
Background Papers	None			
Appendices	Appendix A – Prudential Indicators as at 30 September 2021 Appendix B – Explanation of the Prudential Indicators Appendix C – Economic Update			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	Yes

1. BACKGROUND

- 1.1** Treasury management is defined as: ‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’
- 1.2** This report is presented to the Audit and Standards Committee to provide an overview of the investment activity and performance for the first half year of the financial year, and to report on prudential indicators and compliance with treasury limits.
- 1.3** The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code in November 2011, originally adopted by this Council on 21 January 2010. This half year report has been prepared in compliance with CIPFA’s Code of Practice, and covers the following:
- A review of the Treasury Management Strategy Statement (TMSS) and Investment Strategy
 - A review of the Council’s investment portfolio for 2021/22
 - A review of the Council’s borrowing strategy for 2021/22
 - A review of compliance with Treasury and Prudential Limits for 2021/22
 - Other Treasury Issues

Agenda Item 7

2. Treasury Management Strategy Statement and Investment Strategy update

2.1 The TMSS for 2021/22 was approved by Council on 25th February 2021. The Council's Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:

1. Security
2. Liquidity
3. Yield

2.2 In 2021-22 the Council will continue to invest for the longest permitted duration with quality counterparties to maximise return without compromising security, or liquidity. In particular instances the Section 151 Officer will authorise investments in the LAS blue category for a period of up to two years, which is currently longer than the LAS recommended duration of one year. Otherwise, the length of investments permitted will vary if necessary in line with LAS advice subject to the Council's 3-year upper limit.

2.3 The composition of the Council's investment portfolio as at 30 September 2021 is shown in Table 3 of this report. Investments & borrowing during the year have been in line with the strategy.

2.4 Current advice from Link is to invest for no more than a year with UK banks, or up to a maximum of five years with government or local government provided they are sufficiently highly rated on Link's weekly list.

3. Investment Portfolio 2021/22

3.1 In accordance with the Code, it is the Council's priority to ensure security and liquidity of investments, and once satisfied with security and liquidity, to obtain a good level of return. The investment portfolio yield for the first half year is shown in the table below:

TABLE 1: Average Interest Rate of Return

	Period	Investment Interest Earned £	Average Investment £m	Rate of Return
Internally Managed Specified		26,439	58,661	0.181%
Property Fund / Multi-Asset Fund	01/04/2021 - 30/06/2021	71,990	10,000	2.88%
Total Quarter 1		98,429	68,661	0.57%
Internally Managed Specified		27,201	58,880	0.182%
Property Fund / Multi-Asset Fund	01/07/2021 - 30/09/2021	72,208	10,000	2.94%
Total Quarter 2		99,409	68,880	0.57%
HALF YEAR TOTAL	01/04/2021 - 30/09/2021	197,838	68,771	0.57%

Agenda Item 7

TABLE 2: Funds Performance – Half Year 2021-22

Fund	Initial Investment £m	Value as at 30/09/2021 £m	Return Apr - Sep 2021
Lothbury	4.000	4.017	2.71%
Hermes	2.000	2.085	3.77%
TOTAL PROPERTY FUNDS	6.000	6.102	3.06%
Royal London	3.000	3.186	2.53%
CCLA	1.000	1.059	2.81%
TOTAL MULTI-ASSET FUNDS	4.000	4.245	2.60%
TOTAL FUND INVESTMENTS	10.000	10.347	2.88%

- 3.2** The approved limits as set out in the Treasury Management Strategy report to Council 25th February 2021 within the Annual Investment Strategy were not breached during the first 6 months of 2021/22, with the exception of Barclays which has breached the limit through the re-investment of interest and is in the process of being resolved.
- 3.3** Funds were available for investment on a temporary basis. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The authority holds £15m core cash balances for investment purposes (i.e. funds that potentially could be invested for more than one year). As at 30 September the Council has invested £10m into Property and Multi-Asset Funds with the objective of longer term investments helping to improve the overall rate of return.
- 3.4** Table 3 below shows the investments and borrowing position at the end of September 2021.

TABLE 3: Investments & Borrowing

	Jun 2021 £'000	Sep 2021 £'000
Aberdeen	3,042	933
Federated Prime Rate	33	2,028
Money Market Funds Total	3,075	2,961
Lloyds	7,985	2,049
Lloyds Banking Group Total	7,985	2,049
NatWest	64	113
Royal Bank of Scotland	3,007	3,000
RBS Banking Group Total	3,071	3,113
Standard Chartered	2,000	7,000
Santander	7,994	7,999
Barclays Bank Plc	8,008	8,009
Svenska Handelsbanken	14	140
Goldman Sachs	8,000	4,000
Qatar National Bank	3,000	
Toronto Dominion		4,000
Coventry Building Society	4,500	5,000
Principality Building Society		2,000
National Counties Building Society		2,000
Other Banks/Building Society Total	33,516	40,148
Dudley Metropolitan Council	1,000	1,000
Thurrock District Council	2,000	1,000
North Lanarkshire	3,000	3,000
Local Authority Total	6,000	5,000
TOTAL INVESTMENTS	£53,647	£53,271
Lothbury	4,000	4,000
Hermes	2,000	2,000
TOTAL PROPERTY FUNDS	£6,000	£6,000
RLAM	3,000	3,000
CCLA	1,000	1,000
TOTAL MULTI ASSET FUNDS	£4,000	£4,000
PWLB	102,717	102,717
TOTAL BORROWING	£102,717	£102,717

Agenda Item 7

4. External Borrowing

- 4.1 The Council's Capital Financing Requirements (CFR) for 2021/2 is £121.834m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (External Borrowing) or from internal balances on a temporary basis (Internal Borrowing). The Council has external PWLB borrowing of £102.717m as at 30 September 2021.

5 Compliance with Treasury and Prudential Limits

- 5.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Treasury and Prudential Indicators are outlined in the approved TMSS.
- 5.2 During the period to 30 September 2021 the Council has operated within treasury limits and Prudential Indicators set out in the Council's TMSS and with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in Appendix A.

6 Other Treasury Issues

- 6.1 Preparation of an Ethical Investment Policy has commenced, with the aim of including the policy in the Treasury Management Strategy 2022-2023 report.

7 IMPLICATIONS

7.1 Financial Implications

There are no financial implications arising from the decision. The report is of a financial monitoring nature.

Lucy Clothier, Accountancy Manager

Tel: 01453 754343 Email: Lucy.clothier@stroud.gov.uk

7.2 Legal Implications

None directly arising from this report.

One Legal

Tel: 01684 272203 Email: legalservices@onelegal.org.uk

7.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

7.4 Environmental Implications

Work has commenced on an Ethical Investment policy.

Prudential Indicators as at September 2021

Prudential Indicator	2021/22 Indicator £'000	Actual as at 30 June 2021 £'000	Actual as at 30 Sept 2021 £'000
Capital Financing Requirement (CFR)	121,834	111,330	116,582
Gross Borrowing	102,717	102,717	102,717
Authorised Limit for external debt	137,000	102,717	102,717
Operational Boundary for external debt	129,000	102,717	102,717
Principal sums invested > 365 days	15,000	10,000	10,000
Maturity structure of borrowing limits			
Under 12 months	25%	0%	0%
12 months to 2 years	50%	2%	2%
2 years to 5 years	75%	0%	0%
5 years to 10 years	100%	0%	0%
10 years and above	100%	98%	98%

This page is intentionally left blank

Explanation of prudential indicators

Central Government control of borrowing was ended and replaced with Prudential borrowing by the Local Government Act 2003. Prudential borrowing permitted local government organisations to borrow to fund capital spending plans provided they could demonstrate their affordability. Prudential indicators are the means to demonstrate affordability.

Gross borrowing – compares estimated gross borrowing in February 2021 strategy with actual gross borrowing as at 30 September 2021.

Capital financing requirement (CFR) – the capital financing requirement shows the underlying need of the Council to borrow for capital purposes as determined from the balance sheet. The overall positive CFR of £121.834m provides the Council with the opportunity to borrow if appropriate. £12m of borrowing is planned for 2021/22 arising from the approved capital programme, together with £2m minimum and voluntary revenue provisions for the repayment of debt.

Authorised limit for external debt - this is the maximum limit for gross external indebtedness. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. This limit is set to allow sufficient headroom for day to day operational management of cashflows. This limit has not been breached in the period 1 April 2021 to 30 September 2021.

Operational boundary for external debt – this is set as the more likely amount that may be required for day to day cashflow. This limit has not been breached in the period 1 April 2021 to 30 September 2021.

Upper limit for fixed and variable interest rate exposure – these limits allow the Council flexibility in its investment and borrowing options. Current investments are either fixed rate term investments or on call. Borrowing is at a fixed rate.

Upper limit for total principal sums invested for over 365 days – the amount it is considered can prudently be invested for a period in excess of a year. Current policy only permits lending beyond 1 year with other Local Authorities up to a maximum of 3 years. Property fund investments are subject to a 25 year maximum, and other investment funds up to 10 years as set out in Table 13 of the latest Treasury Management Strategy.

This page is intentionally left blank

Economics update

MPC meeting 24.9.21

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.
- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, **the MPC had been prepared to look through a temporary spike in inflation.**
- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to **faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement;** this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.
- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.
- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
 1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
 2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
 3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that **life in the UK could largely return to normal during the summer** after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving

Agenda Item 7

Appendix C

rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

US. See comments below on US treasury yields.

EU. The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time. German general election. With the CDU/CSU and SPD both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

Japan. 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply shortages. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE
TUESDAY, 30 NOVEMBER 2021

Report Title	PROCUREMENT UPDATE			
Purpose of Report	To update the Committee on procurement activity across the Council.			
Decision(s)	The Committee RESOLVES to note the report.			
Consultation and Feedback	None.			
Report Author	Sarah Turner, Senior Policy & Governance Officer Email: sarah.turner@stroud.gov.uk			
Options	None			
Background Papers	Procurement and Contract Management Strategy – 2019 – 2023 https://www.stroud.gov.uk/media/1070402/final-sdc-procurement-strategy-2019.pdf Contract Management Framework			
Appendices	Appendix A – Contract Management Statement of Principals Appendix B – Contract Management Policy Appendix C – Contract Management Procedure Appendix C - Attachment 1 - Software Contract Guide Appendix C - Attachment 2 - Contract Management Plan Appendix C - Attachment 3 - Contract Variation from Template Appendix C - Attachment 4 - Contract Extension Template			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 The Audit & Standards Committee has been monitoring the Council's performance in relation to procurement and contract management over a number of years.
- 1.2 Previous reports and information sheets have provided updates on the progress with improving procurement processes at the same time as highlighting the governance requirements associated with procurement activity.
- 1.3 As members will be aware there are several matters for all officers to comply with when undertaking procurement activity, these being:
- Public Contract Regulations 2015
 - Our obligation to obtain Best Value for Money
 - The Council's Constitution, specifically relating to the Scheme of Delegation, Contract and Procurement Procedure Rules and Financial Regulations.

Agenda Item 8

2. MAIN POINTS

2.1 Procurement Consultancy report

Colleagues in the ARA service undertook a consultancy review of procurement activity across the authority and produced a report with 5 recommendations, an action plan has been produced and a summary of the work to be undertaken to meet these recommendations is below:

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
1 (H)	<p>As part of the agreed management actions to address the recommendations emanating from the Electrical Works contract corporate procurement guidance and management and monitoring arrangements should be defined in line with the council's risk appetite, alongside the arrangements for the second line of defence to provide corporate oversight and challenge.</p> <p>The latter could be achieved by mapping roles and responsibilities against the three lines of defence assurance model, to enable all assurance needs to be met and ensure compliance with policy.</p>	<p>Non-compliance with the Council's CPPRs and Public Sector Contract Regulations 2015 resulting in inappropriate expenditure, the loss of commercial integrity, potential financial irregularities and reputational damage.</p> <p>Use of inappropriate suppliers as a result of non-compliance with the Council's CPPRs and / or potential fraudulent activity / nepotism.</p> <p>Non-achievement of value for money resulting in increased costs and a reduction in Council services.</p>	<p>Audit recommendation that P&G team become the 2nd line of defence for all procurement and contract management activity by taking a percentage of procurement and contract management on a quarterly basis and checking compliance and reporting any non-compliance.</p> <p>Information, in the form of a dashboard will be provided to HoS and Managers on a quarterly basis to include:</p> <ul style="list-style-type: none"> • Monthly spend by cc and supplier • Procurement Plan Forms received • Exemptions received • Transparency non-compliance • Procurement non-compliance <p>HoS and managers will need to respond to confirm actions taken for non-compliance.</p> <p>Working on '2 strikes' of no response then this information will be added to SLT quarterly dashboard.</p>	<p>Finance can provide information from Unit 4 as reports produced from creditors info.</p> <p>Information dashboards were piloted with a couple of HoS May to August 2021</p> <p>From September to November additional HoS were sent their service information and any feedback has been incorporated.</p> <p>Dashboard reports for all HoS will be published in December 2021</p>
No.	Audit Recommendation		P&G Response / Solution	Actions and Timescale
	Recommendation	Risks		

Agenda Item 8

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
2 (M)	<p>Maintain a central register of all goods, services or works that have been procured using one or more of the exceptional procurement measures detailed in PPN 01-20.</p> <p>The entry in the register should also be supported with appropriate evidence to demonstrate the decision making process, approval and achievement of the stated PPN 01-20 tests.</p>	<p>Challenge from alternative contractors who have not been offered the opportunity to submit a quotation / tender resulting in delays or suspension of the contract, financial penalties and / or reputation damage.</p>	<p>This recommendation was agreed. All procurement PPFs / exemptions are currently kept on a register. Procurement under these Covid-19 measures will also be added to a separate register.</p>	<p>A separate register of all procurement under Covid-19 measures – June 2021 is maintained.</p> <p>Use of this register ended on 21 June 2021 (end of any legal limitations of activity, i.e. we were out of lockdown)</p>
No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
3 (H)	<p>A review should be undertaken to determine whether the current directive for all starters to receive procurement induction training remains appropriate or whether the induction training should be focused towards those with specific procurement roles and responsibilities, which should be formally determined.</p> <p>Once determined updates should be made to the appropriate staff induction templates and the Policy and Governance team should monitor monthly, and follow-up any employed, agency or temporary staff member that has not completed the procurement induction to ensure training is completed.</p>	<p>Non-compliance with the Council's CPPRs and Public Sector Contract Regulations 2015 resulting in inappropriate expenditure, the loss of commercial integrity, potential financial irregularities and reputational damage.</p> <p>Non-achievement of value for money resulting in increased costs and a reduction in Council services.</p>	<p>Introduction to procurement is a mandatory requirement as part of all staff induction / probation.</p> <p>A monthly list of new starters and leavers will be required from HR to enable P&G to provide training and ensure training records are up to date.</p> <p>Plan procurement and contract management training / awareness raising for SDC staff.</p>	<p>Followed up with HR, still need list of monthly starters and leavers. Monthly list of starters of leavers to be provided by HR.</p> <p>Combine procurement training with the Unit 4 induction training.</p> <p>Procurement overview to be included in new starters quarterly induction</p> <p>LMT have been emailed to identify staff who need refresher training.</p> <p>P&G Team are developing e-learning through the Council's online system. This will include Stroud-specific element relating to our procedures</p>

Agenda Item 8

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
4 (H)	<p>Utilise the ProContract Contracts Register facility to ensure all Council contracts over £5,000 are published in accordance with the Local Government Transparency Code.</p> <p>Procurement exemption and framework agreement contracts should then be manually updated to this register.</p> <p>If the use of the ProContract Contracts Register facility is not considered appropriate then the Policy and Governance team should, at least quarterly, undertake appropriate checks to ensure the corporate Contracts Register has been fully and promptly updated by Service areas. Where omissions are identified corrections to the corporate Contracts Register should be undertaken and Heads of Service / Service area Managers formally advised to enable them to introduce appropriate officer training and procedural awareness.</p> <p>Depending on which option is selected an exercise should be undertaken to identify contracts that are not currently on the agreed contracts register and update as appropriate.</p>	<p>Non-compliance with the Local Government Transparency Code 2015.</p> <p>Inefficient use of resources.</p>	<p>Decision for S151 and MO as to use of contracts register.</p> <p>Of the 48 procurement opportunities in the last 12 months, 26 were done through the procurement portal, 22 through frameworks or exemptions.</p> <p>Where P&G are aware of non-compliance with Transparency code for contracts over £5,000, service areas are contacted and asked to enter contract details</p>	<p>Produce pros and cons of each register and decision to be made.</p> <p>P&G to continue to contact services where contracts are not on the register – ongoing</p> <p>Information Governance Officer work to inform the current level of compliance to the Transparency Code and information to be reported to MO / and P&G team to recommend appropriate action – This has been completed</p> <p>Awareness raising / training for all staff – ongoing</p> <p>See manager's dashboard actions under recommendation 1 (2 strikes of no response to SLT dashboard)</p>

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
5 (H)	<p>Within the contract management framework, introduce an appropriate and robust process that supports timely collection of outstanding exemption and framework agreement procurement information from Service areas to ensure prompt reporting to the Government Contracts Finder.</p> <p>At least monthly, review the SDC Contracts Finder register to ensure that the agreed follow-up process is being followed and the Government Contracts Finder promptly updated.</p>	<p>Non-compliance with the Public Contract Regulations 2015, Sections 108 and 112.</p>	<p>Requirement to add details of contracts awarded that are valued over £25,000 to Contracts Finder within 90 days of contract award.</p> <p>P&G regularly check that this is being carried out and will continue to do this, only able to do this when we have received PPF or procurement is advertised through portal.</p>	<p>P&G will continue to contact services to ensure compliance with this requirement</p> <p>See manager's dashboard actions under recommendation 1 (2 strikes of no response to SLT dashboard)</p>

***refers to the Council's Policy and Governance Team**

2.2 Out of Hours Contract – Audit recommendations

ARA colleagues have carried out an audit on the out of hours contract. Five of the recommendations within the ARA report relate to the corporate guidance on procurement and contract management and the Policy & Governance Team are updating the guidance and ensure that staff receive training.

2.3 Contract Management

A new contract management framework has been developed to provide a clear and standardised approach to manage contracts for goods, works and services, see Appendices A - G. Our Leadership and Management Team have been consulted on this framework, and the Policy and Governance Team will now role out this new framework across the council with training and awareness raising sessions for all staff.

Contract management enables us and our suppliers to meet our contractual obligations at an agreed cost and quality by monitoring the contract throughout its lifecycle.

The effective management of contracts with suppliers is essential to maximise benefits and achieve corporate objectives, the benefits can be summarised as follows:

Agenda Item 8

Business Benefits

- Maximises outcomes to the Council and our customers (i.e. the Council “gets what it is paying for”) by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovation.

Value for Money

- Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes.
- Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation.

Risk Management

- Reduces contractual risks through the robust contract management practices.
- Ensures the Council is also aware of, and complies with, its own contractual and legislated obligations.

The new framework consists of the following documents, and a link to these has been provided in the background papers:

- Contract Management Statement of Principles
- Contract Management Policy
- Contract Management Procedure
- Various templates to support the new framework

3. IMPLICATIONS

3.1 Financial Implications

There are no financial implications from this update.

Andrew Cummings, Strategic Director of Resources
Email: Andrew.cummings@stroud.gov.uk

3.2 Legal Implications

There are no direct legal implications arising from the recommendation.

One Legal
Tel: 01684 272203 E-mail: legalservices@onelegal.org.uk

3.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

3.4 Environmental Implications

There are no significant implications within this category.

Contract Management - Statement of Principles

The purpose of this document is to identify a set of principles that underpin our approach to contract management. These principles complement the contract management guidance.

1. Ensure that contracts are known and understood by all those who will be involved in their management.

Make sure that adequate resource is identified and appointed well before award of contracts and that there is an effective handover or transition from procurement to contract management.

2. Be clear about accountability, roles and responsibilities.

Ensure contract ownership, management processes and governance mechanisms are clear with defined roles and responsibilities at appropriate levels of seniority. Make sure contracts have a documented Contract Management Plan.

3. Establish and use strong governance arrangements to manage risk and enable strategic oversight.

Ensure that governance structures are proportionate to size and risk of contracts, are suitably empowered and support the business outcomes and objectives. Ensure appropriate business continuity and contingency plans are in place.

4. Adopt a differentiated approach based on risk

Distinguish between operational and strategic contracts, direct the most/strongest resource to contracts where the risks and rewards are highest. Consider a 'self-managing' approach with exception reporting for lower risk contracts.

5. Manage contracts for business / public service outcomes.

The owners of the required outcomes should be accountable for successful contract performance. Focus on successful outcomes and take account of public service and accountability obligations and risks.

6. Accept that change will happen and plan for it.

Develop flexible approaches to change through joint working with suppliers; accept that change will affect both parties during the contract life, but control costs with robust change control mechanisms. Ensure that senior level assurance and controls are in place to prevent changes from altering the strategic intent of the contract.

7. Measure and report on performance and use KPIs and data efficiently to incentivise good performance.

Administer contracts proactively and efficiently, making maximum use of benchmarking and performance measurement data. Use a balanced scorecard to measure 'hard' data such as KPI performance alongside 'soft' measures e.g. customer satisfaction and relationship management, with a focus on achievement of outcomes. React quickly to issues when they arise. Ensure KPIs and incentives are appropriate and proportionate to the contract.

Challenge KPIs and incentives regularly and ensure a mechanism to change and evolve them through the life of the contract.

8. Drive continuous improvement, value for money and capture innovation.

Actively use contract tools and provisions to leverage the relationship, continually drive value for money and seek out and implement innovative ideas for improvement.

Agenda Item 8

Appendix A

- 9. Accept that successful delivery of major projects is best achieved through a single fully integrated team.**

Where the supplier and the client work as a single team with one focus, delivery of the successful outcomes.



Contract Management Policy

March 2021

Policy & Governance

DRAFT

Last updated: New policy

Next document review by: March 2025

Reviewed by: Policy & Governance

Approved by: Audit & Standards Committee

Agenda Item 8

Appendix B

1. Purpose

1.1 The purpose of this Contract Management Policy is to provide a clear and standardised approach to managing and administering contracts for goods, services and works purchased from suppliers.

What is Contract Management?

1.2 Contract Management enables councils and their suppliers to meet their contractual obligations at an agreed cost and quality by monitoring the contract throughout its lifecycle. Circumstances may change over the life of a contract, so contract management also involves managing changes and variations in terms of scope, terms and prices. It also enables appropriate contract forward planning to ensure that the Council achieves its objectives and that procurement takes place in a structured way in compliance with the law and the Council's rules.

Why is contract management important?

1.3 The effective management of Contracts with suppliers is essential to the Council in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

Benefits of Contract Management	
Business Benefits	<ul style="list-style-type: none">• Maximises outcomes to the Council and our customers (i.e. the Council "gets what it is paying for") by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovation.
Value for Money	<ul style="list-style-type: none">• Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes.• Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.
Risk Management	<ul style="list-style-type: none">• Reduces contractual risks through the robust contract management practices.• Ensures the Council is also aware of, and complies with, its own contractual and legislated obligations.

1.3 Specific policy objectives are set out in our Statement of Principles and are to ensure:

- Business needs are achieved;
- Standard approach is undertaken;
- Compliance with legislative and administrative arrangements;
- Support the objectives of the Council's Procurement Strategy;
- Contracts are managed in a manner that facilitates business delivery while minimising risk;
- Contracts are managed maximising financial and operational performance;
- Consistency in Council's procurement activities;
- All staff are adequately skilled and trained, and understand their roles and responsibilities under a contract.

2. Scope

2.1 This Policy commences in the Post-Contract-Award stage of the Procurement Life-Cycle. The Pre-Contract Award stage is covered by Council's Contract and Procurement Procedure Rules (CPPRs) and Procurement Manual and guidance on the Hub

2.2 This Contract Management Policy applies to all Council staff and contractors that are involved in the management of supplier Contracts on behalf of Council.

2.3 This Policy applies to all Contracts and any other documents that create legally binding obligations on the Council for the procurement of goods, services and works which may include procurements which are simple in nature and low risk. Further, it applies to a Contract until all contractual obligations have been completed.

2.4 The following are excluded from this Policy:

- Employment contracts,
- Non-binding Memoranda of Understanding,
- Partnering and collaborative contracts with other public sector organisations.

3. Definition of Terms

Term	Meaning
Contract	An agreement, exchange of letters, heads of agreement, deeds of agreement, binding memorandum of understanding, response to tender, grant application, trust deed and any other document which creates or which may create binding obligations on the Council and on the other party / parties to the contract
Program Manager	The responsible officer (usually a Senior Manager) for overseeing the contract and any major contractual changes and strategies. The Program Manager or Director (owner) appoints the Contract Manager.
Contract Management	Refers to all activities at the commencement of, during and after the contract period, to ensure that all contractual obligations have been completed.
Contract Owner	The Council staff member who is ultimately accountable for the outcomes of the contract, usually the Strategic Director or Head of Service with the Delegated Authority. The Contract Owner approves contract variations, including extensions, as well as appoints the contract management roles.
Contract Manager	The Council staff member nominated to be responsible for the management of the administration and management of a contract.
Contract Register	A register maintained for all procurements valued at over £5,000
Contract Variation	Is an addition or alteration to the original contract and may include a change to the scope of the contract, value of the contract, the contract options to be exercised, contract prices and quantity purchased.
Contractor	The supplier or the service provider (the other party) under a contract.
Value of a Contract	The value of a contract is whichever of the following values (excluding VAT) is appropriate to the kind of contract concerned: <ul style="list-style-type: none"> • The total estimated value of the project, or • The total estimated value of the goods, services or works over the term of the contract

4. Policy Statement

4.1 Contract Management

The function of contract management is the management of Contracts formed with Contractors to ensure delivery of goods, services and works as agreed over the life of the Contract.

The management of a Contract may extend beyond the current term of the contract when there are ongoing obligations associated with maintenance agreements, warranties and guarantees.

Agenda Item 8

Appendix B

4.2. Stages in the Contract Management Life Cycle

- **Stage 1 - Contract Commencement:** How to initiate and plan the contract management process
- **Stage 2 - Contract Management:** How to manage and administer contracts
- **Stage 3 - Contract Close Out:** How to close and transition contracts

Stage 1 - Contract Commencement - starts before a contract is signed

- Successful Contract Management is highly influenced by activities performed prior to contract award.
- Ensuring that contract terms, conditions, scope and deliverables, KPI reporting and relationship management are clearly established in the signed contract and understood by all parties, is fundamental for effective Contract Management.

Stage 2 - Contract Management – runs until formal closure

- Properly managing supplier performance with respect to outcomes and deliverables clearly specified and agreed in the contract will help ensure Council and its customers obtain the business benefits and value for money within target timeframes.

Stage 3 - Contract Closure – the formal conclusion

- The contract close-out is the stage for closing-out Contract obligations and liabilities with suppliers.
- It may also include transitioning to another supplier for the goods, services or works.
-

4.3 Mandatory Requirements applying to contracts

The following **minimum requirements** apply to all Council contracts **valued at £25,000 or more**:

- a) Staff must adhere to Council's procurement policies, procedures and processes, specifically the Contract and Procurement Procedure Rules.
- b) Specific contract details must be entered into Council's **Contracts Register** - which is updated via the Hub
- c) A **Contract Manager** must be formally appointed.
 - i. The Contract Manager may manage a contract valued at more than their level of financial delegation. However, the Contract Manager must not approve or incur expenditure on goods, services or a project valued at more than their level of financial delegation. Note, this also applies to any changes (variations) to the original price of procurement.
- d) Council developed and recommended **Contract Templates** must be used.
 - i. Staff must use Council developed and recommended contract templates at all times, or recognised suites of templates
 - ii. Specific advice should be sought from ONE Legal or the Policy & Governance team during the planning stages of procurement to determine the appropriate terms and conditions that should apply.

e) All Contracts must include appropriate **clauses** in the areas of:

Work Health & Safety;
Quality Assurance;
Environmental;

Financial Capability;
Insurance;
Industrial Relations;
Performance;
Code of Conduct;
GDPR.

That allow and support contract compliance and risk management, with having regard to project value, requirements and complexity.

f) All Contracts must include appropriate **Commercial clauses** in the areas of:

Payments and Retentions (or security);
Price Adjustments;
Delay to Completion (or delivery); and
Processes to Resolve Claims and Disputes.

That allow managing or regulating variations to the original contract, having regard to project value, contract requirements and complexity.

g) Obtain all relevant **approvals and licences** prior to commencement: of the contract planning and engagement (entering into a contract).

h) **Contract performance of all contracts valued at £75,000** or more must be regularly monitored, evaluated and reported.

- i. This is required at least annually over the term of the contract, and upon completion and upon conclusion of a contract.
- ii. Complete and document performance evaluations and register in Council's records management system.

4.4 Contract Variations

All Contract Variations must be approved in writing in accordance with the contract and be approved by the appropriate delegate and a formal Deed of Variation completed to reflect the change.

4.5 Code of Conduct

The Council Employee Code of Conduct must always be adhered to in the management of contracts on behalf of Council.

4.6. Role of Contract Manager

The responsible Contract Owner or Program Manager assigns the day to day management of a contract to the Contract Manager.

The Contract Manager has many and varied responsibilities in undertaking the day to day management of a contract. Some key responsibilities are outlined in the Responsibilities table.

For the purpose of this Policy, staff that are responsible for managing procurement that is simple in nature and low risk, will be considered a Contract Manager. Therefore, staff must manage all related legally binding obligations on the Council in an appropriate manner in accordance with this Policy.

4.7 Contract Disclosures

Agenda Item 8

Appendix B

In accordance with relevant Public Contract Regulations and Transparency legislation the Council will maintain and publish a register of all Council contracts that records key information about each contract Council enters into with suppliers which has or is likely to have a value of £5,000 or more, excluding VAT.

5. Responsibilities

Position	Responsibility
Employees	<ul style="list-style-type: none"> • Are responsible for managing contracts in accordance with Council's contract management framework and in a manner that is appropriate for the complexity and risk of the procurement activity.
Policy & Governance Team	<ul style="list-style-type: none"> • Development of the Contract Management Framework. • Maintaining Council Contracts Registers and appropriate disclosure of Contracts valued at £5,000 or more.
HoS and Managers – supported by the Policy & Governance Team	<ul style="list-style-type: none"> • Regularly monitoring and evaluating contracts valued at £25,000 or more and reporting on at least annually.
SLT	<ul style="list-style-type: none"> • Overall implementation of the Framework.
Strategic Directors, HoS & Managers	<ul style="list-style-type: none"> • Facilitation and oversight of contracts on the contracts register within their respective portfolio. • Appointment of a suitably qualified, capable and adequately skilled Contract Manager according to the level and complexity of a contract. • Ensuring the Contract Manager has adequate skills in managing contracts. • Assigning the day to day management of a contract to a Contract Manager.
Contract Manager	<ul style="list-style-type: none"> • Development, negotiation, execution and management of contracts in accordance with approved policies, procedures and processes. • Ensuring contracts valued at £5,000 or more are registered in Council's Contracts register. • Day to day management of assigned contracts. • Clearly defining in contracts the performance standards, review mechanisms and deliverables required from contractors. • Ensuring contracts are managed in compliance with approved policies, procedures and processes and all client obligations contained in contracts are fully satisfied.



Contract Management Procedure

- 1. Introduction**
 - 2. Purpose of Contract Management**
 - 3. Aims of this document**
 - 4. Level of Contract Management**
 - 5. Priorities**
 - 6. Contract Management Process**
 - 7. Contract Implementation**
 - 7.1 End-user Information Packs**
 - 7.2 Supplier / Buyer Events**
 - 8. Software Contracts**
 - 9. Contract Management Plan**
 - 10. Contract Performance Review Meetings**
 - 11. Change Control**
 - 12. Change Control Procedure**
 - 13. Exit Strategy**
- Attachment 1 – Software Contract renewal checklist**
Attachment 2 – Contract Management Plan
Attachment 3 – Contract Variation Template
Attachment 4 – Contract Extension Template

1. Introduction

This procedure has been created as part of the Contract Management Framework in conjunction with, the Contract Management Policy and Statement of Principles; it also compliments the Council's Procurement Strategy. Furthermore, it recognises the aims and values set out within the National Procurement Strategy 2018.

The Contract Management Procedure sets a foundation for the implementation of a consistent approach to contract management across all service areas, in order to drive value from new and existing contracts.

As well as implementing consistent cross-service processes for contract management, the Council aims to improve existing supplier relationships through increased effective engagement and at the same time maximise spend with local businesses and SMEs.

2. Purpose of Contract Management

The function of Contract Management is to:

- ensure a contract is successfully executed
- provide a formalised method of monitoring supplier performance against contract requirements
- ensure that there is clarity of the roles and responsibilities by all parties relating to contract management
- monitor overall compliance by all parties to the terms of the agreement and contract, refining and improving KPIs, SLAs and service delivery through honest, open communication between the supplier and the Council, delivering improvements to both parties
- improve and develop relationships with key supplier representatives based on mutual trust and understanding, open communications and a joint approach to managing delivery
- realise estimated and planned savings through continuous monitoring of spend
- identify potential additional savings and benefits through proactive contract management
- co-ordinate the supply chain
- provide a focus for development of initiatives / innovation
- deliver learning and knowledge transfer
- drive continual improvement
- Ensure effective and timely procurement planning

3. Aims of this Document

Supporting the objectives set out in the Council's Procurement Strategy, this procedure aims to provide a standard corporate approach and guidance to contract management, defining clear ownership for operational day-to-day management throughout the lifecycle of a contract.

This procedure will achieve its aims by defining the procedure for developing and maintaining close relationships with business partners and key providers, and creating a consistent, standard contract management process, applicable to all goods, services and works.

4. Determine Level of Contract Management

It is important when developing the Contract Strategy to determine the level of management required for the proposed contract once awarded, based on size, value and organisational risk, as this will influence and determine the frequency and content of supplier review meetings.

Guidelines are given below, but each service, will need to consider the appropriate level of management required for individual contracts, by considering factors such as value and length of contract, business criticality and dependency, number of customers / end-users, public visibility, openness to complaints or challenges, risk, performance criteria and compliance with requirements of governing bodies.

Agenda Item 8

- **Low level** - ensuring compliance to the contract by monitoring management information from the supplier, end-user feedback, managing delivery, and compliance of the contract.
- **Medium level** - managing the performance of the contract and the supplier through management information monitoring, end-user feedback and a minimum of one performance review meeting held per annum.
- **High level** - managing the performance of the contract and the supplier using a combination of management information monitoring, and quarterly (or other frequency determined) meetings.

5. Priorities

Priority areas to achieve contract management objectives include the:

- Implementation of standardised templates for managing and documenting supplier meetings consistently across all commodity / category areas.
- Incorporation of a mechanism to review council performance and feedback within review meetings
- Introduction of management meetings with identified key suppliers for each category, with an aim of continuous improvement in the execution of contracts.
- Regular review of both contract performance and supplier performance through structured joint and service-inclusive meetings to improve output, savings and knowledge, and to reduce risk
- Encouragement of prime contractors to engage with local suppliers and SME's through the inclusion of Community Benefit / Sustainability clauses, and early engagement in commodity strategies
- Standardisation of the supplier management process, and implementation of rigorous controls to manage the supplier database and transactions within Procurement systems.
- Continual review of the Contract management process to ensure it remains fit-for-purpose.

6. Contract Process

This document sets out the procedure that is used to manage contracts and the supplier relationship post-supplier selection and contract award. Equally, it applies to the management of existing contracts.

The Contract Management process begins with migration and mobilisation, and continues through a post-contract award meeting with the successful supplier, which as a guideline, should be conducted within 1-3 weeks of the contract award. The purpose of this meeting is to discuss the contract implementation phase and agree roles, responsibilities, identify activities and agree SLA's, KPI's, timescales and expectations. It is important to keep in regular contact with the supplier during the contract implementation phase and to arrange meetings and maintain open dialogue throughout.

7. Contract Implementation

Contract Implementation consists of three distinct phases:

- **Mobilisation** - the process of moving from contract award to 'go-live' i.e. the point when a user can actually buy from the contract
- **Migration** - facilitating the movement of an organisation to a new contract post 'go-live'
- **Communication** – ensuring all stakeholders are aware of the contract and what it involves

Actions that should be considered to migrate and mobilise a contract include:

7.1 End-User Information Packs

An information pack may be required to communicate and publicise the contract to inform end-users of its content, which can contain key information about the use of the contract including:

- contract objectives, details of the goods and services available, prices, supplier contact details, ordering and invoice process, returns / complaints / escalation process, and Contract management process.

Any information pack should be proportionate to the contract, and should demonstrate how it delivers best value and provides information relating to the benefits of the contract, e.g. cost savings, KPIs, SLAs, improvements in quality and service.

7.2 Supplier / Buyer Events

Depending on the size, value and risk level involved with the contract, a useful way to raise awareness of the contract amongst end users is to organising a Supplier / Buyer 'launch' event to give stakeholders who have yet to meet as part of the selection and award stage, the opportunity to meet each other, and present details of the contract and what it affords. This is also an opportunity to distribute information packs / buyers guides. Where a large number of users are affected, it may be useful to also publish a news item via the Intranet.

8. Software Contracts

It is widely accepted that services are not going to replace or renew a software contract when all that is needed is an upgrade; however, there are certain parts of a contract that need to be reviewed and therefore a procedure in place to manage software contracts. Attachment 1 provides more detail on contract considerations for reviewing, renewing or replacing software contracts.

Process to Review, Renew or Replace

This section gives guidance on how software contracts should be reviewed, renewed or replaced, taking into consideration the following matters:

- All contracts should have an end date / identify any extensions
- Corporate impact of change
- Support needed for change
- Interfaces
- Benchmarking
- Functionality - Doing what it needs to do (or not?),
- Value
- Risk
- Length been in place

Many companies lease systems and software on an annual basis and have to find a way of keeping track of renewal dates. Unfortunately, many software suppliers fail to notify customers of renewal dates and either continue to take direct debit payments or disable the software when payment is not received on time. Both can be equally detrimental to a business and can be avoided or mitigated by appropriate planning and monitoring.

It is important to review the cost and efficiency of leased services regularly to ensure that:

- a) the performance still meets requirements; and
- b) financially, it is the best deal in the market place.

The same applies to annual software maintenance payments, domain name renewals and even I.T. equipment which are leased.

9. The Contract Management Plan

Once the contract implementation has been completed and the level of management determined, a Contract Management Plan, see Attachment 2 for an example, should be constructed which outlines:

Agenda Item 8

Appendix C

- Roles & responsibilities
- Agreed level of management (low/medium/high)
- Contract objectives
- Performance Management Framework, e.g. KPIs & SLAs
- Mobilisation Plan
- Migration Plan
- Contract Compliance
- Escalation process (within supplier organisation and the council)
- Review meeting schedule
- Risks & issues

This will need to be agreed with your supplier. All of these, in particular, the routes for escalation and the review meeting schedule should have been built into the initial Contract(s) Strategy and tender, with reference to the fact that a Contract Management plan will be developed.

10. Contract Performance Review Meetings

Performance Review Meetings are an important part of the Contract Management process and provide Service Users and the Supplier with an opportunity to focus on what is going well, identify any problems at an early stage and agree opportunities for improvement and innovation.

For contracts / suppliers where a **medium** level of management is being applied, there should be at least one performance review meeting per year. Meetings for Contracts / Suppliers where a **high** level of management is being applied should be held at least quarterly.

Meetings should focus on:

- i Review of Actions and Minutes from previous meeting(s)
- ii Supplier Business Review, with updates on new products / product developments, customer-affecting issues (e.g. product issues, recalls), complaints, etc.
- iii Council Business Review / Service Improvement Plan Update
- iv KPI review – (to determine current level of performance (Improving / Degrading)
- v Sustainability & Other Benefits Realisation
- vi Review of risks and Issues
- vii Issues for escalation
- viii Financial Monitoring (Spend monitoring, P2P, Invoicing, financial stability).
- ix Areas of Improvement (e.g. Innovation, new process)
- x Change Control

These are suggested agenda topics for discussion however these will need to be adapted for specific types of contract and / or suppliers.

The initial performance review or inaugural or kick-off meeting should also include a 'Lessons Learned' session with the supplier on the tendering and contract implementation process, and cover areas such as roles and responsibilities, performance levels, invoicing arrangements, etc.

Meetings should recur as agreed until the contract approaches its completion, and documented (minutes, actions, change in performance) throughout, with actions followed up as agreed.

Minutes of meetings and agreed actions should be communicated to all stakeholders following each meeting (supplier & service area management, Policy & Governance Team for SLT reporting).

11. Change Control

Changes (variations) to services, procedures or contracts are likely to occur throughout the lifecycle of a contract, especially lengthy and / or major, strategic contracts, which could have an effect on many aspects of the contract including:

- Service delivery
- Scope of work
- Performance
- Costs
- Product availability / changes to specification / obsolescence / revision of rates
- Whether the contract continues to represent value for money

The primary aim in managing variations is to minimise their likelihood, however sometimes change is inevitable, therefore the specification and management of change (Change Control) is an integral and important part of contract management and administration. Change control procedures should be included within the contract and discussed at the inaugural meeting.

The respective roles and responsibilities of both parties in the change control process must be clearly identified, along with procedures for raising, evaluating, costing and approving change requests.

A single change control process should be applied to all contract changes. Flexibility does however need to be built into the process to deal with issues such as emergencies. A change control process should provide clear steps and clearly allocated ownership and responsibilities for:

- Requesting changes
- Assessment of impact
- Prioritisation & authorisation
- Agreement with provider
- Control of implementation
- Documentation and communication of change
- Updates to terms & conditions where applicable

If a specific change, or cumulative changes significantly increase or decrease the scale or scope of the contract, the responsible Contract Manager must question the contract's ability to achieve best value and value for money overall.

Similarly, the Contract Manager must also ensure that any changes do not take the contract outside the scope of the original tender in relation to the UK thresholds advertisement, or permitted extensions to contracts. When this is in doubt, the change should be referred to the Policy & Governance team or One Legal for guidance.

The same level of diligence should be applied to contract variations as that applied to letting a contract.

12. Change Control Procedure

The change control procedure as detailed in the Contract should be used by services and supplier to enable changes to the contract, to provide clarity and documentary evidence of the change, and agreed actions. Attachment 3 details a contract variation template.

13. Exit Strategy

As a contract progresses, the Contract Managers will have responsibility for ensuring that both parties are working towards the planned fulfilment and exit of the contract, and the procurement process for securing subsequent supply arrangements if required.

The Exit Strategy should involve a full review of the Contract's performance. This should include a 'lessons learned' review which incorporates feedback from end-users and the supplier.

Agenda Item 8

Appendix C

The final review and lessons learned should be clearly documented and communicated to appropriate stakeholders, as it may inform any subsequent procurement for similar commodities in the future.

Reviewing, Renewing or Replacing Software Contracts

It is widely accepted that services are not going to replace or renew a software contract when all that is needed is an upgrade; however, the Council needs to have a procedure in place to manage software contracts.

This section gives guidance on how you should review, renew or replace your software contracts, taking into consideration the following matters:

- All contracts should have end date
- Corporate impact of change
- Support needed for change
- Interfaces
- Benchmarking
- Doing what it needs to do (or not?), functionality
- Value
- Risk
- Length been in place

Software review checklist**Product:**

- If perpetual licence – does the Council have the right to use unless breach?
- If term licence – are support and upgrades included?
- Licence types – is it concurrent, named?
- Licence definitions
- Affiliates usage permitted
- Do the Council have the ability to make backup, DR, TEST, DEV copies of software at no charge?
- Are pricing guarantees for incremental purchases included?
- Price increase caps on additional licences
- Electronic delivery of software
- Software warranty – time frame, language including free from time bombs
- Acceptance testing
- Existing licence trade-in
- Inability to change licence model w/o approval
- Training prices if applicable
- No 'then current' or 'then in effect' language
- No automatic renewals
- Manuals included for all purchases / upgrades
- Licence compliance guaranteed only if software delivered to designated group / dept
- Installation included with software price
- Language re: future product evaluation

Maintenance and support:

- Operating Systems Upgrade guarantee
- Escalation procedures
- Severity levels, service level response times
- Maintenance %, based on purchase price
- Caps on maintenance increases (3% or CPI)
- Specific support hours
- Support on discontinued product
- Separate billing of maintenance and support
- Discount on pre-paid maintenance
- Penalties for missed P1 calls / SLAs

Agenda Item 8

Appendix C

Terms and Conditions:

- Use of name clause
- Payments due nextat 30 days from receipt of undisputed invoice
- Protection against assignment of product
- Audit rights – 30 days, 15 business days

Software licences and maintenance: checklist

This checklist contains a list of the main issues for suppliers and services to consider when negotiating software licences and maintenance and support agreements.

Software licences and maintenance: main points for customers to consider

Validity of licence

- Does the supplier warrant its right to grant the licence and indemnify the service against infringement of any third party's rights? Are there any circumstances or conditions which suggest that the right to grant a licence might be subject to a third party's consent and, if so, has that consent been obtained?

Extent of licence

- Does the licence cover all the users who might reasonably be expected to use the software (for example, subsidiaries, associated companies, facilities management companies)?
- Does the licence contain restrictions on the uses to which the software might be put (for example, if it is only for the benefit of a named company) or on the manner of its use (for example, if it is only for use on a particular computer processing unit (CPU) or at a particular site)? If so, are these acceptable to the service?
- Is the term of the licence satisfactory?
- Are there commercial reasons for seeking restrictions on the extent to which the supplier may permit the software (or similar software) to be used by others?

(Note that licences that refer to hardware have sometimes produced results that are uncertain and unwelcome (from the service's point of view) when they have been applied to multiple-core servers and virtualised environments.)

Clear drafting of licence scope is key. The move to the cloud, APIs & interoperable systems makes clearly drafted licence scope terms critical.

Maintenance obligations

- Are maintenance obligations clearly defined? If different priority is to be given to different categories of fault, does the suggested prioritisation reflect the relative commercial significance of the faults to the user? Are the suggested response times and "times to fix" satisfactory? Can the support be given in all necessary languages at all necessary locations?
- If the supplier can terminate its maintenance obligations on notice, consider the effects of such termination. Can the user obtain satisfactory maintenance from a third party?

Fees

- Are the provisions as to licence fees clear and fair? Has best advantage been taken of any discount or "bundling" offered by the supplier? Does the agreement set out how any additional fees will be calculated if the service's use of the software changes (for example, by increasing the number of software users or sites)?
- Are the provisions as to maintenance fees clear and fair? Is third-party maintenance available and, if so, would it offer better value?
- To what extent are upgrades included in the licence and/or maintenance package? To what extent is continued maintenance dependent on the purchase of upgrades at additional cost (how many versions of the software does the supplier or maintenance company support)?

Rights to back-up, alter and maintain

- Does the licence allow the user to make copies of the software for back-up, testing or other purposes?
- Does the licence include the right for users (and consultants and others engaged or employed by users) to alter or maintain the software? If so, do they have appropriate access to the source code and any necessary tools?
- If the terms of access to the source code are covered by an escrow agreement, is the escrow agent reliable and are the conditions for release of the software clear and easily enforceable? Will the source code be kept up to date?

Delivery, installation and testing

- In what form is the software to be delivered (for example, on disc, CD-ROM or electronically) and when?
- Determine responsibility for installation.
- Obtain an acknowledgement from the supplier that any hardware or associated items which the service is purchasing for use in conjunction with the software are satisfactory for the performance of the software in accordance with its specification.
- Will the software be tested before acceptance? If so:
 - is the service clear what will constitute success: that is, are the service's requirements well understood and will the proposed testing regime ensure that they have been met?
 - do the proposed tests cover "real life" use; for example, will they accurately demonstrate the way the software will perform in the environment in which it is intended to function and with the volumes it is intended to handle?

Warranties and indemnities

- Expect as a minimum:
 - a warranty as to the licensor's right to grant the licence (see Validity of Licence) and an indemnity against third party claims;
 - a warranty as to the conformity of the software with its specification or description.
- Consider the need for specific warranties on other matters (such as in relation to euro compliance).
- Has the service secured an indemnity against losses arising from claims that its use of the software infringes the intellectual property rights of a third party?

Other terms

Consider carefully the effect of other terms dealing with:

- Confidentiality
- GDPR
- Dispute resolution
- Limitation of liability
- Termination and remedies
- Assignment
- Third party rights
- Boilerplate

This page is intentionally left blank

Reviewing, Renewing or Replacing Software Contracts

It is widely accepted that services are not going to replace or renew a software contract when all that is needed is an upgrade; however, the Council needs to have a procedure in place to manage software contracts.

This section gives guidance on how you should review, renew or replace your software contracts, taking into consideration the following matters:

- All contracts should have end date
- Corporate impact of change
- Support needed for change
- Interfaces
- Benchmarking
- Doing what it needs to do (or not?), functionality
- Value
- Risk
- Length been in place

Software review checklist

Product:

- If perpetual licence – does the Council have the right to use unless breach?
- If term licence – are support and upgrades included?
- Licence types – is it concurrent, named?
- Licence definitions
- Affiliates usage permitted
- Do the Council have the ability to make backup, DR, TEST, DEV copies of software at no charge?
- Are pricing guarantees for incremental purchases included?
- Price increase caps on additional licences
- Electronic delivery of software
- Software warranty – time frame, language including free from time bombs
- Acceptance testing
- Existing licence trade-in
- Inability to change licence model w/o approval
- Training prices if applicable
- No 'then current' or 'then in effect' language
- No automatic renewals
- Manuals included for all purchases / upgrades
- Licence compliance guaranteed only if software delivered to designated group / dept
- Installation included with software price
- Language re: future product evaluation

Maintenance and support:

- Operating Systems Upgrade guarantee
- Escalation procedures
- Severity levels, service level response times
- Maintenance %, based on purchase price
- Caps on maintenance increases (3% or CPI)
- Specific support hours
- Support on discontinued product
- Separate billing of maintenance and support
- Discount on pre-paid maintenance

Agenda Item 8

Appendix C

- Penalties for missed P1 calls / SLAs

Terms and Conditions:

- Use of name clause
- Payments due net 30 days from receipt of undisputed invoice
- Protection against assignment of product
- Audit rights – 30 days, 15 business days

Software licences and maintenance: checklist

This checklist contains a list of the main issues for suppliers and services to consider when negotiating software licences and maintenance and support agreements.

Software licences and maintenance: main points for customers to consider

Validity of licence

- Does the supplier warrant its right to grant the licence and indemnify the service against infringement of any third party's rights? Are there any circumstances or conditions which suggest that the right to grant a licence might be subject to a third party's consent and, if so, has that consent been obtained?

Extent of licence

- Does the licence cover all the users who might reasonably be expected to use the software (for example, subsidiaries, associated companies, facilities management companies)?
- Does the licence contain restrictions on the uses to which the software might be put (for example, if it is only for the benefit of a named company) or on the manner of its use (for example, if it is only for use on a particular computer processing unit (CPU) or at a particular site)? If so, are these acceptable to the service?
- Is the term of the licence satisfactory?
- Are there commercial reasons for seeking restrictions on the extent to which the supplier may permit the software (or similar software) to be used by others?

(Note that licences that refer to hardware have sometimes produced results that are uncertain and unwelcome (from the service's point of view) when they have been applied to multiple-core servers and virtualised environments.)

Clear drafting of licence scope is key. The move to the cloud, APIs & interoperable systems makes clearly drafted licence scope terms critical.

Maintenance obligations

- Are maintenance obligations clearly defined? If different priority is to be given to different categories of fault, does the suggested prioritisation reflect the relative commercial significance of the faults to the user? Are the suggested response times and "times to fix" satisfactory? Can the support be given in all necessary languages at all necessary locations?
- If the supplier can terminate its maintenance obligations on notice, consider the effects of such termination. Can the user obtain satisfactory maintenance from a third party?

Fees

- Are the provisions as to licence fees clear and fair? Has best advantage been taken of any discount or "bundling" offered by the supplier? Does the agreement set out how any additional fees will be calculated if the service's use of the software changes (for example, by increasing the number of software users or sites)?
- Are the provisions as to maintenance fees clear and fair? Is third-party maintenance available and, if so, would it offer better value?
- To what extent are upgrades included in the licence and/or maintenance package? To what extent is continued maintenance dependent on the purchase of upgrades at additional cost (how

many versions of the software does the supplier or maintenance company support)?

Rights to back-up, alter and maintain

- Does the licence allow the user to make copies of the software for back-up, testing or other purposes?
- Does the licence include the right for users (and consultants and others engaged or employed by users) to alter or maintain the software? If so, do they have appropriate access to the source code and any necessary tools?
- If the terms of access to the source code are covered by an escrow agreement, is the escrow agent reliable and are the conditions for release of the software clear and easily enforceable? Will the source code be kept up to date?

Delivery, installation and testing

- In what form is the software to be delivered (for example, on disc, CD-ROM or electronically) and when?
- Determine responsibility for installation.
- Obtain an acknowledgement from the supplier that any hardware or associated items which the service is purchasing for use in conjunction with the software are satisfactory for the performance of the software in accordance with its specification.
- Will the software be tested before acceptance? If so:
 - is the service clear what will constitute success: that is, are the service's requirements well understood and will the proposed testing regime ensure that they have been met?
 - do the proposed tests cover "real life" use; for example, will they accurately demonstrate the way the software will perform in the environment in which it is intended to function and with the volumes it is intended to handle?

Warranties and indemnities

- Expect as a minimum:
 - a warranty as to the licensor's right to grant the licence (see Validity of Licence) and an indemnity against third party claims;
 - a warranty as to the conformity of the software with its specification or description.
- Consider the need for specific warranties on other matters (such as in relation to euro compliance).
- Has the service secured an indemnity against losses arising from claims that its use of the software infringes the intellectual property rights of a third party?

Other terms

Consider carefully the effect of other terms dealing with:

- Confidentiality
- GDPR
- Dispute resolution
- Limitation of liability
- Termination and remedies
- Assignment
- Third party rights
- Boilerplate

This page is intentionally left blank

Appendix 2 - Contract Management Plan Template

1.1 Owners / Key Representatives

Nominated Contact	Role
	Supplier Contract Manager
	Service Contract Manager

1.2 Level of Management required

To determine whether the level of management required for a specific contract and supplier should be **HIGH / MEDIUM /LOW**. The assessment considers the potential impact on business based on criticality, dependency and the number of expected customers.

1.3 Contract Objectives

1.4 Performance Management Framework

1.5 Mobilisation Plan

1.6 Migration Plan

1.7 Contract Compliance

1.8 Escalation & Change Control Process

Supplier	Contracting Authority / Service

1.9 Exit Plan

Agenda Item 8

Appendix C

--

1.10 Review Meetings

Proposed Dates	Actual Dates

1.11 Issues / Risks

Issue Ref	Issue	Responsibility	Resolution	Date
Risk Ref	Risk	Responsibility	Mitigation	Date

Appendix 3 - Contract Variation Form Template

Change Request Form	
Change Request No:	Supplier:
Requested by:	Date received:
Item (s) affected:	Issue affected:
Description of Change:	
Reason for Change:	
Effect of not implementing change:	
Analysis results:	
Resource:	Time:
Value change / Price modification:	
Implementation timescale:	
Agreed action: Accept / Reject	
Authorised by:	
Signed:.....(For SDC) Date.....	
Signed:.....(Supplier) Date.....	
Reason for Rejection:	

This page is intentionally left blank

Appendix 4 - Contract Extension Form Template

This template should be completed to demonstrate how the proposal meets business need, is affordable, achievable, has explored the appropriate options and is likely to achieve value for money/improvements in service.

Proposer Name	Service Area

Title	Role

Contract Name and Ref	Service Provider	Value to Date

Contract Type (Goods, Services or Works)	Procurement Route	Contract Start Date

Extension Period and Value	Start Date	End Date

2. Proposal

Give a brief description of the proposal

This section captures, as clearly and succinctly as possible, what it is that's being proposed.

3. Business Need

Give a brief description of the business need that gives rise to this proposal

This section captures, as clearly and succinctly as possible, the need/gap/issue that gives rise to this proposal.

4. Options

Give a brief description of the options considered, their strengths and weaknesses, and highlight your recommended option (include the option of doing nothing)

- Option 1 – Do Nothing**

Strengths of option	Weaknesses of option

- Option 2 –**

Strengths of option	Weaknesses of option

Agenda Item 8

Appendix C

- **Option 3 –**

Strengths of option	Weaknesses of option

5. Performance

Performance measured against Key Performance Indicators (KPI's). Customer and Client satisfaction.

This section captures, as clearly and succinctly as possible, the performance that gives rise to this proposal. Refer to any background papers which support this proposal.

6. Risks

What key risks are involved in implementing the proposal and how will they be managed?

Risk	How it will be managed

7. Lifetime Costs

What are the costs to implement and run this contract over extension period? Assume 5 years if no clearer duration is available.

Procured Value	Spend To Date	Year 1	Year 2	Year 3	Year 4	Year 5
TOTAL						

Authorising Officer (HOS/Director)		Comments	Date
Name:			
Signature:			
In Support of Extension	Yes/No		
Officer Delegation Scheme where applicable Please state relevant paragraph and page no. of the Constitution or Council / Committee Decision or Authorising Office			

Authorising Officer (HOS/Director)		Comments	Date
Name:			
Signature:			
In Support of Extension	Yes/No		

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

TUESDAY, 30 NOVEMBER 2021

Report Title	EXTERNAL AUDIT PROCUREMENT			
Purpose of Report	To agree the arrangements for the provision of external auditors to review the Council's Statement of Accounts and Value for Money Arrangements.			
Decision(s)	<p>The Committee RECOMMENDS to Council that:</p> <p>a. The Council again becomes a member of the PSAA scheme for the appointment of external auditors for the five years from April 1st 2023</p> <p>b. Authority is delegated to the Strategic Director of Resources to accept the PSAA invitation and to complete the appointment process as necessary.</p>			
Consultation and Feedback	Chair of Audit and Standards Committee, and the Chief Executive			
Report Author	Andrew Cummings, Strategic Director of Resources Email: andrew.cummings@stroud.gov.uk			
Options	Council could choose not to join the PSAA scheme and carry out an individual procurement process			
Background Papers	None			
Appendices	Appendix A – PSAA Prospectus			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	No	No

1. INTRODUCTION / BACKGROUND

- 1.1** Under the Local Audit and Accountability Act 2014, the Council must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.
- 1.2** These regulations cover the audit of the Statement of Accounts and of the Council's value for money arrangements. It does not relate to internal audit provision which are covered under separate regulations.
- 1.3** The Local Audit (Appointing Person) Regulations 2015 make provision for the Secretary of State to nominate a "Specified Person" to appoint auditors on behalf of Local Authorities and to set scale fees for the cost of External Audits.

Agenda Item 9

- 1.4 Since the inception of these arrangements the role of the “Specific Person” has been taken on by “Public Sector Audit Appointments” (PSAA). PSAA are a not-for-profit, independent company limited by guarantee, incorporated by the Local Government Association in 2014. Stroud District Council has been an opted in authority for the purposes of the PSAA arrangements and participated in the National Scheme. Over 98% of eligible bodies opted into the new arrangements when they were first introduced.
- 1.5 The appointed auditor for SDC under these arrangements has been Deloitte LLP. Deloitte have carried out the audits since the 2018/19 financial year and report regularly to the Audit and Standards Committee.
- 1.6 These arrangements are now coming to end with the final year covered being 2022/23, and the Council must now decide as to how to proceed with future auditor appointments to cover the period from April 1st 2023.

2. FUTURE ARRANGEMENTS

- 2.1 An invitation has been received from the PSAA, inviting SDC to again become an opted in authority for the next five-year period. In order to be considered as an opted in Authority for the new arrangements, SDC would have to make an application by 11th March 2022.
- 2.2 The last few years have undoubtedly been difficult for the Local Authority audit market. The combination of increasing requirements on Auditors, resourcing issues and the Covid market have led to a significant increase in numbers of audits which are not signed by the deadline in the regulations. This has been the case at SDC for the audits of both the 2019/20 and 2020/21 financial years.
- 2.3 In spite of these challenges, it has been of benefit for us to be part of the existing National Scheme. The procurement was carried out on our behalf, and PSAA work to agree “scale fees” which are the base fee for each year’s audit. Where auditors request additional fees as a result of work carried out these have to be approved by the PSAA as procuring body.
- 2.4 As a small authority there are clear benefits to SDC again joining the national led scheme through the PSAA. The relatively small scale of the audit requirements at this Council are unlikely to generate any savings through a single authority procurement process, rather than joining a sector led scheme which will have considerable economies of scale. There are also advantages in making use of the oversight and expertise which the PSAA would bring to the process.
- 2.5 Correspondence has been received from the LGA expressing their view that the National Framework scheme remains the best option for Councils, and indeed that the reasons for Council’s to act collaboratively are more compelling than when Councils were last asked to make the choice.
- 2.6 Regulations require that the decision on whether to be an opted-in authority or not is made by full Council. As the body responsible for overseeing the External Audit process the Audit and Standards Committee is asked to make a recommendation on to Council.
- 2.7 The PSAA have put together a full prospectus for the national scheme and this is included for information at Appendix A.

3. CONCLUSION

- 3.1 It is recommended that Stroud District Council again opt-in to the national procurement arrangements for external audit. There are clear benefits of joining a sector-led collaborative scheme. This in terms of the resourcing required for the procurement and management of the contract, as well as the expertise and opportunity that is offered by being part of an independent oversight process.

4. IMPLICATIONS

4.1 Financial Implications

It is not possible at that stage to determine the cost of external audit under the new arrangements as the PSAA procurement process is not expected to start until February 2022.

The PSAA scale fee is highly likely to be lower than any fee secured through an individual procurement process.

When known, the new cost of External Audit will be included in the budget setting process for 2023/24 in the usual way.

Andrew Cummings, Strategic Director of Resources
Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 and this gives the Secretary of State the ability to enable a sector - led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person. As set out in the report, the current arrangements with the PSAA come to an end at the end of this financial year and the Council has received an invitation to join the scheme for the next five years.

One Legal
Tel: 01684 272203 Email: legalservices@onelegal.org.uk

4.3 Equality Implications

An EIA is not required because there are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.

This page is intentionally left blank



PROSPECTUS

The national scheme for local auditor appointments

All eligible bodies

September 2021

www.psaa.co.uk

About PSAA

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts we enter into with the audit firms.

Contents

About PSAA.....	2
Introduction.....	4
Audit does matter.....	5
Context: changes in the audit market.....	5
Responding to the post-2018 pressures	7
PSAA is well placed to lead the national scheme.....	9
PSAA's commitments	11
Procurement Strategy	12
Response to consultation feedback	13
Eligible Principal Bodies in England.....	16
Annex - Procurement Options.....	18

Agenda Item 9

Appendix A

Introduction

PSAA has issued its formal invitation to all eligible bodies to opt into the national scheme for local auditor appointments for the second appointing period, which will provide external audit arrangements for the period commencing from the financial year 2023/24.

This prospectus is published to provide details of the national scheme and to assist eligible bodies in deciding whether or not to accept PSAA's invitation. The scheme has been shaped by [your feedback to the June 2021 consultation](#) on our draft prospectus. The key areas of our approach that have been refined in response to consultation feedback are set out later in this prospectus.

In relation to appointing auditors, eligible bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the members of an authority meeting as a whole, i.e. in Full Council, except where the authority is a corporation sole, such as a police and crime commissioner, in which case this decision must be taken by the holder of that office.

An eligible body that has decided to join the scheme must inform PSAA by returning the Form of Acceptance Notice (issued with the opt-in invitation) **no later than midnight on Friday 11 March 2022**.

An eligible body that does not accept the opt-in invitation but subsequently wishes to join the scheme may apply to opt in only after the appointing period has commenced, that is on or after 1 April 2023. In accordance with the regulations, as the appointing person, PSAA must: consider a request to join its scheme; agree to the request unless it has reasonable grounds for refusing it; and notify the eligible body within four weeks of its decision with an explanation if the request is refused. Where the request is accepted, PSAA may recover its reasonable costs for making arrangements to appoint a local auditor from the opted-in body.

Audit does matter

The purpose of audit is to provide an independent opinion on the truth and fairness of the financial statements, whether they have been properly prepared and to report on certain other requirements. In relation to local audit the auditor has a number of distinctive duties including assessing the arrangements in place to deliver value for money, and dealing with electors' objections and issuing public interest reports.

Good quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

“The LGA set up PSAA to provide a way for councils to meet the legislative requirements of audit procurement without unnecessary bureaucracy and to provide leverage for councils by collaborating in a difficult market. It is now more important than ever that councils work together to ensure we get what we need from the audit market.”

James Jamieson. Chairman of the Local Government Association

Context: changes in the audit market

In 2014 when the Local Audit and Accountability Act received Royal Assent the audit market was relatively stable. In 2017 PSAA benefitted from that continuing stability. Our initial procurement on behalf of more than 480 bodies (98% of those eligible to join the national scheme) was very successful, attracting very competitive bids from firms. As a result, we were able to enter into long term contracts with five experienced and respected firms and to make auditor appointments to all bodies. However, although we did not know it at the time, this was the calm before the storm.

2018 proved to be a very significant turning point for the audit industry. A series of financial crises and failures in the private sector gave rise to questioning about the role of auditors and the focus and value of their work. In rapid succession the Government commissioned four independent reviews, all of which have subsequently reported:

- Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
- the Competition and Markets Authority review of the audit market;
- Sir Donald Brydon's review of the quality and effectiveness of audit; and
- Sir Tony Redmond's review of local authority financial reporting and external audit.

Agenda Item 9

Appendix A

In total the four reviews set out more than 170 recommendations which are now at various stages of consideration by Government with the clear implication that a series of significant reforms could follow. Indeed, in some cases where new legislation is not required, significant change is already underway. A particular case in point concerns the FRC, where the Kingman Review has inspired an urgent drive to deliver rapid, measurable improvements in audit quality. This has already created a major pressure for firms and an imperative to ensure full compliance with regulatory requirements and expectations in every audit they undertake.

By the time firms were conducting 2018/19 local audits, the measures which they were putting in place were clearly visible in response to a more focused regulator that was determined to achieve change. In order to deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain higher levels of assurance. However, additional work requires more time, posing a threat to firms' ability to complete all of their audits by the target date for publication of audited accounts (then 31 July) - a threat accentuated by growing recruitment and retention challenges, the complexity of local government financial statements, and increasing levels of technical challenges as bodies explored innovative ways of developing new or enhanced income streams to help fund services for local people.

This risk to the delivery of timely audit opinions first emerged in April 2019 when one of PSAA's contracted firms flagged the possible delayed completion of approximately 20 audits. Less than four months later, all firms were reporting similar difficulties, resulting in more than 200 delayed audit opinions.

2019/20 audits have presented even greater challenges. With Covid-19 in the mix both finance and audit teams have found themselves in uncharted waters. Even with the benefit of an extended timetable targeting publication of audited accounts by 30 November, more than 260 opinions remained outstanding. The timeliness problem is extremely troubling. It creates disruption and reputational damage for affected parties. There are no easy solutions, and so it is vital that co-ordinated action is taken across the system by all involved in the accounts and audit process to address the current position and achieve sustainable improvement without compromising audit quality. PSAA is fully committed to do all it can to contribute to achieving that goal.

Delayed opinions are not the only consequence of the regulatory drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been received than in prior years and audit costs have increased.

None of these problems are unique to local government audit. Similar challenges have played out throughout other sectors where, for example, increased fees and disappointing responses to tender invitations have been experienced during the past two years.

All of this paints a picture of an audit industry under enormous pressure, and of a local audit system which is experiencing its share of the strain and instability as impacts cascade down to the frontline of individual audits. We highlight some of the initiatives which we have taken to try to manage through this troubled post-2018 audit era in this prospectus.

We look forward to the challenge of getting beyond managing serial problems within a fragile system and working with other local audit stakeholders to help design and implement a system which is more stable, more resilient, and more sustainable.

Responding to the post-2018 pressures

MHCLG's¹ Spring statement proposes changes to the current arrangements. At the time of writing, a formal consultation on the proposals in the Spring statement is underway and is due to close on 22 September 2021. The significant work to reform audit in the wake of the four independent reviews is underway. Further wide-ranging change is almost certain to occur during the next few years, and is very likely to have an impact during the appointing period that will commence in April 2023. Organisations attempting to procure audit services of an appropriate quality during this period are likely to experience markedly greater challenges than pre-2018.

Local government audit will not be immune from these difficulties. However, we do believe that PSAA's national scheme will be the best option to enable local bodies to secure audit services in a very challenging market. Firms are more likely to make positive decisions to bid for larger, long term contracts, offering secure income streams, than they are to invest in bidding for a multitude of individual opportunities.

We believe that the national scheme already offers a range of benefits for its members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency and value for money;
- on-going management of any independence issues which may arise;
- access to a dedicated team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members;
- collective savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- a sector-led collaborative scheme supported by an established advisory panel of sector representatives to help inform the design and operation of the scheme;

¹ Immediately prior to the publication of this document it was announced that MHCLG has been renamed to Department for Levelling Up, Housing and Communities (DLUHC). The document refers to the department as MHCLG.

Agenda Item 9

Appendix A

- avoiding the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- providing regular updates to Section 151 officers on a range of local audit related matters and our work, to inform and support effective auditor-audited body relationships; and
- concerted efforts to develop a more sustainable local audit market.

The national scheme from 2023/24 will build on the current scheme having listened to the feedback from scheme members, suppliers and other stakeholders and learning from the collective post-2018 experience.

Since 2018 we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties including:

- commissioning an independent review undertaken by Cardiff Business School of the design of the scheme and implementation of our appointing person role to help shape our thinking about future arrangements;
- commissioning an independent review by consultancy firm Touchstone Renard of the sustainability of the local government audit market, which identified a number of distinctive challenges in the current local audit market. We published the report to inform debate and support ongoing work to strengthen the system and help to deliver long term sustainability;
- proactively and constructively engaging with the various independent reviews, including the significant Redmond Review into Local Authority Financial Reporting and External Audit;
- working with MHCLG to identify ways to address concerns about fees by developing a new approach to fee variations which would seek wherever possible to determine additional fees at a national level where changes in audit work apply to all or most opted-in bodies;
- establishing the Local Audit Quality Forum, which has to date held five well attended events on relevant topics, to strengthen engagement with Audit Committee Chairs and Chief Finance Officers;
- using our advisory panel and attending meetings of the various Treasurers' Societies and S151 officer meetings to share updates on our work, discuss audit-related developments, and listen to feedback;
- maintaining contact with those registered audit firms that are not currently contracted with us, to build relationships and understand their thinking on working within the local audit market;
- undertaking research to enable a better understanding of the outcomes of electors' objections and statements of reasons issued since our establishment in April 2015; and
- sharing our experiences with and learning from other organisations that commission local audit services such as Audit Scotland, the NAO, and Crown Commercial Services.

Agenda Item 9

Appendix A

As a member of the newly formed Local Audit Liaison Committee (established by MHCLG as outlined in its Spring statement), we are working closely with a range of local audit stakeholders including MHCLG, FRC, NAO, ICAEW, CIPFA and the LGA to help identify and develop further initiatives to strengthen local audit. In many cases desirable improvements are not within PSAA's sole gift and, accordingly, it is essential that this work is undertaken collaboratively with a common aim to ensure that local bodies continue to be served by an audit market which is able to meet the sector's needs and which is attractive to a range of well-equipped suppliers.

One of PSAA's most important obligations is to make an appropriate auditor appointment to each and every opted-in body. Prior to making appointments for the second appointing period, commencing on 1 April 2023, we plan to undertake a major procurement enabling suppliers to enter into new long term contracts with PSAA.

In the event that the procurement fails to attract sufficient capacity to enable auditor appointments to every opted-in body or realistic market prices, we have fallback options to extend one or more existing contracts for 2023/24 and also 2024/25.

We are very conscious of the value represented by these contract extension options, particularly given the current challenging market conditions. However, rather than simply extending existing contracts for two years (with significant uncertainty attaching to the likely success of a further procurement to take effect from 1 April 2025), we believe that it is preferable, if possible, to enter into new long term contracts with suppliers at realistic market prices to coincide with the commencement of the next appointing period.

MHCLG has recently undertaken a consultation proposing amendments to the Appointing Person Regulations. We have set the length of the next compulsory appointing period to cover the audits of the five consecutive financial years commencing 1 April 2023.

PSAA is well placed to lead the national scheme

As outlined earlier, the past few years have posed unprecedented challenges for the UK audit market. Alongside other stakeholders PSAA has learned a great deal as we have tried to address the difficulties and problems arising and mitigate risks. It has been a steep learning curve but nevertheless one which places us in a strong position to continue to lead the national scheme going forward. MHCLG's Spring statement confirmed Government's confidence in us to continue as appointing person, citing our strong technical expertise and the proactive work we have done to help to identify improvements that can be made to the process.

The company is staffed by a team with significant experience of working within the context of the regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees. All of these roles are undertaken with a detailed, ongoing, and up-to-date understanding of the distinctive context and challenges facing

Agenda Item 9

Appendix A

both the sector and a highly regulated service and profession which is subject to dynamic pressures for change. Where appropriate we have worked with MHCLG to change our regulations where they are preventing efficiency.

We believe that the national collective, sector-led scheme stands out as the best option for all eligible bodies - especially in the current challenging market conditions. It offers excellent value for money and assures the independence of the auditor appointment.

Membership of the scheme will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. Assuming a high level of participation, the scheme can make a significant contribution to supporting market sustainability and encouraging realistic prices in a challenging market.

The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the NAO²), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements.

The scope of public audit is wider than for private sector organisations. For example, for 2020/21 onwards it involves providing a new commentary on the body's arrangements for securing value for money, as well as dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports.

Auditors must be independent of the bodies they audit to enable them to carry out their work with objectivity and credibility, and to do so in a way that commands public confidence. We will continue to make every effort to ensure that auditors meet the relevant independence criteria at the point at which they are appointed, and to address any identified threats to independence which arise from time to time. We will also monitor any significant proposals for auditors to carry out consultancy or other non-audit work with the aim of ensuring that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditor to bodies involved in formal collaboration/joint working initiatives, if the parties consider that a common auditor will enhance efficiency and value for money.

² MHCLG's Spring statement proposes that overarching responsibility for the Code will in due course transfer to the system leader, namely ARGAs, the new regulator being established to replace the FRC.

PSAA's commitments

PSAA will contract with appropriately qualified suppliers

In accordance with the 2014 Act, audit firms must be registered with one of the chartered accountancy institutes - currently the Institute of Chartered Accountants in England and Wales (ICAEW) - acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will then be subject to inspection by either or potentially both the RSB and the FRC. Currently there are fewer than ten firms registered to carry out local audit work.

We will take a close interest in the results of RSB and FRC inspections and the subsequent plans that firms develop to address any areas in which inspectors highlight the need for improvement. We will also focus on the rigour and effectiveness of firms' own internal quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. To help inform our scrutiny of both external inspections and internal quality assurance processes, we will invite regular feedback from both audit committee chairs and chief finance officers of audited bodies.

PSAA will support market sustainability

We are very conscious that our next procurement will take place at a very difficult time given all of the fragility and uncertainties within the external audit market.

Throughout our work we will be alert to new and relevant developments that may emerge from the Government's response to the Kingman, CMA and Brydon Reviews, as well as its response to the issues relating specifically to local audit highlighted by the Redmond Review. We will adjust or tailor our approach as necessary to maximise the achievement of our procurement objectives.

A top priority must be to encourage market sustainability. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work which suppliers must undertake, firms will be informed as to which developments should be priced into their bids. Other regulatory changes will be addressed through the fee variation process, where appropriate in the form of national variations.

PSAA will offer value for money

Audit fees must ultimately be met by individual audited bodies. The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies.

We believe that the most likely way to secure competitive arrangements in a suppliers' market is to work collectively together as a sector.

Agenda Item 9

Appendix A

We will seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies. We will also continue to seek to minimise our own costs (which represent approximately 4% of overall scheme costs). We are a not-for-profit company and any surplus funds will be returned to scheme members. For example, in 2019 we returned a total £3.5million to relevant bodies and, more recently, we announced a further distribution of £5.6m in August 2021.

We will continue to pool scheme costs and charge fees to opted-in bodies in accordance with our published fee scale as amended from time to time following consultations with scheme members and other interested parties. Pooling is a key tenet of the national collective scheme.

Additional fees (fee variations) are part of the statutory framework. They only occur if auditors are required to do substantially more work than anticipated, for example, if local circumstances or the Code of Audit Practice change or the regulator (the FRC) increases its requirement on auditors.

Audit developments since 2018 have focused considerable attention on audit fees. The drive to improve audit quality has created significant fee pressures as auditors have needed to extend their work to ensure compliance with increased regulatory requirements. Changes in audit scope and technical standards, such as the requirement in the new Code of Audit Practice 2020 for the auditor to provide a VFM arrangements commentary, have also had an impact. Fees are rising in response to the volume of additional audit work now required.

The outcome is awaited of MHCLG's recent consultation on changes to the regulations, designed to provide the appointing person with greater flexibility to allow a fee scale to be set during the audit year (rather than before it starts). If implemented, these changes will enable approved recurring fee variations to be baked into the scale fee at an earlier date so the scale fees are more accurate and the volume of fee variations is reduced.

It is important to emphasise that by opting into the national scheme you have the reassurance that we review and robustly assess each fee variation proposal in line with statutory requirements. We draw on our technical knowledge and extensive experience in order to assess each submission, comparing with similar submissions in respect of other bodies/auditors before reaching a decision.

Procurement Strategy

Our [procurement strategy](#) sets out the detail and scope of the procurement to deliver contracts from which the auditor appointments will be made for eligible bodies that decide to accept the invitation to opt into PSAA's scheme.

Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

We expect to initiate a new procurement for audit services in February 2022 and, subject to a satisfactory outcome, to award contracts in August 2022. Subject to consultations with opted-in bodies and audit firms, we plan to make auditor appointments by 31 December 2022 (as required by the regulations).

Response to consultation feedback

PSAA consulted with eligible bodies and other stakeholders on our draft prospectus for the national scheme for local auditor arrangements from April 2023, and with the audit services market on important features of its procurement strategy. The insight provided from both these important consultations has helped to shape the arrangements that PSAA will implement from 2023/24. Key areas are highlighted below.

Evolution of the Local Audit Framework

The consultation responses highlight the need for system-wide change. In many areas it is not within PSAA's remit to effect the significant change required.

The newly formed Local Audit Liaison Committee (as outlined in MHCLG's Spring statement), has enabled PSAA to highlight the need for a range of actions to tackle the identified issues that are essential to support a more stable, more resilient, and more sustainable local audit system. Sometimes the actions can be taken by individual organisations, but more frequently responsibility lies collectively across the system. The Liaison Committee and its members are now taking actions forward, including:

- All stakeholders to communicate the importance of audit timeliness as a consistent message to audit firms;
- PSAA to work with the FRC to develop the approach to quality evaluation of tenders;
- MHCLG and other stakeholders to understand the extent of potential increased audit costs for all eligible bodies and to consider how these might be met;
- All stakeholders to consider ways in which to attract new entrants (firms and Key Audit Partners) into the market;
- Central government departments to provide clarity on the direction of local audit policy to inform firms' consideration ahead of next procurement;
- The NAO and FRC to work together to consider how they can provide clarity about the future direction of the Code of Audit Practice to firms ahead of the next procurement; and
- MHCLG, CIPFA and the LGA to consider how to support finance departments with accounting and audit requirements.

Agenda Item 9

Appendix A

In the vast majority of the areas consulted on which were within PSAA's remit, responses were supportive of our proposals for the national scheme from 2023/24 which is very encouraging. Areas where we have revisited and evolved our approach are highlighted below.

Minimum Audit Fees

Audit fees are rising in all sectors in response to increased regulatory requirements for audit quality and changes in audit scope and technical standards. Striving to ensure realistic fee levels is a vital prerequisite to achieving a more sustainable and stable local audit market.

Where individual audits currently attract scale fees that do not cover the basic costs of the audit work needed for a Code-compliant audit, we propose to implement a minimum fee level at the start of the next appointing period, for the audit of the 2023/24 accounts. Our independent research indicates a minimum fee level of £31,000 should apply, based on the 2020/21 scope of audit work, to any opted-in body (a police and crime commissioner and a chief constable constitute one body for this purpose).

We cannot anticipate scale fees for the next appointing period at this stage, because they will depend on the prices achieved in the procurement and any changes in audit requirements. Where any price increase means that the scale fee for a body does not reach the floor set by the minimum fee, the fee for that body would increase to reach the minimum level. It is likely, given current expectations, that the introduction of a minimum fee specifically would lead to an increase in fees for a relatively small number of local bodies. PSAA consults each year on the fee scale and will consult in 2023 on the 2023/24 fee scale.

Introducing a minimum fee is a one-off exercise designed to improve the accuracy of the fee scale for the next appointing period. Fee variations would continue to apply where the local circumstances of an audited body require additional audit work that was not expected at the time the fee scale was set.

Standardised fee variations

Current local audit regulations allow PSAA to approve fee variation requests only at individual bodies, for additional audit requirements that become apparent during the course of an audit year. MHCLG has announced the intention to amend the regulations, following a consultation, to provide more flexibility. This would include the ability for PSAA to approve standardised fee variations to apply to all or groupings of bodies where it may be possible to determine additional fees for some new requirements nationally rather than for each opted-in body individually. Where it is possible to do this, it would have the effect of reducing the need for local fee variations.

Approach to social value in the evaluation of tenders

We plan to retain our original proposal of a 5% weighting but to broaden the criteria by asking bidders to describe the additional social value they will deliver from the contract, which could include the creation of audit apprenticeships and meaningful training opportunities. Bidders will also be asked to describe how their delivery of social value will be measured and evidenced.

Contract Management

The quality of the audit services received by opted-in bodies is very important to both the bodies themselves and to PSAA. Our intention is therefore to focus a significant majority of the quality assessment of tender submissions on resourcing, capacity and capability (including sector knowledge) and on client relationship management and communication. Correspondingly, we intend to apply a lesser weighting to those criteria that are regularly assessed by the regulator. We will seek the views of the regulator in developing the detail of our approach.

We will also review the contract terms used in 2017 ahead of the next procurement of audit services. In particular we will consider the potential to introduce enhanced performance management arrangements aligned to the greater emphasis on quality within the tender evaluation process. Any such revision must ensure continued compliance with the FRC's Ethical Standard which prevents audit fees from being "*calculated on a predetermined basis relating to the outcome or result of a transaction, or other event, or the result of the work performed*".

Information and Communication

Following the success of the webinars held to support the recent consultation, PSAA will be running a series of webinars starting in October 2021. The webinars will provide eligible bodies with the opportunity to hear and ask questions about specific areas of scheme arrangements and PSAA's work, and our progress to prepare for the second appointing period. Details of the [webinar series](#) can be found on our website.

Agenda Item 9

Appendix A

Eligible Principal Bodies in England

The following bodies are eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils
- metropolitan borough councils
- London borough councils
- unitary councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area
- chief constables for an area
- national park authorities for a national park
- conservation boards
- fire and rescue authorities
- waste authorities
- the Greater London Authority and its functional bodies
- any smaller bodies whose expenditure in any year exceeds £6.5m (e.g. Internal Drainage Boards) or who have chosen to be a full audit authority (Regulation 8 of Local Audit (Smaller Authorities) Regulations 2015).

Board Members

Steve Freer (Chairman)

Keith House

Caroline Gardner CBE

Marta Phillips OBE

Stephen Sellers

PSAA Board members bring a wealth of executive and non-executive experience to the company. Areas of particularly relevant expertise include public governance, management and leadership; local government and contract law; and public audit and financial management.

Further information about PSAA's Board can be found at <https://www.psaa.co.uk/about-us/who-we-are/board-members/>

Senior Executive Team

Tony Crawley, Chief Executive

Sandy Parbhoo, Chief Finance Officer

Andrew Chappell, Senior Quality Manager

Julie Schofield, Senior Manager Business & Procurement

Within the PSAA senior executive team there is extensive and detailed knowledge and experience of public audit, developed through long standing careers either as auditors or in senior finance and business management roles in relevant organisations.

Further information about PSAA's senior team can be found at <https://www.psaa.co.uk/about-us/who-we-are/executive-team/>

Annex - Procurement Options

Our Preferred Option

A 5 year contract with the fallback of the right to extend one or more of the current contracts if there are insufficient or unaffordable bids.

Other Options Considered and Rejected

Option 1

Extending the existing contracts for 2 years and deferring the procurement. We want to secure 5 year contracts if we can because we believe this option is more attractive to the market.

Option 2

A 5 year contract with a commitment not to extend the existing contracts. We need the back stop of the right to extend the existing contracts if there are insufficient bids to allow us to make auditor appointments to all opted in bodies or if any of the bids received propose unacceptable prices.

Option 3

A 5 year contract with pre-determined prices for years 1 and 2 thereby avoiding the need for firms to price in the value of the right to extend the existing contracts. We believe such an arrangement will be unattractive to the market. Firms should be able to offer their own prices for years 1 and 2.

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

30 NOVEMBER 2021

Report Title	MEMBERS CODE OF CONDUCT - GIFTS AND HOSPITALITY			
Purpose of Report	The Audit and Standards Committee is asked to consider the addition of a reference to 'Gifts and Hospitality' in the Members Code of Conduct, as recommended by the Constitution Working Group and recommend to Council accordingly.			
Decision(s)	The Committee RECOMMENDS to Council that the Code of Conduct be amended to include the reference to Gifts and Hospitality as set out in this report.			
Consultation and Feedback	The Constitution Working Group has considered this issue and agreed the recommended addition to the Code of Conduct for submission to Council.			
Report Author	Stephen Taylor, Interim Monitoring Officer Email: Stephen.Taylor@stroud.gov.uk			
Options	Council can agree the recommendation or amend the recommendation. It can also ask the Constitution Working Group to re-consider this issue.			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	Yes	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 On the 21st October 2021, Council considered a report from the interim Monitoring Officer relating to a review of the Constitution. For background, the report can be accessed [here](#).
- 1.2 One of the matters referred to in the report related to the addition of a reference to 'Gifts and Hospitality' in the Members Code of Conduct and Council noted that the Audit and Standards Committee will be asked to consider this at its next meeting.

2. MAIN POINTS

- 2.1 When the Code of Conduct was last reviewed, specific provision for gifts and hospitality were not included. Therefore, the Constitution Working Group has recommended that the Code of Conduct should be amended with the addition of the following text at new Paragraph:

Agenda Item 10

3.11 *Members will not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on their part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.*

3.11.1 *Members will register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.*

3.11.2 *Members will register with the Monitoring Officer any significant gift or hospitality that they have been offered but have refused to accept.*

2.2 The reason why this matter has come before this Committee is that under the Constitution, the Audit and Standards Committee are:

- To be responsible, in consultation with the Monitoring Officer, for all matters relating to the Members Code of Conduct,
- To advise the Council on any amendment or revision of the Code.

2.3 On that basis, the Audit and Standards Committee are asked to consider this addition to the Members Code of Conduct and recommend to Council accordingly.

3. IMPLICATIONS

3.1 Financial Implications

There are no financial implications arising from this decision.

Andrew Cummings Strategic Director of Resources

Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

3.2 Legal Implications

The council has a duty under section 27 of the Localism Act 2011 to promote and maintain high standards of conduct by its members and to adopt a Code of Conduct that is consistent with the Nolan Principles. The insertion of this additional provision will provide further guidance to members on dealing with gifts and hospitality.

One Legal

Tel: 01684 272203 Email: legalservices@onelegal.org.uk

3.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

3.4 Environmental Implications

There are no significant implications within this category.

STROUD DISTRICT COUNCIL**AUDIT AND STANDARDS COMMITTEE****30 NOVEMBER 2021****WORK PROGRAMME**

Meeting Date	Report Description	Responsible Officer / Member
8 February 2022	Standing Items a. To consider the work programme for 2021/22. b. To consider any Risk Management issues.	Members
	Review of the Effectiveness of the Audit and Standards Committee	Group Manager
	Internal Audit Activity Progress Report 2021/22.	Chief Internal Auditor
	Annual Governance Statement 2020/21	Chief Internal Auditor
	Treasury Strategy	Principal Accountant
26 April 2022	Standing Items a. To consider the work programme for 2021/22. b. To consider any Risk Management issues.	Members
	Risk Based Internal Audit Plan 2022/23	Group Manager
	Internal Audit Activity Progress Report 2021/22.	Chief Internal Auditor
	Annual Report of the Audit and Standards Committee	Chair
	Counter Fraud Unit Update and Annual RIPA/IPA Update	Counter Fraud Manager
	Final Policy for The use of internet/social media in investigations and enforcement	Counter Fraud Manager
	3 rd Quarter Treasury Management Activity Report 2021/22.	Principal Accountant

This page is intentionally left blank