

INTERNAL AUDIT PROGRESS REPORT
GEDLING BOROUGH COUNCIL

June 2021

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2020/21 and 2021/22 WORK

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2020/21 and 2021/22 internal audit plans. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2020/21 Internal Audit Plan

Fieldwork has been completed on all of the 2020/21 audit plan and we are pleased to present the following reports to this Audit Committee meeting:

- Commercialisation
- Health and Safety inc. Events
- Waste and Recycling.

We are still in the process of finalising the report for a further one which is due to be presented at the next Audit Committee:

- Taxi Licensing.

2021/22 Internal Audit Plan

The following audits have either commenced or are due to commence over the next two weeks. All are due to be presented at the next Audit Committee:

- Risk Management
- Asset Management Plan
- Housing Benefits.

REVIEW OF 2020/21 WORK

Audit Area	Audit Days	Planning	Fieldwork	Reporting	Planned Audit Committee	Opinion	
						Design	Operational Effectiveness
Budget Management and Efficiency	15	✓	✓	✓	March 2021	Substantial	Substantial
Commercialisation	15	✓	✓	✓	June 2021	Limited	Limited
Main Financial Systems inc. Payroll	18	✓	✓	✓	March 2021	Substantial	Substantial
Council Tax & NNDR	12	✓	✓	✓	November 2020	Substantial	Substantial
Health and Safety inc. Events	12	✓	✓	✓	June 2021	Moderate	Moderate
Sickness Management	12	✓	✓	✓	November 2020	Substantial	Moderate
Taxi and PHV Licensing	15	✓	✓	✓	June 2021	TBC	TBC
Cyber Risk Review	15	✓	✓	✓	March 2021	N/A - Assurance Report	
Project Management	12	✓	✓	✓	March 2021	Moderate	Moderate
Waste and Recycling	15	✓	✓	✓	June 2021	Moderate	Moderate

REVIEW OF 2021/22 WORK

Audit Area	Audit Days	Planning	Fieldwork	Reporting	Planned Audit Committee	Opinion	
						Design	Operational Effectiveness
Asset Management Plan	15	✓	✓		September 2021		
Risk Management	15	✓	✓		September 2021		
Housing Benefits	12	✓			September 2021		
IT Architecture	12				December 2021		
Regeneration (back to work initiatives)	15				December 2021		
Homelessness & Temporary Accommodation	15	✓			December 2021		
Environmental Health Services & Enforcement	15	✓			March 2022		
Main Financial Systems	15	✓			March 2022		
Procurement & Contract Management	12	✓			March 2022		
Sustainable Environment	15	✓			March 2022		

OVERVIEW OF KEY FINDINGS

Appendix 1 of this report includes the full reports from those audits finalised since the last Audit Committee. However, below details the findings classified as High or Medium in those reports.

Audit	Number of High Findings	Number of Medium Findings	Key Findings Detail
Commercialisation	1	3	<p>The market research undertaken and subsequently presented to Cabinet was insufficient, meaning cabinet were unable to effectively scrutinise the report, to ensure the Pet Cremation service was financially viable. Additionally, the original forecasting was unrealistic (e.g. assuming that the Council would take over 16% of the UK market in the first year) with subsequent year targets not taking into account previous income (Finding 1 - High)</p> <p>There are no business plans in place for either the Pet Cremation Services or the Tree Teams (Finding 2 - Medium)</p> <p>There is a lack of meaningful discussion regarding quote conversions rates and the reasons behind quotes not being accepted (Finding 3 - Medium)</p> <p>A formalised reporting structure for commercial activities has not been established to ensure robust monitoring and scrutiny of financial and operational performance (Finding 4 - Medium).</p>
Health and Safety inc. Events	0	3	<p>An action relating to a 2018/19 audit of Health and Safety still remains outstanding. It was recommended that Health and Safety maintain a central list of health and safety documentation received by the service areas when they appoint a contractor. The central contractor list remains incomplete and showed 35/63 (55%) contractor questionnaires and 54/63 (86%) of insurance documents were overdue at the time of the audit (Finding 1 - Medium)</p> <p>The Council's Car Park Policy is out of date and does not reflect current practice. In addition, there is no inspection policy for the maintenance of Council open spaces (Finding 2 - Medium)</p> <p>Five out of 20 risk assessments were reviewed between two and 18 months late, and 5/20 mitigating actions identified within the risk assessment have not been completed and signed off (Finding 3 - Medium).</p>

Waste and Recycling	0	3	<p>Risk assessments are not consistently performed for new properties before they are added to waste collection routes (Finding 1 - Medium)</p> <p>The National Indicators in place that link directly to the Council's Waste and Recycling initiatives are set below national and EU targets. The Council has consistently missed this target over the last two years, which has been reportedly due to waste and recycling contamination (Finding 2 - Medium)</p> <p>The optimisation of drivers' routes is not routinely assessed and the full capabilities of the Bartec system are not realised (Finding 3 - Medium).</p>
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KEY PERFORMANCE INDICATORS

Audit Area	Rate our understanding of the Business	Rate our communication	Rate the audit's contribution to adding value	Overall audit experience	Would you recommend BDO to others?	Any further comments
Budget Management and Efficiency						
Commercialisation						
Main Financial Systems inc. Payroll						
Council Tax & NNDR	4	5	4	5	Yes	-
Health and Safety inc. Events	3	4	3	3	Yes	I absolutely appreciate the importance and role of internal audit. I am fully committed to the actions assigned in the report. For me, it was difficult to resource the internal audit during the Covid pandemic. If the audit could have waited until a few quarters after the emergency had past, this would have allowed my service some recovery time. Unfortunately, it also did not help corresponding with three different auditors. The audit provided reassurance to the work, commitment and determination I have put into developing and improving the H&S management system. Sadly, the limitations of one officer resource is clear to see. These views are in part a reflection of my scoring feedback.
Sickness Management	4	5	5	5	Yes	A well-considered and thorough audit, well conducted. Useful comparator data included, thank you. Nothing particular to add to improve.
Taxi and PHV Licensing						
Cyber Risk Review						
Project Management	4	4	4	4	Yes	I thought overall the process was very simple and as an organisation going through changes thought we were listened to and this was taken into consideration. The only negative was the time taken to complete the audit there was a pause of several weeks. This did not however take anything away from the overall experience.

Waste and Recycling						
Average	3.75	4.5	4	4.25	N/A	N/A

As part of our continued aim to deliver exceptional client service, we request that the completion of a short satisfaction survey after each audit. Please see below with regards to scores received from the audits completed thus far. We aim to achieve a minimum of 4 on each area on a scale of 1 - 5 with 5 being excellent.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members. Topics include Finance, Covid, Health and Care, Housing and Children.

Finance

New national regulator to get powers over local government audit

A new regulator to replace the Financial Reporting Council (FRC), overseeing public and private sector auditing practices nationwide will be strengthened with powers over local government audit, the government announced today.

The new regulator, the Audit, Reporting and Governance Authority (ARGA), will contain a standalone local audit unit bringing all regulatory functions into one place to coordinate what the government described as a "new, simplified local audit framework".

The Ministry of Housing, Communities & Local Government will also set up and chair a liaison committee made up of senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively.

It comes after Sir Tony Redmond's review of local audit practices for the government last September recommended setting up such a liaison committee, as well as establishing an independent local audit regulator - the Office of Local Audit and Regulation (Olar). In its response, MHCLG agreed to consider these proposals but warned that Olar would require "significant structural reform" and it was "keen" to explore "potential alternatives".

MHCLG said today that ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now, but it will now also provide annual reports on the state of local audit and take over responsibility for the updated code of local audit practice - the guidelines councils are required to follow.

It last month announced £15m to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. It is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.

It will continue to work closely with stakeholders including local bodies and audit firms to refine proposals for around system leadership, as well as other commitments it made in response to the Redmond Review.

Rob Whiteman, the chief executive of the Chartered Institute of Public Finance and Accountancy, welcomed the news that ARGA will be the new systems leader for local audit, but expressed "concerns around audit supply and market instability".

"It is vital that any changes to the local audit system focus on these issues and emphasise the need for high quality audits in the short and longer term," Mr Whiteman said.

"Local authority accounts are vital to transparency and accountability. As with the rest of the public sector and the private sector ensuring that useful information in accounts is accessible to users is becoming increasingly difficult, the statement of accounts is often described as long and complex.



"Cipfa supports the Redmond Review recommendation for a summary statement that is able to communicate key messages to its council tax payers, service users and other key stakeholders."

MHCLG has also confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

Tony Crawley, chief executive of Public Sector Audit Appointments, said he was "very pleased" that PSAA will be carrying out the next procurement.

Covid

£340m more for Covid control in social care

The government has announced £341m more to support testing and infection control in social care settings until the end of June. But the care sector has warned that continuing uncertainty is making it impossible for councils and care providers to plan their Covid-19 response.

The funding announced by health secretary Matt Hancock yesterday includes £203m of new money for the infection control fund, and £139m for rapid testing allocated from existing Test and Trace funding. The total awarded to social care for these purposes is now about £1.6bn. Mr Hancock has also announced a further £6.6bn of NHS Covid-19 funding over the next six months. About £600m of NHS funding has been ringfenced so hospitals can "enable patients to leave hospital as quickly and as safely as possible, with the right community or at-home support". This will continue the current approach where people likely to be infectious with Covid-19 will be discharged to a 'designated setting' before moving into a care setting. A further £87m will be used to support mental health patients who are well enough to leave hospital recover in the community.

Ian Hudspeth (Con), chairman of the Local Government Association community wellbeing board, said: "It is good that the government has accepted our joint call with those who work in and use social care to extend this essential funding."

[£340m more for Covid control in social care | Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)



Health and Care

Small increase in public health budget sparks dismay

The government has announced today that councils will be allocated £3.3bn in public health grant funding for the next financial year, representing a small increase on last year at a time when public health has played an instrumental role in tackling the pandemic. The final budget is £3.324bn, a 1.4% rise from the £3.279bn that councils received last year. Every council will receive at least a 0.67% increase. The announcement keeps the chancellor's pledge in the last spending review that public health budgets would be "maintained", but has dashed the hopes of many in the sector for a more generous boost to reflect their enhanced role during the pandemic.

The LGA had called for public health funding to rise in line with the growth in overall NHS funding to at least £3.9bn a year by 2024-25.

In a written ministerial statement made this afternoon, health minister Jo Churchill said the £3.3bn is made up of grant funding from government as well as money drawn from a pilot of 100% retained business rate funding for local authorities in Greater Manchester and the baselining of local government funding for the HIV drug pre-exposure prophylaxis.

A well-placed source said the announcement was "not worth opening the champagne for" and that the new budget would mean "more uncertainty and stretched budgets" due to the continuing challenges of the pandemic. Dr Jeanelle de Gruchy, president of the Association of Directors of Public Health said: "The public health grant allocations are too little, too late. After years of cuts, and in the context of Covid-19, we are dismayed that this settlement does not reflect the immense pressures on local public health leadership and services.

"During 2021-22, local public health will continue to play a key leadership role in the management of Covid-19 as well as addressing the underlying health inequalities that have been exposed and exacerbated by the virus. "If we are serious about learning the lessons from Covid-19 then we should be investing substantially in local public health now."

In addition to the baseline budget, a further £80m is being allocated to councils for drug misuse treatment as part of a wider crime package announced in January, and £70m will be channelled through the NHS and councils to help tackle the obesity crisis.

[Small increase in public health budget sparks dismay | Local Government Chronicle \(LGC\) \(lgplus.com\)](https://www.lgplus.com/news/small-increase-in-public-health-budget-sparks-dismay/)



Housing

Homes England: limited local government capacity holding back housebuilding

Limited local government capacity to support housebuilding is hindering progress on hitting the government's target of building 300,000 homes annually, the head of Homes England's new support centre for councils has told LGC.

Deborah Ward, Director of Homes England's local government capacity centre, acknowledged that sufficient progress on the goal of 300,000 homes a year by 2024 is "not happening at the moment". She said that many councils "have real limitations" around housebuilding - "in terms of land assets that they might have, in terms of what their housing needs might be" and in areas like land value and developer confidence.



“But where you do have that ambition to build housing in a local authority, one of the things they're telling us very strongly - it's their capacity to do that that is a real limiting factor.”

She argued that many councils “don't necessarily have the critical mass” of skills within their organisation to be able to take a vision for housing “right through the whole development process - finding the right partners, land values, et cetera, to actually getting delivery”.

The capacity centre was launched this week to address this shortage, offering support such as online resources, best practice tools and a “one-stop-shop” of information on funding opportunities. It is also hosting a two-week online learning programme this June, which will include sessions for local government on brownfield sites, affordable housing and project management.

The launch follows consultation with the sector - including the Local Government Association and the Society of Local Authority Chief Executives & Senior Managers - over the past 18 months to understand the challenges councils face.

The centre also aims to help councils share their experiences: learning about how Manchester City Council had used Homes England's procurement frameworks had “really brought to life” this possibility for other authorities, Ms Ward said.

Ms Ward hinted that Homes England could undertake some significant future work to support the government's levelling up agenda, saying that “without a doubt, there will be some high profile, high priority areas” where “there might be large amounts of housing coming forward, there might be particular issues that we're seeking to tackle”.



[Homes England: limited local government capacity holding back housebuilding | Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)

Council proposes multimillion pound investment in new housing company

Torbay Council proposes borrowing at least £45m to lend to a recently-created housing subsidiary, to help boost the number of affordable homes in the borough. Standalone housing company Torvista Homes would initially deliver 360 homes, with more than 200 of these for social rent, a council report to be discussed at a cabinet meeting this week said.

If the company's business plan is approved, it will spend around £62m, with the majority of funding provided by the council, and will be managed by another authority-owned company, Torbay Economic Development Company.

The report said: “The financial implications of this new venture for the council are inevitably considerable.

“The scale of development and the figures to be invested are considerable although this spend is complemented by significant investment by Homes England by the way of grant.”

“The business plan on the lower level of assumed houses will incur expenditure on the purchase and construction of housing of over £62m.”

The council plans to deliver a range of affordable housing including temporary accommodation, extra care housing, homes for older people, social rent, affordable rent and shared ownership.

The full business plan for the company was outlined in a restricted council document.

Torbay said the overall risks of the company's business plan are minimal, due to oversight from government quango Homes England and council officers in its creation.



[Council proposes multimillion pound investment in new housing company | Public Finance](#)

Children

Herefordshire threatened with children's services intervention

The government has told Herefordshire Council it may directly intervene in its operations if the council does not address failures in its children's services highlighted by a recent High Court ruling. An improvement notice issued by the Department for Education yesterday says the council has shown "a lack of pace and progress" on improving children's services since a 2018 Ofsted inspection.

It orders the council to create an improvement plan to address previously identified failings, which include issues with leadership and management, poor decision making, and "drift and delay in some historic cases".

It says it is expected that "further practice failings will be identified" in other court cases coming up.

The council must work alongside an improvement adviser appointed by the education secretary for a minimum of a year, with the DfE reviewing progress against the improvement plan at least every six months.

Herefordshire is expected to deliver the improvements by the end of April 2022 at the latest.

The High Court case, which led to a ruling last month, related to the council's conduct in relation to three young people in the county and saw Mr Justice Keehan say the council had not taken decisions on the basis of the children's best interests.

The judge said Herefordshire's director of children and families Chris Baird had been "plainly right" to describe the conduct of the children's services department in the case concerned as "appalling".

He said the children in the case had been "utterly failed" by the council, stating: "I have rarely encountered such egregious and long-standing failures by a local authority". Mr Justice Keehan added that his findings "must call into question whether this local authority's children's services department is fit for purpose".

The council has written a letter of apology to the family involved in the case.

A report to the council last month from its acting joint deputy chief executives and interim director for children's services noted the High Court judgement and the appointment of an adviser by DfE. It recommended establishing an improvement board chaired by this adviser and carrying out external reviews to support the improvement process.

[Herefordshire threatened with children's services intervention | Local Government Chronicle \(LGC\) \(lgcplus.com\)](https://www.localgovernmentchronicle.com/news/herefordshire-threatened-with-childrens-services-intervention)



APPENDIX I - FINAL REPORTS



Gedling Borough Council

INTERNAL AUDIT REPORT

COMMERCIALISATION
JUNE 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited

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DISTRIBUTION

Mike Hill	Chief Executive
Alison Ball	Assistant Director, Finance
Melvyn Cryer	Head of Environment

REPORT STATUS LIST

Auditors:	Kieran Woods, Auditor Chris Andre, Assistant Manager Gurpreet Dulay, Senior Manager
Dates work performed:	23 September 2020 - 10 February 2021
Draft report issued:	2 March 2021
Final report issued:	17 June 2021

EXECUTIVE SUMMARY**LEVEL OF ASSURANCE: (SEE APPENDIX VI FOR DEFINITIONS)**

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX VI FOR DEFINITIONS)

High	1
Medium	3
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 4**CRR/BAF REFERENCE:**

Failure to maintain financial integrity.

BACKGROUND:

The Local Government Association has stated that as funding shrinks exploring new ways to maximise incomes is essential. In order to protect valuable frontline services and ensure positive outcomes for local communities, councils are increasingly thinking through a more commercial approach to their activities.

These innovative councils are using their assets wisely, trading services with others across the public and private sectors, and selling commodities to generate income.

The Council 2019/20 document, The 'Gedling Plan' highlights that the Council is looking to deliver the Commercialisation Strategy and to identify new income opportunities and maximise income streams.

The Commercialisation Strategy outlines the Council's commercial ambitions and will focus on four key areas of activity:

1. Strengthening the Council's commercial culture and capability
2. Increasing income from Council services through trading, charging and investment
3. Increasing external funding to the Council
4. Increasing capital and revenue income through housing development and economic/employment growth.

This review has focused on Pet Cremation and Tree Teams. We have also assessed the PASC (Parks and Street Care) commercial contract management aspects, however this part of the review was advisory and any findings from this do not form part of our Opinion - see Appendix I.

In addition to the review, we will be undertaking a separate exercise in July 2021 as part of the costs already paid for this review to ascertain the management information available to commercial service areas and how this is utilised.

GOOD PRACTICE:

The following areas of good practice were highlighted throughout the audit:

- Benchmarking of market pricing was undertaken for Pet Cremations resulting in a competitive fees schedule
- Recent Marketing Plans highlight a detailed and targeted approach through analysis of previous methods of advertising for the pet cremation service
- Customer feedback is collated and reviewed with the vast majority seen to be very positive
- Quarterly project group meetings were held from December 2016 which covered all aspects of projects which was then replaced by the introduction of the Dynamic council Board, in order to challenge business cases
- Away Day held involving senior management, finance and service area representatives whereby processes were challenged and finances reviewed

KEY FINDINGS:

- The market research undertaken and subsequently presented to Cabinet was insufficient, meaning cabinet were unable to effectively scrutinise the report, to ensure the Pet Cremation service was financially viable. Additionally, the original forecasting was unrealistic (e.g. assuming that the Council would take over 16% of the UK market in the first year) with subsequent year targets not taking into account previous income (Finding 1 - High)
- There are no business plans in place for either the Pet Cremation Services or the Tree Teams (Finding 2 - Medium)
- There is a lack of meaningful discussion regarding quote conversions rates and the reasons behind quotes not being accepted (Finding 3 - Medium)
- A formalised reporting structure for commercial activities has not been established to ensure robust monitoring and scrutiny of financial and operational performance (Finding 4 - Medium).

As part of the audit we undertook an advisory review of Contract Management (see Appendix I) and noted the following from which recommendations have been raised:

- Contracts did not include mechanisms and requirements for the ongoing monitoring of contracts, and when this did occur it was on an informal basis with no records or documentation retained.

We have also assessed the Council Charging Policy in Appendix V. The Council should assess this and implement these charges where agreeable. The appendices provide templated examples of best practice in terms of market research (appendix IV), business plans (appendix III) as well as areas of potential income generation (appendix II).

Overarching Theme

In addition to the detailed findings above we note an overarching theme which we found from our discussions with key personnel and review of documentation. There is a lack of documentation evidencing thorough scrutiny and challenge. This includes at Cabinet level, where we would expect to see more debate and challenge on the merits of the proposal, as it was approved before a business case had been created. However, we have been informed that there were quarterly project group meetings which were held from December 2016 which reviewed aspects of the project. These meetings were then replaced by the introduction of the Dynamic council Board which was used to challenge business cases.

CONCLUSION:

As part of the review we undertook a deep dive into the establishment of the pet cremation service. We identified a lack of depth in the market research as well as the level of documented scrutiny undertaken at Cabinet on the proposal to create the service. This has led to large deficits (totalling around £81k) over the two years it has been in operation and the reallocation of staff to reduce costs. Deficits also occurred in the Tree Teams service (totalling £74k over the past two years) and a lack of formal monitoring and reporting of costs across the two services has led to a limited assurance rating for both the design and operational effectiveness of the controls in place regarding commercialisation.

DETAILED FINDINGS

RISK: FEES AND CHARGES SCHEDULE AND BUSINESS PLANS ARE NOT EFFECTIVE IN ACHIEVING A SUFFICIENT RATE OF RETURN, AND ARE NOT BEING MANAGED/MONITORED EFFECTIVELY

Ref	Significance	Finding
1	High	<p>The Council's Pet Cremation commercial service was established in April 2019 having been approved at Cabinet in June 2018. Since the outset of the venture the Council has incurred significant losses (£51k in 19/20 and forecasted to be 35k in 20/21). Our review of documentation and subsequent forecasting undertaken concludes insufficient levels of detail reported in the business case and documented market research completed to provide assurance that the service was viable. Whilst a preliminary market assessment was undertaken, there is lack of viable evidence including sufficient detail.</p> <p><u>Report to Cabinet</u> A Project Brief was developed in 2017 which supported the Capital bid in 2018 as well as the June 2018 paper that was taken to Cabinet for them to approve the establishment of a Pet Cremation Service. However, it does not provide sufficiently detailed information to allow an accurate understanding of the potential risks involved. Whilst it notes the number of cats and dogs in the East Midlands, it does not specify those that would fall under the remit of the service. Additionally, there is limited information on the market research undertaken, noting only that 'discussions indicated there would be support'. Management have indicated there were numerous discussions with Vets as well as euthanasia clinics across Nottinghamshire, Leicestershire and Derbyshire, however, these discussions were not documented.</p> <p>The report to Cabinet includes a Financial Implications section and includes figures relating to capital costs and, most importantly, forecasted revenue where it states that the service is budgeted to contribute £88,000 in its first year and this was based on a 'fully developed business case utilising an assumed number of cat and dog cremations per year'. However, it does not divulge what these assumed numbers are or how they were calculated meaning that the process cannot be scrutinised or challenged. We were informed that project group meetings were held from December 2016 that covered all aspects of the project which was then replaced by the introduction of the Dynamic council Board, in order to challenge business cases. However, the business case was developed in January 2019 just three months before the business was due to commence commercial activity but does not provide further or more detailed analysis to that stated in the project brief developed in 2017.</p> <p><u>Business Case and Forecasting</u> The business case developed in early 2019 includes forecasted figures. However, whilst it notes that 203 cadavers were sent for Cremation per month in the borough, the majority of these came from Minster Vets (up to 120 a month) and the Council were already aware at this point that Minster Vets were in contract and not willing to leave, yet this is not included in the business case. It</p>

was, however, noted by the Sales and Marketing Manager at the time in the Marketing Plan under 'Limitations of Initial Research'. Notes from the contact with Vets was provided by the current Marketing Officer. It lists 88 vets to be contacted and we note that:

- 58 have no notes recorded for the call and therefore it is not clear if they were spoken to, what was discussed and if there was potential for them to be a customer
- Four specifically stated not interested
- Only four indicated they were interested.

No other notes give an indication of viability or if the veterinary practice was interested. They include notes such as 'not sure if in contract', 'cannot find contact no', 'ring back', 'invalid number', 'currently in contract'.

The business case holds a risk register with the top two risks recorded as:

R1 - The assumptions and projections are over optimistic and the level of demand/need does not exist

R2 - There is potential demand but the veterinary surgeries remain in contract. or maintain loyalty to their current provider

Both these risks have an impact level of HIGH, however, the likelihood is only recorded as LOW which appears at odds with market research stated above and also with the risk of entering a new business area with unproven credentials.

Further, mitigation recorded against these risks is incorrect or unhelpful. For R1 the mitigation states '*The accurate numbers will only be known once the service is offered and real world usage is known*'. Market research is supposed to identify potential numbers and it should not be an unknown when pursuing a commercial venture. It goes on to state '*Modelling used very low figures to represent worst case scenario*'. However, we know this to be incorrect with the page below the risk register stating Project Costs, where it has *Income (Maximum)* recorded and therefore does not include low figures.

For R2 mitigation states '*Pre consultation with veterinary surgeries have identified an interest, subject to market pricing*'. Again, this appears to be incorrect based on the notes from the calls with vets where only one is recorded to have been interested.

A cost efficiency target was originally set at £98,300 resulting in a total income of £173k to be met. The Council forecast 137 cadavers a month were required to be processed to achieve this income target. This allows no lead time to establish themselves in the market and is overly optimistic considering the Council identified around 200 cadavers a month were 'available'. The expectation of acquiring almost 70% of the local market from the outset was not feasible.

Further, research performed by an organisation Mintel (a market intelligence agency) in 2013 found there are 10,000 pet funerals a

year in the United Kingdom. Based on the Council forecast of 137 Cadavers a months which would equate 1,644 a year, this would be 16.64% of the entire market in the United Kingdom. We appreciate there are other national figures regarding the number of pet cremations which may give a different perspective on the size of the market. Management have informed us that other research provides a size of market which is significantly bigger along with knowledge of other councils who have successfully implemented similar services. The important point from this review is that these different market size assessments are not documented.

One of the first checks for a business is to know the overall market size along with estimated future growth. This basic check was not documented, which contributed to an unrealistic income target being set.

Marketing

The original marketing plan, as noted above, identified limitations with the initial market research. It includes a breakdown of the 7 p's (Product, Price, People, Process, Place, Promotion, Physical Evidence) for both the B2B (Business to Business) and B2C (Business to Customer) sides of the expected commercial revenue. However, under B2B three of these have been left as TBC with a further two under B2C also TBC. Objectives in the marketing plan have also not been completed. For example, it states:

- Gain X amount of veterinary customers by April 2020
- Generate £X through B2C sales by April 2020
- Generate £X in accessory sales by April 2020.

However, the Weaknesses and Threats of the SWOT analysis identify issues, such as the reluctance of Vets to move suppliers, which do not appear to have been given sufficient weight.

The Sales and Marketing Manager went on Maternity after the go-live date of the service and was replaced by a Programme Manager until a further Sales and Marketing Manager was appointed in March 2020. The Head of Environment believes that a lack of a Marketing Officer hampered the income in the first year. An in-depth marketing plan was developed by the current Sales and Marketing Manager for Summer 2020 and was analysed after three months to attain if there had been any traction. It was noted that there was a significant increase in traffic to the website (over 200% with 557 a month on average). However, this increased traffic has still not converted into sales.

Targets and Income

The latest budget monitoring shows the Council is accruing large deficits in relation to the pet cremation service.

	19/20		20/21	
	Target	Actual	Target	Actual
Income	£173k	£17k	£118k	£25k
Cost	£79k	£68k	£73k	£55k
Surplus/(Deficit)	£94k	(51k)	£45k	(30k)

The figures above show that 20/21 target income was 700% greater than 19/20 actual income with no justification and no updated forecasting resulting in another substantial budget deficit

The same was identified with the Tree Teams service where deficits have been accrued throughout the past two years.

	19/20		20/21	
	Target	Actual	Target	Actual
Income	£216k	£72k	£203k	£73k
Cost	£162k	£99k	£177k	£120k
Surplus/(Deficit)	£54k	(27k)	£26k	(£47k)

RECOMMENDATION:

The recommendations below purely relate to commercial activity and therefore differ to the recommendations made as part of the 20/21 Project Management audit.

- A) The Council should establish a robust process for market research with evidence retained. See Appendix IV for more detail
- B) Market research should feed into a structured business case that is taken to Cabinet and scrutinised effectively
- C) Market research should be undertaken/overseen ensuring the competency of the individual is sufficient and this should be set out in the business case as to why this requirement has been met
- D) Appropriate mitigating actions for risks identified should be included and reviewed throughout the process to ensure risks are minimised
- E) Forecasting undertaken should take into account the market research completed with lead times built into the achievement of these forecasted figures and potential market shares
- F) Targets set should be in realistic proportion to the market size rather than the maximum amount that could be earned. Unless there is specific reason to do so, it should be expected that the market size to be achieved would be low (<10% of the relevant local market) in the first year. Specific reasons could include a limited number of suppliers or specific networks/relationships which mean the Council would be well placed to obtain more of the market
- G) Annual target setting should take into account previous year's performance with detailed forecasting completed and evidenced.

MANAGEMENT RESPONSE:

To put this into context, this project suffered from the previous Marketing Manager going on maternity leave at a crucial timeline in the projects development and assessment stage. As this officer has now left the authority, a number of documents that were in existence have not been able to be located, and could not therefore, be provided to the auditor. Hence the view presented in the findings of this report is only based on the documents that could be found.

For example, one viewpoint made in the findings (and is still available for viewing on the web) states around 10,000 pet funerals a year in the UK. However, another website states that 90% of pets are cremated, and there are 9.0m dogs and 10.9m cats in the UK, which

provides a marked difference to the 10,000 pet funerals quoted. Moreover, Gedling is offering a 24-48 hour door-to-door collection and ashes return service which is not currently available locally, and instead pet-owners traditionally have to wait up to 4 weeks for ashes to be returned from vets/other providers. This was therefore seen as an opportunity to not only make an impact on the current local cremations market, but also the quick turnaround time provides a possibility to make inroads into the 10% of pets buried at home.

It can also be seen that the business plan did not take account of any periphery sales associated with urns and other memorabilia, which is a profitable element of the business. This was purposely excluded from the business plan as a contingency to support income levels.

As regards the specific recommendations made, these are accepted by management.

Responsible Officer: Communications and Marketing Manager in conjunction with
 appropriate Project Manager /Project Sponsor

Implementation Date: November 2021

DETAILED FINDINGS

RISK: FEES AND CHARGES SCHEDULE AND BUSINESS PLANS ARE NOT EFFECTIVE IN ACHIEVING A SUFFICIENT RATE OF RETURN, AND ARE NOT BEING MANAGED/MONITORED EFFECTIVELY

Ref	Significance	Finding
2	Medium	<p>Business plans allow for strategic planning and decision making to be made and help the Council to achieve the best returns on its commercial activities. However, no business plans have been established for either the Pet Cremation or Tree Teams services.</p> <p>We were told that it was not common practice when these services were initially established to have business plans in place, therefore neither could be provided. Further, whilst we received the full retrospective Business Case for the Pet Cremation Service no document was available for the Tree Teams. We should also note that, while the Pet Cremation Service had a Business Case, because it was retrospective it has not been presented to Cabinet and is considered not relevant by the Council and therefore has not been used.</p> <p>Without business plans in place it increases the likelihood that services are not aligned to the Council's strategic objectives and performance is not able to be monitored effectively.</p>

RECOMMENDATION:

- A) Current viable commercial services should have business plans developed. Details on what should be included in a business plan can be seen at Appendix III.
- B) Moving forward, business plans should be established for future commercial services once they have been approved by Cabinet
- C) Business Plans should be reviewed on a periodic basis to ensure the services objectives and targets are appropriate. This should happen no later than 12 months from initial approval for all new business ventures.

MANAGEMENT RESPONSE:

The pet cremation service and commercial arborist service were the first two 'commercial' projects that the council delivered, and at that time the new project management approach, including project briefs and detailed business cases was still being developed. As the services went live, these business cases should have been developed into business plans by the project manager, which has not happened to date due to time constraints.

This will be rectified and the recommendations are accepted by management.

Responsible Officer: Head of Environment (for Pet cremation and arborist services)
Appropriate Project Manager for new projects.

Implementation Date: November 2021

RISK: THE COUNCIL DOES NOT ANALYSE THE CONVERSION OF QUOTES INTO ACTUAL JOBS AND/OR DO NOT KNOW THE REASONS FOR THIS

Ref	Significance	Finding
3	Medium	<p>Discussions on quote conversion occur during PASC Tree Team management meetings. However, our review of the minutes provided shows limited discussion about quotes, with only the number of new quotes and work completed on quotes discussed with no information relating to the reasons for quotes not being progressed by potential customers.</p> <p>Further, only the minutes for the June 2020 meeting could be provided with other meetings not minuted due to sickness absence of the support member of staff.</p> <p>An away day in 2019 looked in detail at quotes, team activity and income for Tree Teams as well as income for Pet Cremation with the service, finance and senior management taking part. However, as noted above, this does not happen on a regular basis within the service itself.</p> <p>If reasons for unsuccessful quotes are not discussed then the services will not be able to adapt and adjust to make themselves more competitive resulting in reduced income.</p>

RECOMMENDATION:

- A) There should be a detailed review of the quote conversion rate, looking at the reasons behind non-conversion rather than just the figures, with plans to address issues included in the meeting as a standing item
- B) Minutes should be taken or an action plan established to detail steps decided upon.

MANAGEMENT RESPONSE:

Re Arborist service: although not thoroughly documented, service admin officers have been asked to follow up on dormant quotes, and to check quoted hours v actual hours taken to ensure the accuracy of the quotation process. As part of the quote the lead officer also needs to be clear whether it is a two, three or four man job that is being quoted for in order to ensure that the correct hourly rates are charged. Officers have also previously been asked to consider a minimum charge of 1 hour for a quote in order to cover travel time and costs.

The recommendations are accepted by management.

Responsible Officer: Head of Environment

Implementation Date: July 2021

RISK: THERE IS INEFFECTIVE MONITORING TOWARDS THE ACHIEVEMENT OF INCOME GENERATION TARGETS TO MANAGEMENT AND HEADS OF SERVICE

Ref	Significance	Finding
4	Medium	<p>The Finance Business Partner provides quarterly financial information to the Head of Environment who will also informally feed this back to the Chief Executive and Corporate Director of Environment, Communities and Leisure on a monthly basis.</p> <p>We were informed that, as well as providing an overview of the finances of services, the following is also discussed:</p> <ul style="list-style-type: none"> • Is demand for the service still there? • Is the service facing any problems? • Is there anything they can do for the service? • More recently any issues arising from COVID-19. <p>The last three sets of minutes for the meetings were requested, however, these meetings tend to be more informal and due to the remote working arrangements under COVID-19, minutes are not currently available. Any actions that need to be discussed are followed up with subsequent emails. Escalation of issues to the CEO and Director are also not formalised with no reporting able to be evidenced on either the Tree Teams or Pet Cremation Services for finances, operational activities and mitigating actions to be scrutinised.</p> <p>If monitoring and reporting of income targets is insufficient there is an increased risk that services are not adequately scrutinised and improvements are not made, resulting in low levels of financial income.</p>

RECOMMENDATION:

- A) A formalised reporting structure should be established for commercial activities with agreed upon reports established which cover financial, operational and performance information.
- B) Minutes, or at a minimum action logs, should be kept for meetings to ensure an adequate audit trail of monitoring is established and improvement actions are recorded and reviewed.

MANAGEMENT RESPONSE:

The recommendations are accepted by management.

Responsible Officer: Head of Environment

Implementation Date: July 2021

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Melvyn Cryer	Head of Environment
Scott Anderson	Finance Business Partner
Frankie Lee	Sales and Marketing Manager

APPENDIX I - RISK 5 - CONTRACT MANAGEMENT

We reviewed the contract management arrangements in place at the Council to assess them for their design and effectiveness as per Risk 5 in our Terms of Reference.

It is good practice that when a contract is established between two parties that there be a section that relates to the management arrangements of the contract. This can be either its own section or make up part of another section, most commonly performance.

We reviewed six of the contracts in place for PASC (Carlton Infant School, Carlton Junior School, Calverton Parish Council, Derrymount Schools, Richard Bonnington Schools and Pepperpots) and found no evidence of any contract management arrangements. Without formal arrangements in place, it can put the Council at risk of failing to meet their contractual obligations, resulting in reduced financial performance as well as reputational damage.

We were informed that regular site meetings by the Supervisor with the customer were undertaken where issues, depending on severity of any problems outlined, are discussed and would be escalated through the hierarchy until sufficiently handled. However, no minutes or actions are taken due to the informal nature of the meetings which tend to be verbal only while walking around the site. This increases the risk that key information is not passed up the hierarchy within PASC and beyond, if necessary. There were no recent examples of escalation as the customers have not highlighted any issues.

The following was taken from the Gedling Borough Council Procurement and tendering web page:

Contracts will be monitored during their execution and any variations or extras not covered in the contract must be authorised in writing by the responsible Council Officer in advance of any extra work being carried out.

Recommendation

A) In the development of contracts it should be ensured that clear contract management protocols are included which detail:

- The regularity with which contract management meetings should take place
- What the parties are required to produce for the meetings
- Who is required to attend
- The purpose of the meetings

B) Contract Management meetings should be minuted or action logged to ensure a robust audit trail and to be able to evidence decisions made

Management Response:

The recommendations are accepted by management, and appropriate arrangements will be put in place to address these issues in all existing contracts, including those detailed in this report.

Responsible Officer: Head of Environment

Implementation Date: December 2021

Best Practice

There is an abundance of best practice guidance regarding contract management. Whilst the majority of it is from the position of the customer and is found in Procurement Policies, the same points are valid for the Council where they are the supplier. Good contract management ensures efficient and effective delivery which translates to improved financial performance through meeting the needs of the customer and reputational enhancements. Below are some areas of guidance regarding contract management.

Contract Management

Is the Contract being managed well, with costs and benefits being realised as expected?

- A) Do the department and the contractor have comprehensive knowledge of service performance?
- B) Is the contractor providing a service in accordance with the contract and are they actively managed by the department to meet or exceed expectations?
- C) Is the department meeting its obligations?

NAO good practice contract management framework

5.1 Service management is well structured; baselines are understood by both parties, and suppliers understand the service they are required to deliver. The contract manager ensures that the customer organisation provides the supplier with the information and contacts needed to deliver the service.

5.6 Clear processes are in place to handle operational problem resolution and resolve issues as quickly as possible.

5.7 Where appropriate, user compliance with the contract is monitored and managed to ensure maximum operational effectiveness and value for money.

Crown Commercial Service contract management principles

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.

STEP 6 MANAGE CHANGE

Be prepared to manage all aspects of the contract. Put the right people in place to manage the contract. Consider continuity of personnel.

STEP 5 SEEK IMPROVEMENT

Continuously review results against expectations. Give contractors reasons to improve. Stay compliant with the law.

STEP 4 MANAGE YOUR CONTRACT

Develop your risk management approach. Audit the contract. Manage your stakeholders. Define your information reporting requirements.

STEP 3 MANAGE YOUR RELATIONSHIP

Manage the relationship as well as the formal aspects of the contract. Manage your stakeholder. Define your information reporting requirements.

STEP 2 DEVELOP YOUR PERFORMANCE MANAGEMENT APPROACH

Establish the level of service required and ensure that it is maintained. Design your performance management approach. Incentivise your contractor to perform. Record the benefits as they are realised.

STEP 1 DEFINE YOUR SERVICE AND PERFORMANCE REQUIREMENTS

Lay the right foundations. Make sure the contract includes everything you need. Choose the right type of specification. Manage responsible procurement and think about managing social value into the supply chain.

Example Standing Agenda for Contract Management Meeting

(Name of Customer)

Contract Management Meeting to be held on [date] at [time] at [venue]

AGENDA**Standing Items**

1. Apologies for Absence
2. Matters Arising
3. Action Log Update
4. Review of Performance Monitoring Information
5. Contractual Obligations – Targets and Timetable
6. Complaints, Compliments and Concerns
7. Project Updates
8. Risk Register
9. Improvement Opportunities

New Items

10. []
11. []
12. []

Any Other Business**Date and Time of Next Meeting**

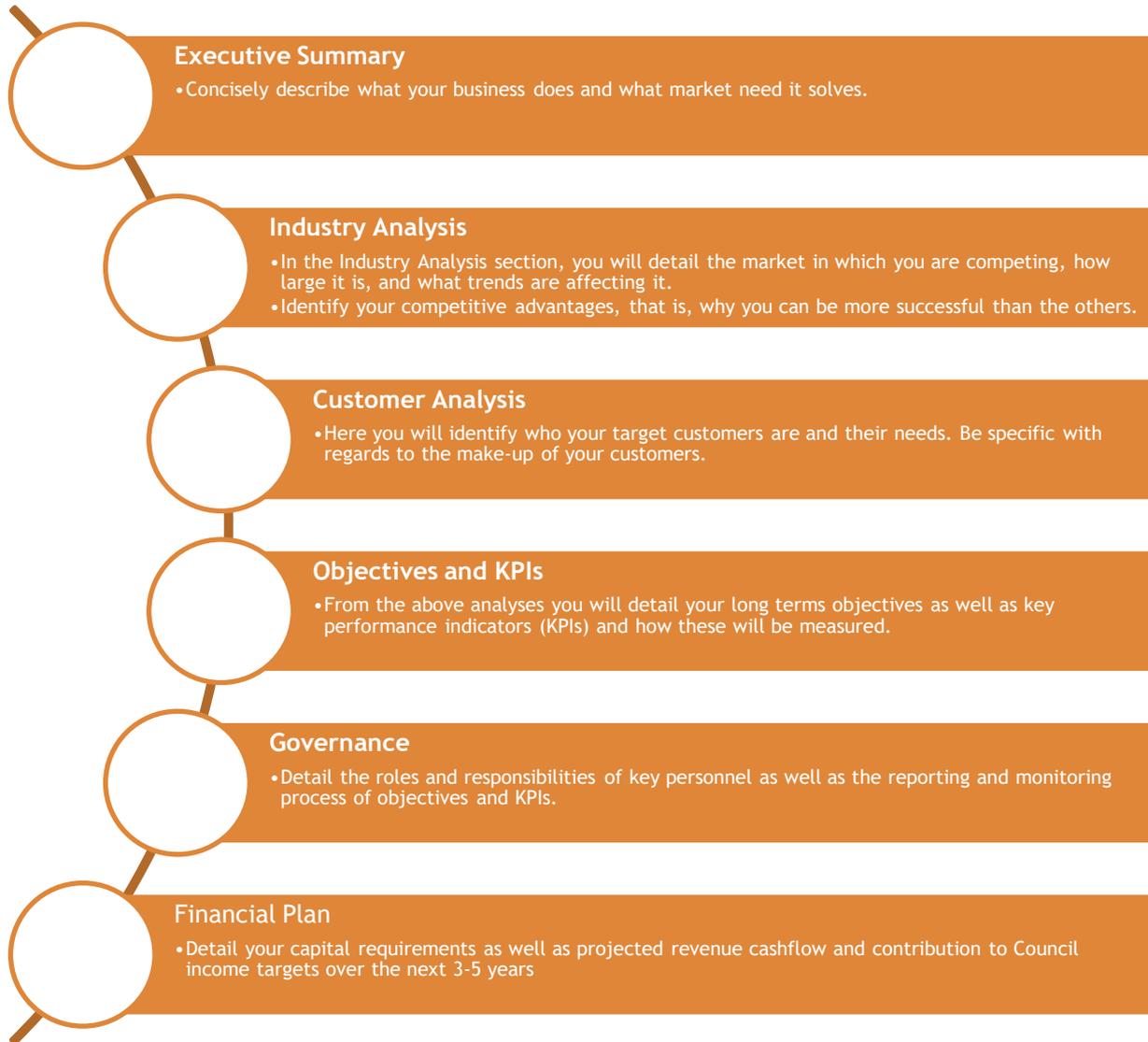
APPENDIX II - POTENTIAL INCOME GENERATION OPPORTUNITIES

We carried out a benchmarking exercise reviewing the income generation activities undertaken by other Councils that may be considered as part of the Council's strategy; please see examples below.

SERVICE / INCOME STREAM	DESCRIPTION
Events Management - Temporary ice skating rink and other events	The Council could consider running additional events in the Gedling Country Park such as markets or an ice rink during the winter. This may bring income from leasing space and/or increase demand on Council's car park
Run food safety courses for private providers of catering services in the local area	The Council is responsible for Health and Safety inspections. It could use this position to run food safety courses for local businesses to help them pass inspections.
Sell services of the Council's communications team	The Council could help local SMEs to manage their social media accounts and/or build and manage their websites.
Review existing leases to ensure market rent is being charged	The Council could review any property it leases to the private sector to identify what the yield is on these properties and whether the rent being charged is appropriate compared to market rates.
Let a coffee concession in the Council offices	The Council could let space to a coffee kiosk in its reception. However, the Council may struggle to attract a user of the kiosk given strong competition any kiosk would face from high street coffee shops.
Sell certificates stating compliance with building regulations	The Council could sell certificates to ease the sale of properties for a small charge.
Improved management of the Council's car parking spaces	Income from car parking through increased fees and charges is often politically 'off the table', however if it is not then the Council could exploit opportunities to increase its parking income by making sure car parking spaces in the District are being used at the right time in the right way.
Increase income from the Council's garden waste collection service Ensure court fees incurred by the council appropriately cover costs	This is an area many Councils consider and could be further explored.
Increase income from selling pre-application advice for	The Council is only allowed to cover its costs from delivering pre-application advice. Therefore any increase in activity would be

planning applications	offset by an increase in cost. However the Council should review its fees and charges for frequently delivered services to ensure it is charging an appropriate amount.
Increase income from building control services	Same as above
Sell certificates stating compliance with building control regulations	The Council could sell certificates to ease the sale of properties at a small charge (circa £100). However this is not likely to warrant significant additional income to warrant further progress.
Charge developers for street naming services	The Council may not currently charge to name and number new streets. Other Councils do have fee and charge policies for this. Therefore the Council could generate income from this service.
Create a stronger focus on social value in procurement	Whilst not immediately related to income generation, an embedded and strong social value process in procurement and monitoring the actual achievement of suppliers to achieve social value can contribute additional income/economic activity to the area.

APPENDIX III - BUSINESS PLAN BEST PRACTICE



APPENDIX IV - MARKET RESEARCH BEST PRACTICE

Market Size	<ul style="list-style-type: none"> • How big is your market in terms of sales transactions
Supply and Demand	<ul style="list-style-type: none"> • This is a starting point for your research as it will provide insights on the availability of similar products and services in your market and what the demand for those products and services is.
Trends	<ul style="list-style-type: none"> • What are the main trends in the market that can have an impact on your products and services? For example, are there alternative products being launched in the market? Are there new technologies available and is the market experiencing mergers and acquisitions?
Growth	<ul style="list-style-type: none"> • Is the market growing compared to previous years or is it contracting in terms of sales transactions and increased competition?
Distribution	<ul style="list-style-type: none"> • What are the main distribution channels in your market? Are sales mainly occurring in store or online and are there large distributors you can partner with to accelerate growth?
Profit	<ul style="list-style-type: none"> • Besides the volume of transactions you might want to consider the profitability of those transactions and the purchasing power of the customers in that market. This will provide information on whether you will need to revisit your pricing strategy, your costing or your distribution channels.
PESTEL	<ul style="list-style-type: none"> • It is important to understand the market environment your business is operating in, including political, economic, social, legal, environmental and technological aspects that can have an impact on your operations.

Once you have decided what to measure you might want to consider what market research approaches you want to adopt. Depending on whether you are analysing the market or your customers you might need to decide if you require quantitative or qualitative analysis or both.

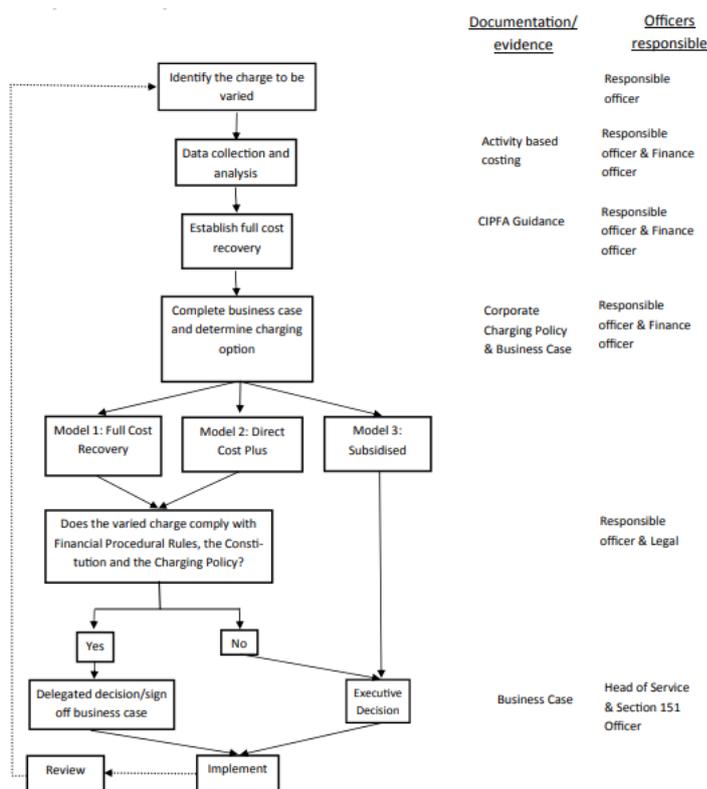


APPENDIX V - REVIEW OF COUNCIL CHARGING POLICY

The Council have a Corporate Charging Policy which is being updated. As part of this review we assessed this Policy and have identified some areas where further information could be included.

Governance/approval

We have set out below an example governance chart to help guide individuals when considering applying the Charging Policy.



Approval

The Council should decide whether setting of new charges and review of existing charges proposals for new charges, or revisions to existing charges, should first be agreed by departmental management teams. The Council should then also consider approvals required prior to the implementation of new charges or a revision to existing charging arrangements. This could be as follows:

- Anticipated New Income, or Change in Income per Annum Approval Up to £25,000 Director in conjunction with the Chief Financial Officer and the Director of Legal Services
- Over £25,000 up to £250,000 Cabinet Member
- Over £250,000 Cabinet.

Approval documents

To support the process the Council could bring in the following templates to ensure any applications of the Charging Policy are recorded and approved correctly.

Summary

Author	
Date	

Service area and charging opportunity
Rationale for the charging decision (how does it support corporate objectives)

Financial Considerations

No.	Current Charge £	Current Income £	Current Expenditure £	Net Position £	Cost Recovery %
1					
2					
3					

Ref No.	Varied Charge £	Projected Annual Income £	Projected Annual Expenditure £	Net Position £	Cost Recovery %
1					
2					
3					

Supporting Calculations
Key evidence and assumptions (include the outcomes of any consultation and options appraisal):
Other Financial Information (include Appendices if required)

Equality Impact Screening

Completed Date	
Completed By	
Full Assessment Required	
Completed Date	
Completed By	
Outcome	

Issues/ Risks

Issue/ Risk	Impact (Low/ Med/ High)	Likelihood (Low/ Med/ High)	Mitigating Actions

Implementation Plan

Milestone / Key Action	Date

Further Information

--

Approvals

	Print Name	Signed	Date
Responsible Officer			
Head Of Service			
Legal			
Finance			

Development of the Charging Policy

The Charging Policy sets out different approaches to new income streams. One section is headed Subsidised - the below example is how this could be further expanded to provide greater guidance across the three sub-headings of 'Corporate Priority', 'Concession' or 'Business Development'.

Subsidised	Corporate Priority	The council wishes users of the service to make a contribution to the costs of providing the service in order to meet a corporate priority.
	Concession	The council wishes all users of the service to make a contribution to the costs of providing the service, in order to meet a service objective, but recognises that the service users will not be able to contribute in full.
	Business Development	The council wishes users of the service to make a contribution to the costs of providing the service in order to: <ul style="list-style-type: none"> - allow competition with other providers/secure market share whilst the service is established; or - as part of a wider business strategy that sustains a better financial position with a product/service sold at a loss.

In some circumstances it may be appropriate to consider offering a subsidy to all users or certain key groups where it is consistent with achieving the Council's corporate priorities. Recognising this, it could be Council Policy that when charges are reviewed, concessions where appropriate should be considered for certain groups of customer.

In some circumstances concessions may not be appropriate and it will be necessary to consider the impact on income levels before introducing the concession. It is the policy of the Council that when charges are reviewed concessions should be considered for different groups of customers. The Policy could allow discretion in respect of the level of concession e.g. concession of between 25% and 100% of the full charge may be appropriate in some cases.

Concessions may not be appropriate in all circumstances and it will be necessary to consider the impact on income levels before introducing a concession. An assessment of the desirability of offering a concession will form a part of the process of reviewing charges. However, it is recognised that there will be important exceptions that will make charging inappropriate in a number of cases. The following examples are not intended to be exhaustive list:

- Circumstances where the service in question is delivered to all residents or householders equally and which could therefore be considered to be funded from Council Tax
- Circumstances where the administration costs associated with making a charge could outweigh any potential income
- Circumstances where making a charge would be directly contrary to achieving one of the Council's Corporate Priorities
- Circumstances where charging would be counterproductive (i.e. it may result in a substantial reduction in use of the service)
- Circumstances where the Council incurs extra charges to enable people to have fair access to services.

APPENDIX VI - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX VII - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to review the processes that the Council has in place to identify commercial opportunities, both in terms of maximising current income and generating new income streams. The audit will also consider the Council's future strategy and plans regarding on-going commercialisation activities.

KEY RISKS:

- Determine whether charges are supported by sound and robust data justifying the fees
- Fees and Charges Schedule and business plans are not effective in achieving a sufficient rate of return, and are not being managed/monitored effectively
- The Council does not analyse the conversion of quotes into actual jobs and/or do not know the reasons for this
- There is ineffective monitoring towards the achievement of income generation targets to management and heads of service
- Ineffective contract management arrangements leading to non-compliance with contract conditions and reduced financial performance. Note: findings in relation to this risk will not form part of the overall audit opinion as issues with the control environment have already been identified by the client. This will be reported as an advisory piece of work in the appendices to the main report.

SCOPE OF REVIEW:

The following areas were covered as part of this review, focussing on pet cremation, tree teams and building control services

- Determine whether charges are supported by sound and robust data justifying the fees
- Undertake a review of the Fees and Charges Schedule and business plans, focussing on pet cremation, tree teams and building control. This will include a deep-dive into arrangements and whether these are managed/monitored effectively
- Analyse information relating to quotes and jobs and review performance reports
- Benchmark against services other Districts charge for to identify where the Council may have opportunities to expand services that are charged for.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work. We then obtained documentary evidence that these controls are designed as described. We evaluated these controls to identify whether they adequately address the risks.

We gained evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

BAF/CRR REFERENCE:

Failure to maintain financial integrity.

DATA ANALYTICS:

We have considered the use of data analytics as part of this audit and the data analytics was be utilised in the comparison of Scales Fees and Charges.



GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT

HEALTH AND SAFETY
APRIL 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

IDEAS | PEOPLE | TRUST



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DISTRIBUTION

Alison Ball	Director of Corporate Resource
Fran Whyley	Head of Governance and Customer Services
Grant Ilett	Health and Safety Emergency Planning Officer

REPORT STATUS LIST

Auditors:	Freya Beard - Audit Senior
Dates work performed:	03 November 2020 - 06 January 2021
Draft report issued:	22 January 2021
Final report issued:	21 April 2021

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

Medium	3
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 4

CRR REFERENCE:

Failure to protect staff, including health & safety issues

Failure to protect & utilise physical assets

Failure of contractors or partnership arrangements - contractual breaches

BACKGROUND:

Employers have a legal duty to ensure - as far as is reasonably practicable - the health, safety and welfare of their employees. The Council, as a local authority, are obliged to comply with the Health and Safety at Work Act 1974 to ensure standards are upheld to protect employees and others on their premises. The Council has an internal Health and Safety Policy to set out the guidelines and responsibilities of staff, supported by policies focused on particular aspects of Health & Safety.

The Joint Consultative and Safety Committee (JCSC) is the committee that has to be consulted on and make recommendations to the Executive in respect of any health and safety functions of the Council to the extent that those functions are discharged in the authority's capacity as an employer.

Operationally, there is a Corporate Health and Safety Group (CHAS) which meets quarterly. This is a forum that actively promotes and encourages a coordinated approach to health and safety within the Council:

- The CHAS group is a working group where Health, Safety and Welfare matters are discussed
- A briefing report is submitted in advance of the meeting. CHAS representatives are expected to have read the briefing note and any other appendices prior to the meeting. They then feedback and debrief the service(s) and department(s) they represent. This follow-up communication is important to raise the awareness, and to ensure consistency and compliance across the authority
- CHAS representatives should positively contribute towards the meeting and support the fulfilment of any CHAS action they are asked to complete
- A copy of the CHAS briefing notes and minutes are available on the corporate H&S AssessNET portal.

A Health and Safety and Emergency Planning Officer (HSEPO) is in position in the Council. The HSEPO is responsible for the delivery of a quality health and safety service to the Council, and for the development of consistent health and safety management standards. HSEPO is a chartered safety and health practitioner. The role includes:

- Maintaining and developing corporate health and safety (H&S) policies and guidance
- Delivering of internal corporate H&S training (not department specific training this responsibility lies with the head of service)
- Facilitating external corporate H&S training
- Managing the health and safety management system which includes the AssessNET software and contract, conducting planned audits, inspections and site visits,
- Managing a lone worker contract (Skyguard) and occupational health duties for Spirometry, Audiometry, HAVS and eye test voucher (occupational health contracts for health surveillance)
- Lead officer role for Emergency Planning and Business Continuity
- Supports managers with advice and guidance but is not personally responsible for following up on all incidents, although the HSEPO does review all employee related incidents, especially RIDDOR reportable cases.

The approach to planned H&S audit is risk based and the service areas to be audited are agreed with the senior leadership team (SLT) at the start of the year. During the first part of 2020/21 business continuity planning (BCP) in relation to Covid-19 and flood emergency events took precedence over other areas.

Our review has considered the arrangements in place for risk assessments and site inspections across the Council. However we focussed our detailed testing on risk assessments relating to Community Relations and Welfare, and site inspections for Car Parks and Open Spaces. We sought to assess the training arrangements in place at the Council, however due to the disruption of Covid-19 we understand these have not operated as usual during 2020/21. We have therefore reviewed the training arrangements in place for previous years. We include further details of our work over the training provisions as an observational finding.

GOOD PRACTICE:

Our review has noted the following areas of good practice:

- The Council has sufficient Health & Safety policies in place, these are up-to-date and have been recently reviewed. We have confirmed the policies satisfactorily cover the key Health & Safety areas, are accessible and are brought to the attention of all staff through the new starter induction process and Health & Safety Awareness training
- The Council provides a comprehensive programme of internal and external Health & Safety related training. Training logs are retained and an individual's training records can be accessed through the DMS index system (please note the observational finding on page 12 for details of changes to training during Covid-19)
- Health and Safety management provide regular guidance and additional support to officers relating to risk assessments, incident reports and the use of contractors within their departments. Whilst face-to-face training has not been in place we have seen evidence of the resources and communications available for staff
- Our testing of 10 recent incidents showed that in all cases a full incident report had been completed, including additional analysis (such as cost analysis) where required. Remedial actions in response to incidents are recorded in the AssessNET report and a responsible individual is assigned
- All activity risk assessments have now been migrated on the AssessNET system. Our testing of 20 risk assessments showed a satisfactory assessment was available in all cases
- Our testing of the inspections of Council managed sites (Car Parks and Open Spaces) showed regular inspections are being undertaken and recorded, with sufficient processes in place to identify and escalate any defects noted

- A quarterly briefing note is prepared for the Corporate Health & Safety (CHAS) group. A copy of the briefing notes and meeting minutes are logged on AssessNET for transparency. For a sample of reports we confirmed that appropriate and timely Health & Safety performance information was provided. Reports have been continually produced throughout the Covid-19 period, despite the absence of a formal face-to-face meeting of the CHAS group in Q1
- An annual Health & Safety report is presented to the Joint Consultative Safety Committee (JCSC) and Senior Leadership Team (SLT). In line with a previous audit recommendation this report was also presented to cabinet, in October 2020. We have verified that there is a robust process in place for preparing and approving an annual report.

KEY FINDINGS:

We note the following key findings:

- **Contractors** - An action relating to a 2018/19 audit of Health and Safety still remains outstanding. It was recommended that Health and Safety maintain a central list of health and safety documentation received by the service areas when they appoint a contractor. The central contractor list remains incomplete and showed 35/63 (55%) contractor questionnaires and 54/63 (86%) of insurance documents were overdue at the time of the audit (Medium, Finding 1)
- **Inspections Policy** - The Council's Car Park Policy is out of date and does not reflect current practice. In addition, there is no inspection policy for the maintenance of Council open spaces (Medium, Finding 2)
- **Risk Assessments** - Five out of 20 risk assessments were reviewed between two and 18 months late, and 5/20 mitigating actions identified within the risk assessment have not been completed and signed off (Medium, Finding 3).

CONCLUSION:

Our review has noted several areas of good practice relating to Health & Safety management at the Council, including clear policies, training and guidance in relation to risk assessments, incident reporting and contractors.

However, exceptions were noted relating to the contractors list, inspection policies and the completion of mitigating actions identified within the risk assessments. We have therefore concluded a moderate opinion on both design and operational effectiveness.

DETAILED FINDINGS

RISK: RISK ASSESSMENTS HAVE NOT BEEN UNDERTAKEN FOR EACH SERVICE AREA, INCLUDING ASSESSMENT OF CONTRACTOR RISKS

Ref	Significance	Finding
1	Medium	<p><u>Contractors</u></p> <p>Following a previous internal audit review in 2018/19 it was agreed that a comprehensive centralised list of all contractors would be formed and these contractors would be subject to health and safety checks prior to use. This was not completed by the initial timescale set and a revised implementation date of May 2020 was agreed.</p> <p>We enquired with the Health & Safety Emergency Planning Officer (HSEPO) and obtained a copy of the latest version to assess the progress made. We were advised that the records are currently held by the individual officer that manages the project for which the contractor is required. It is their responsibility to ensure all initial documents are completed and retained, and to update the HSEPO so that this can be captured in the contractor list.</p> <p>The contractor list held by Health & Safety currently has 63 individual contractors recorded. We noted the following exceptions:</p> <ul style="list-style-type: none"> • 35/63 (55%) contractor questionnaires were overdue, with due dates ranging from March 2015 to October 2020 • 54/63 (86%) insurance documents were overdue, with due dates ranging from July 2002 to November 2020. <p>Where Health and Safety have been informed of the changes/ additions to contractor information, the list has been updated. However, this work has not been resourced since January 2020 due to ongoing Covid-19 emergency pressures/ commitments. With the exception of additional guidance being issued to managers who have managed contractors during the Covid-19 period (additional H&S rules and conditions and a permit to work required). The records are held with the individual managers/ service areas to which the contractor is being utilised.</p> <p>In an average year, the HSEPO provides internal training to all managers and officers regarding their responsibilities relating to contractors. Comprehensive guidance and documentation is in place to assist officers. This currently consists of a formal policy, flowchart and contractor site induction form. Additional guidance relating to contractors is available through AssessNET and periodic reminders are sent.</p> <p>Without a comprehensive and up-to-date list of contractor health and safety information there is no central assurance by Health and Safety that service areas are undertaking all appropriate checks of their contractors.</p>

RECOMMENDATION:

- A. It is acknowledged that the resource of a single officer (HSEPO) makes reviewing the exceptions noted within the central contractor list and contacting the service area leads for an update challenging. The Council's guidance and training is that Client officers must ensure these documents and assurances are in place prior to works commencing. Therefore, Health and Safety should re-iterate the role of the service area leads in informing them when there are changes and/or additions to the health and safety documentation received from contractors

- B. Whilst it is acknowledged it is the responsibility of the service area leads to inform the HSEPO when there is an update, the process in place currently is not working. Therefore, it is recommended that the HSEPO undertake periodical reviews of the contractors for higher risk projects in order to gain assurance that the appropriate checks are being undertaken.

MANAGEMENT RESPONSE:

- A. HSEPO will complete briefings sessions to new Heads of Service in light of the senior restructure exercise.
- B. HSEPO already completes this. The HSEPO has no formal control over the level of projects or jobs that require H&S support. What would help is projects and construction jobs being better planned and spread over more time this would make requests for H&S support more manageable for a single officer to resource. Without a 'team' or extra resource this recommendation the level of support is unlikely to be increased further.

Responsible Officer: Grant Ilett - HSEPO

Implementation Date: A. 31 July 2021
 B. Complete to current resource levels

RISK: COUNCIL MANAGED SITES ARE NOT INSPECTED REGULARLY TO ENSURE THEY ARE SAFE

Ref	Significance	Finding
2	Medium	<p><u>Inspections Policy</u></p> <p>Council managed sites should be inspected regularly to ensure they are safe. This is currently the responsibility of the individual service area. A formal policy should be in place for each area to guide the inspections process, inspections should be documented and any issues identified should be addressed in a timely manner.</p> <p>We focussed our review on the inspections processes for Car Parks and Open Spaces. We met with the responsible officer for each area to discuss the current process and to obtain evidence these were operating as described.</p> <p><u>Car Parks</u></p> <p>We obtained the Car Park Maintenance Policy which includes details of the inspection process. The policy states that inspections of car parks should be conducted once every three months by the Car Parks Officer. Further inspections of street lighting within these car parks should also be conducted on a quarterly basis by the Street Lighting Department.</p> <p>From our discussion with the Car Parks Officer and review of recent inspection logs we understand car park inspections are now conducted monthly where possible, with three months being the maximum time between inspections. The Street Lighting Department no longer exists under the current Council structure, and these inspections are now therefore conducted bi-annually by the Car Parks Officer.</p> <p>We noted that the inspection frequency is linked to the original car park maintenance policy, which is an old paper document. The document is not dated however the officer advised it is likely to be in excess of 10-years old.</p> <p><u>Open Spaces</u></p> <p>We were advised by the Parks & Street Care Operations Manager that the area does not hold a formal policy for inspection of the Council managed Open Spaces. However, there is an inspections process in place whereby an annual rota determines the programme of inspections, with all spaces being reviewed on either a 12 or 26-weekly basis.</p> <p>The Council should ensure it has an effective oversight process to ensure the inspection processes applied are sufficient and consistent. Without having up-to-date policies to govern the inspections of Council managed sites there is a risk that in some areas inspections processes will be ineffective or missed.</p>

RECOMMENDATION:

- A. The Car Parks Maintenance Policy should be reviewed and updated accordingly. The policy currently requires the street lighting to be inspected four times a year, but they are now only inspected twice yearly. It should be ensured that the current inspection regime is risk assessed and is adequate in its reduced frequency. This policy should then be approved/ratified accordingly
- B. A policy for the inspection of Council managed open spaces should be written and approved accordingly

- C. Review whether there are inspection policies available for all Council managed sites, and ensure a consistent approach to the monitoring of inspection processes is undertaken. The HSEPO should look to identify whether service areas are high, medium or low risk in relation to their need to conduct sufficient inspections (for example, open spaces, leisure and transport would be high risk, office based areas would be low risk)
- D. Ensure that policies developed, in particular relating to Open Spaces, include sufficient processes for addressing any defects noted. Specific time frames and guidance for prioritising work on defects should be included, for example RAG ratings could be used to indicate severity of observed defects.

MANAGEMENT RESPONSE:

- A. Grant Ilett met with John Evens and agreed to review the car park policy. Once completed a summarised version will be inserted in to the H&S Policy arrangements document
- B. A Parks and Open Space Policy will be written
- C. Grant Ilett has met with Terry Ball. A draft outline policy has been completed and sent to Terry Ball to review, amend and ensure the timescales for inspections are realistic with the resources available. Grant Ilett will also consider a wider overarching inspection cycle using a RAG approach. A consultation and formal approval considerations need to be factored in to this process and timeline
- D. This will be included within the Policy as outlined in recommendation B above.

- Responsible Officer:
- A. John Evens (car park policy review)
Grant Ilett (summarised version in H&S Policy)
 - B. Terry Ball (Parks and Open Space Policy)
Grant Ilett (inserting Parks and Open Space Policy into H&S Policy)
 - C. Grant Ilett
 - D. Terry Ball

- Implementation Date:
- A. 31 May 2021 (Car Park Policy review)
30 September 2021 (inserting Car Park Policy in H&S Policy)
 - B. 31 May 2021 (Parks and Open Space Policy)
30 September 2021 (inserting Parks and Open Space Policy into the H&S Policy)
 - C. 30 November 2021
 - D. 31 July 2021

RISK ASSESSMENTS HAVE NOT BEEN UNDERTAKEN FOR EACH SERVICE AREA, INCLUDING ASSESSMENT OF CONTRACTOR RISKS

	Significance	Finding
3	Medium	<p><u>Risk Assessments</u></p> <p>All risk assessments should be signed-off and regularly reviewed. Any mitigating actions identified should also be addressed and updated in the risk assessments to reflect that these are in place.</p> <p>From our discussions with management, we understand that all activity risk assessments have now been documented in AssessNET. All other types of risk assessments (for example Asbestos, Fire Risk and COSHH) are currently documented manually and retained by the individual service area.</p> <p>To test the risk assessments in place we examined a sample of 20 current assessments, looking at both AssessNET and manually held assessments. We focussed our sampling on Community Relations and Welfare & Housing. For all risk assessments sampled we reviewed whether there was a complete assessment in place, and these were available on AssessNET or from the Head of Service as expected.</p> <p>Our testing noted the following exceptions:</p> <p><u>Sign-off and Review</u></p> <ul style="list-style-type: none"> • 3/20 (15%) assessments had not been signed-off in AssessNET at the time of our audit selection (however we confirmed these were subsequently signed-off during our review) • 4/20 (20%) assessments (paper based) due to be reviewed annually were last reviewed in April 2018 • 1/20 (5%) assessment was reviewed late (2-months past the review date). <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • 2/20 (10%) assessments noted outstanding asbestos awareness training for one of the caretakers • 2/20 (10%) assessments included roles and responsibilities which had not been signed-off by the designated persons • 1/20 (5%) assessment (AssessNET) had an outstanding action relating to obtaining personal alarms for lone working. This was due 01/09/2020 but the task status is still noted as pending. <p>Whilst there was a completed risk assessment in place in each case sampled, we could not consistently evidence they had been signed-off, reviewed and mitigating actions addressed. From our discussions with management, we understand some of these reviews and actions may have been completed but have not been reflected in the AssessNET system or on the latest paper versions of the assessments.</p> <p>Where actions are not addressed there is risk that identified risks are not appropriately controlled and mitigated.</p>

RECOMMENDATION:

- A. Service Area Managers should be reminded of their responsibility to ensure risk assessments in their area have been signed-off and are reviewed at the required date
- B. All mitigating actions which remain outstanding should be identified, the appropriate action undertaken (eg training, purchase of personal alarms) and signed off as complete.

MANAGEMENT RESPONSE:

- A. Agreed. The annual Risk Assessment Declaration will be an ideal opportunity to obtain this assurance. CHAS briefing reports can also be a good source for periodic reminders.
- B. To be completed by all heads of service, re-iterated through recommendation/ management response A.

Responsible Officer: A. Grant Ilett
 B. Heads of Service (through part A)

Implementation A. 31 July 2021
Date: B. 31 December 2021

RISK ARE NOT REPORTED ON A TIMELY BASIS AND NOT MANAGED/ESCALATED EFFECTIVELY

Ref	Significance	Finding
4	Low	<p><u>Incidents</u></p> <p>All Health & Safety incidents should be reported on a timely basis, through a formal incident report.</p> <p>We were advised by management that the AssessNET system is used to record all incidents. We obtained a detailed listing of incidents from March to November 2020 and selected a sample of 10 to review whether a report had been completed.</p> <p>Our testing showed for all 10 incidents a full incident report had been completed, where required additional analysis (such as cost analysis) had been completed and remedial actions in response to the incident were noted.</p> <p>Across the 10 sampled incident reports, 14 remedial actions were required. Of these:</p> <ul style="list-style-type: none"> • 3/14 (21%) actions were overdue • 1/14 (7%) was pending but not overdue • 10/14 (71%) actions had been completed. <p>The overdue actions ranged from one to six months overdue.</p> <p>We were told by Health & Safety management that the responsible officers assigned to the actions is responsible for completing the actions and ensuring they update the AssessNET report to reflect this. However the completed actions are not always adequately documented. Where an action is overdue, it is the responsibility of the service area manager to remind the individual.</p> <p>There is a risk that remedial actions are not always being addressed in a timely manner, or where they are completed this is not being reflected in the reporting system. This creates a risk that incidents may occur again and the Council will not have adequate evidence to show the steps taken to prevent this.</p>

RECOMMENDATION:

Where remedial actions become significantly overdue, managers should send reminders to the responsible officer and ensure they update the AssessNET system if the action has already been completed.

MANAGEMENT RESPONSE:

AssessNET has an escalation system built-in to the system. The management and follow-up is a head of service responsibility. How, when and where they do this is their decision. An email will be sent from the HSEPO to heads of service to remind their staff of their responsibilities with regards to this.

Responsible Officer: Heads of Service (with email from Grant Ilett)

Implementation Date: 31 July 2021

OBSERVATIONS

TRAINING IS CURRENTLY ON HOLD DUE TO COVID-19

Our audit scope included assessing the training arrangements in place in relation to Health & Safety. We enquired with the Health & Safety Emergency Planning Officer to understand the current training provisions.

There is a H&S training plan delivered every year. On the plan this includes internal facilitated training courses (modules), these include:

- Employee H&S awareness
- Risk assessment
- Accident and incident investigation
- Manual handling
- CoSHH
- Needle stick
- Contractor management
- Display screen equipment
- Working at height.

The HSEPO arranges corporate H&S training i.e. first aid, violence and aggression, fire safety, specialist manual handling (depot based) water safety, confined space and legionella etc. There is a training budget which covers the periodic training.

Heads of service are responsible for delivering departmental H&S training like toolbox talks. They should identify and then train their employees on any specific H&S training needs for plant, equipment or on the job training tasks. There is an audit process in place to check and challenge what training should be in place within each area and to ensure managers are referring employees appropriately.

At the directive of the Senior Leadership Team (SLT), HSEPO has had to focus on Covid-19 related issues from March 2020 to date. As a result, no internal training has occurred this year. External training courses were also paused for the majority of 2020 but recently resumed, with Evacuation Chair and Basic Fire Awareness training occurring in December 2020, and further training courses arranged for early 2021.

We obtained the training plan created by Health & Safety for 2019/20, from which we were able to confirm there was a sufficient number of training courses planned and adequate provisions were in place.

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Grant Ilett	Health and Safety Emergency Planning Officer
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John Evens	Car Parks and Engineering Officer
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Rachael Wade	Community Centre Manager
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Paul Whitworth	Housing & Welfare Support Manager
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Terry Ball	Operations Manager - Parks & Street Care
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APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

To review the design and effectiveness of controls around health and safety management.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Health and Safety Policies are not current and do not cover the required areas
- Health & Safety training arrangements are not effective
- Incidents are not reported on a timely basis and not managed/escalated effectively
- Risk assessments have not been undertaken for each service area, including assessment of contractor risks
- Council managed sites are not inspected regularly to ensure they are safe
- Health & Safety performance information is not updated and reported on a timely basis to the appropriate key stakeholders and committees.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review Health and Safety Policies - how these were produced, what do they cover, were they approved and do staff understand them
- Assess training in this area and whether arrangements are effective
- Review how incidents are reported and then managed/escalated
- Ascertain whether risk assessments have been undertaken, including the assessment of contractor risks, by sampling some service areas including community relations and housing
- Assess how sites are maintained to ensure they are safe by reviewing the inspections process in place across different service areas. We will focus on inspections in relation to car parks and open spaces.
- Assess performance information and reporting to SLT, CHAS and the JCSC. We will review minutes and interview key stakeholders and ascertain the level to which follow-up actions are implemented by managers by sample testing a small number of follow up actions.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.



GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT

WASTE AND RECYCLING
JUNE 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

EXECUTIVE SUMMARY	2
DETAILED FINDINGS	4
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DISTRIBUTION

Mel Cryer	Head of Environment
Mark Hurst	Service Manager - Transport and Waste

REPORT STATUS LIST

Auditor:	Charlotte Thomas - Auditor (report compiled by Darren Clarke - Senior Auditor)
Dates work performed:	November 2020 - April 2021
Draft report issued:	28 May 2021
Final report issued:	17 June 2021

EXECUTIVE SUMMARY**LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)**

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX II)

High	0
Medium	3
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 3**CRR REFERENCE:**

Failure to react to changes in legislation.

BACKGROUND:

The Council has a statutory responsibility to collect residents waste. The Council has an in-house team providing waste collection services to residents in Gedling. The Delivery Team manage operational aspects of the Residential Waste, including scheduling routes, management of collection crew, vehicle maintenance, transfer of waste to the County Council for disposal, and has a budget for their costs, set annually.

Furthermore, in 2008, the Council entered a joint contract with seven other Local Authorities in forming the Nottinghamshire Waste Partnership Agreement. This aims to develop and implement sustainable waste management policies and practices to achieve best value for the people of Nottinghamshire, and establish a mutually beneficial framework for changes and development of the waste collection and disposal service.

The parties have established a Joint Waste Management Committee, known as “the Board” whose purpose is to keep the agreement under review and make any necessary recommendations to the parties for its amendment. The Board provides a forum for all Nottinghamshire local authorities to discuss and highlight issues regarding Waste and Recycling, enabling a consistent approach between the Waste Disposal Authority and the Waste collection Authorities. The Board shall comprise an Executive Member representing each Council and will meet on a quarterly basis.

GOOD PRACTICE:

- The Gedling Plan 2020-2023 sets out Gedling Borough Council’s strategic vision for the future, documenting a programme of activities to improve the quality of life for all residents, including plans to build a sustainable environment, the promotion of healthy lifestyles, safe communities, and to provide efficient and effective services. The Council’s progress towards completing these objectives is measured by Key

Performance Indicators (KPIs) which are regularly reported to both the Cabinet and the Overview and Scrutiny Committee

- The Waste & Recycling teams operate a Daily Crew Sheet, maintained by the Waste Supervisor which ensures that all routes are sufficiently staffed. Where shortages are identified (eg staff sickness), these are supplemented by contract or agency staff. Staff are requested to provide at least two weeks' notice prior to taking leave, and any requests for time off are recorded in the Holiday and Absence Logbook. On a regular basis, the projected crew sheets are assessed to ensure there is adequate cover
- Standard induction training is completed by all new joiners to the Council. Mandatory Health & Safety training is coordinated by the Health & Safety Officer, who notifies the Waste & Recycling Team if their staff have not completed their training. In addition, the Waste & Recycling Team have further role-specific "toolbox" training which covers in detail essential operational guidance, such as how to safely operate waste collection machinery and equipment
- Customer complaints and compliments are reported to the Council either through the Council website or by contacting Customer Services directly. A process is in place to ensure that each complaint is responded to in a timely manner, and an appropriate explanation is provided. Where a follow-up is needed, this is logged clearly within the complaints system. Compliments are also logged and feedback is recorded and maintained by the Council. Customer satisfaction metrics are analysed and reported. Most recently the Waste & Recycling Team scored 83% for residents' satisfaction of their services provided.

KEY FINDINGS:

We have reported the following key findings:

- **Risk Assessments** - risk assessments are not consistently performed for new properties before they are added to waste collection routes (Finding 1, Medium)
- **National Indicators (NIs)** - the NIs in place that link directly to the Council's Waste and Recycling initiatives are set below national and EU targets. The Council has consistently missed this target over the last two years, which has been reportedly due to waste and recycling contamination (Finding 2, Medium)
- **Driver Routes** - The optimisation of drivers' routes is not routinely assessed and the full capabilities of the Bartec system are not realised (Finding 3, Medium).

CONCLUSION:

Overall, the Council has adequate procedures in place to manage operations for waste and recycling, however, some areas were identified during this review that, once addressed, will ensure a more robust management system.

We have raised three medium priority findings and reported moderate assurance against both the design and operational effectiveness of the controls in place.

DETAILED FINDINGS

RISK: RISK ASSESSMENTS OF NEW CUSTOMERS ARE PERFORMED TO ENSURE CREW ARE NOT SUBJECT TO HEALTH AND SAFETY RISKS INCLUDING THE MANAGEMENT OF COVID-19 RELATED RISKS TO DEPLOYING CREWS

Ref	Significance	Finding
1	Medium	<p><u>Risk Assessments</u></p> <p>Health and Safety Executive research in 2019 identified 4.5% of workers in waste suffered work related ill health, and fatalities in waste are 16.9 times the average across all industries.</p> <p>Risk assessments of new sites that are scheduled to be included within the waste and recycling collection routes should be undertaken, prior to the site's inclusion on the route. The risk assessments will help identify any potential issues or areas of the route which may cause a risk to Waste staff eg injury/death.</p> <p>In order to review whether risk assessments had been completed for all new waste and recycling collection routes we requested a list of all new recent additions to routes. However, this could not be provided. This was because the administrative process between the Council's Planning Department and Waste and Recycling team is not clearly set out. Planning will email the Waste and Recycling Team on an ad-hoc basis when new properties are added.</p> <p>From discussion with the Service Manager (Transport and Waste) it was established there is no clear process for monitoring the additional properties and conducting risk assessments of new sites in relation to the collection of waste to them.</p>

RECOMMENDATION:

A process should be determined which prompts the Waste and Recycling team that a risk assessment be completed at the appropriate timescale, ideally in advance of the first collection in a new location. The Waste and Recycling team should discuss with the Planning team how they can be provided with early sight of new developments and road adoptions, in order to plan ahead.

MANAGEMENT RESPONSE:

A process will be developed to ensure that a risk assessment is in place in conjunction with planning for every new property development in advance of collection at a new location. While the process is being developed the Business Development Manager will liaise with the planning officers to complete a risk assessment as required for new locations coming online.

Responsible Officer: Head of Service or Depot Manager

Implementation Date: 30/09/2021

RISK: INADEQUATE OVERSIGHT LEADING TO OPERATIONAL RISKS NOT BEING MANAGED IN RELATION TO WASTE COLLECTION

Ref	Significance	Finding
2	Medium	<p><u>National Indicators (NIs)</u></p> <p>The Gedling Plan 2020/23 was approved by Cabinet on 13 February and Council on 5 March 2020. The Plan sets out the Council’s strategic direction and the key strategic actions which will be delivered to meet the priority objectives over the next 3 years. It comprises five key priorities:</p> <ul style="list-style-type: none"> • Environment - Sustainable (<i>includes Waste and Recycling</i>) • Healthy Lifestyles • Economy - Vibrant • Council - High Performing • Cohesive, Diverse and Safe Communities. <p>Two national indicators directly linked to Waste and Recycling were set by the Council:</p> <ul style="list-style-type: none"> • NI 191 - Residual household waste per household in Kg (current target: 140kg/quarter) • NI 192 - Percentage of household waste sent for refuse, recycling and composting (current target: 36%). <p>However, with regards to NI 192, the Council’s target of 36% is lower than both the national average (44.7% as reported in 2018) and the EU target for the UK (50% by 2020). These targets are therefore inconsistent with the Council's green ambitions outlined within the Gedling Plan. In addition, the Council reported that it missed its annual target in 2019/20.</p> <p>We noted that reporting to Cabinet between November 2019 and July 2020 highlighted that the annual targets had been missed for both national indicators. The most recent report from Q3 2020/21 states that the ‘data is not available at time of report’. The minutes of the meetings where performance is reported did not contain much detail and therefore it is unclear the extent to which this progress is monitored, and what steps are taken to ensure a timely delivery of the planned actions.</p> <p>However, we were informed that the targets are not being met as a result of higher than normal volumes of rejected loads at the recycling depot due to contamination of recyclables. We have benchmarked the Council against its CIPFA comparator neighbours based on the 2019/20 data for NI 192 (see Appendix I). This has highlighted that over its 14 comparator neighbours, the Council has the second lowest percentage reported against NI 192. In 2019/20 the Council reported 32.7% against a target of 36%, which placed it 283rd out of 341 Local Authorities. This is a reduction from 34.2% (273rd) in 2018/19 and 35.2% (262nd) in 2017/18.</p> <p>Additionally, in November 2019, waste and recycling was the subject of a scrutiny review by the Overview and Scrutiny Committee. The review generated six recommendations for Cabinet, one of which was accepted, five were partly accepted and one was rejected. It appears</p>

that some of the recommendations would have had a positive impact on achieving the Council's green targets, and it is unclear why they were rejected.

The minutes from the Overview and Scrutiny Committee meeting where the recommendations were proposed did not contain detail about further discussions that reportedly occurred with the portfolio holder in order to establish the metrics against which the service will continue to be performance managed in the future.

RECOMMENDATION:

- A. It is acknowledged that the Council has had issues with achieving the NIs due to contaminated waste. It is understood that promotion work has been undertaken in the past, but the following could be reviewed (where budgets allow):
 - Promote waste minimisation and reduce contamination through vehicle signage, collection calendar information, contact magazine articles, local newsletters, information in leisure/community centres, bin stickers, social media and the council website to highlight the removal of contaminants from the recycling bin i.e. food waste, nappies, plastic bags, textiles, glass and to inform residents of what can be recycled
 - Education within schools and within the community, including Recycling Officers.
- B. The NIs should be reviewed further, ensuring they are consistent with the Council's green ambitions.
- C. In light of the findings within this report, the five recommendations that were partly accepted should be revisited on the basis that they may directly benefit the Council's green ambitions targets as documented within the Gedling Plan 2020-2023.
- D. In addition, the Council's Service Plan 2020-2023 lists several opportunities for the Transport and Waste department, so it would be beneficial to combine these with any recommendations that were deemed to have a direct and positive impact on the Council's targets.

MANAGEMENT RESPONSE:

Work is underway to draft a Waste Policy and Strategy which will promote waste minimisation and reduce contamination, and follows a research based approach with a focus on top performing Councils. In addition this will recommend an approach to enforcement in line with top recycling Authorities in England.

It is recognised that primary responsibility for encouraging recycling and the choice of materials for recycling rests with the county council and may change following current areas of government consultation, officers will continue to work with the joint partnership to progress this work, plan and deliver associated local campaigns.

Responsible Officer: Depot Manager

Implementation Date: 31/03/2022

RISK: REGULAR AND ROBUST REVIEW OF DRIVER ROUTES TO MAXIMISE EFFICIENCY IS NOT CONDUCTED AND IMPLEMENTED EFFECTIVELY

Ref	Significance	Finding
3	Medium	<p><u>Driver routes</u></p> <p>In order to ensure routes are the most efficient in both time and energy, drivers' collection routes should be regularly reviewed. The Service Manager (Transport and Waste) informed us this is something the Council has wanted to do but has not been able to complete since the last review in 2017, due to a lack of capacity and resource.</p> <p>The Bartec system has the capability to be utilised to aid route optimisation, but at present the system is not being used for this function. We were informed that exploratory work is required in order to understand how best to use the system.</p> <p>In addition, Bartec is not currently installed on all vehicles. Vehicles without Bartec are currently using an alternative system. The Service Manager (Transport and Waste) is focused on making the service consistent, and discussions are currently taking place with regards to this.</p> <p>Without optimising systems available to it, there is a risk that the Council is not utilising the most efficient and effective routes for collections. This could mean fewer collections per route, wasted time and potentially higher emissions.</p>

RECOMMENDATION:

- A. The Council already has a system in place (Bartec) which can aid route optimisation. We encourage the Council to further investigate if this capability can be utilised if there is now the capacity and resource to implement it. If it is found this can be used, it should be installed on all vehicles to consolidate a singular approach to route optimisation.
- B. If the updates to the Bartec system cannot be immediately utilised the Council should ensure that the route optimisations are reviewed more frequently, in particular where new developments are being added.

MANAGEMENT RESPONSE:

Bartec works with a company called Innogistics solutions for the delivery of the route optimisation solution, the cost for a one off piece of work is in the region of £6,000 not including officer time. The intention is that the depot manager once back in the workplace will progress this project, with support from the head of service and that this work will be included in the re-tender of the back office IT support system for waste management (due in early 2022).

Responsible Officer: Depot Manager

Implementation Date: 31/03/2022

STAFF INTERVIEWED

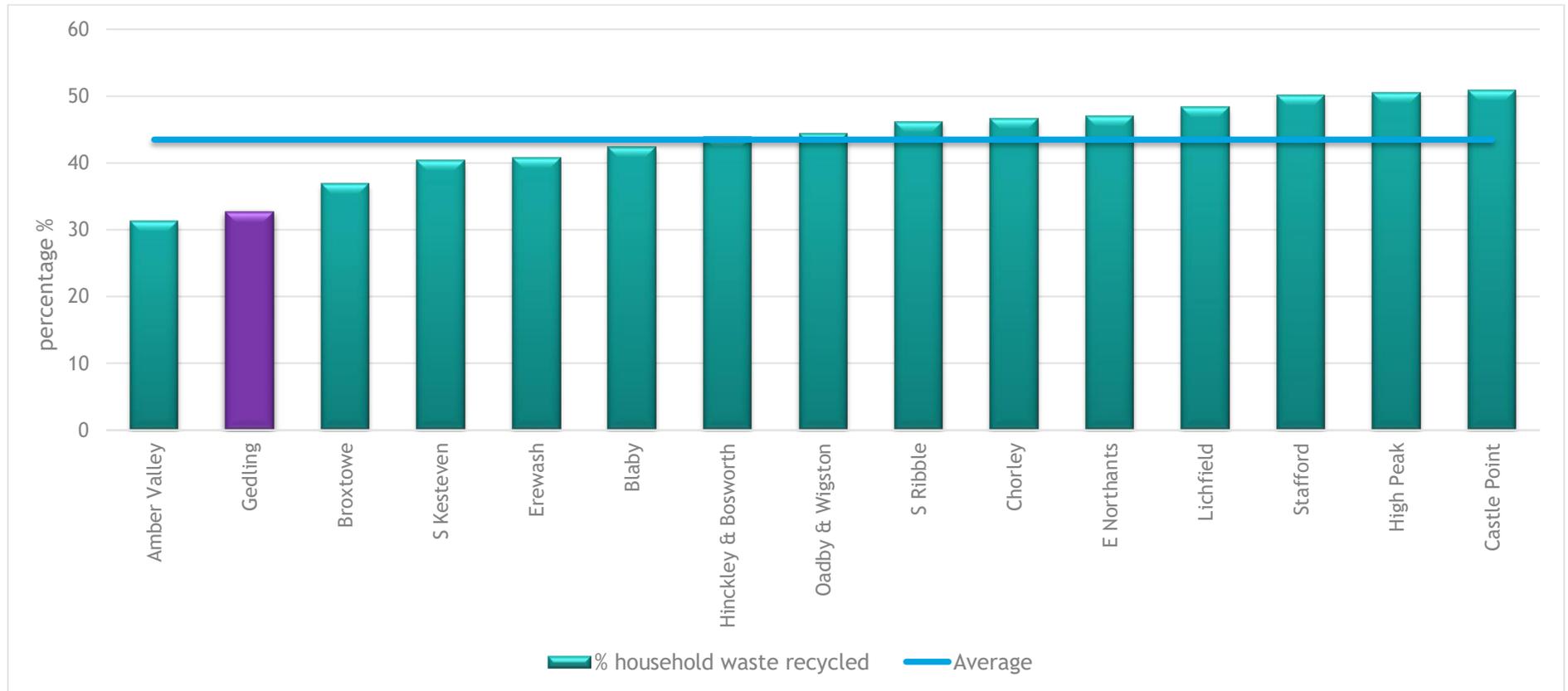
BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Mark Hurst

Service Manager, Transport & Waste

APPENDIX I - NI 192 COMPARATOR LOCAL AUTHORITIES

The following graph shows Gedling Borough Council NI 192 results against its 14 other CIPFA comparator Local Authorities using 2019/20 data.



APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal cont.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX III - TERMS OF REFERENCE

PURPOSE OF REVIEW:

To review the management and operational activities of the Council's refuse and kerbside waste collection service and a view on the Joint Management Committee arrangements.

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Inadequate oversight leading to operational risks not being managed in relation to waste collection
- Assessment of crews/staff required are not appropriate to meet demand
- Risk assessments of new customers are performed to ensure crew are not subject to health and safety risks including the management of Covid-19 related risks to deploying crews
- Environmental health issues are not appropriately reported
- Regular and robust review of driver routes to maximise efficiency is not conducted and implemented effectively
- Up to date procedures are not documented, communicated and understood by staff to direct operational activities including waste transfer notes
- Relevant and timely training is delivered to staff and records are maintained
- Complaints/concerns are not identified and acted upon
- Reporting of the waste collection service is not produced, discussed and acted upon and the data related to this is not accurate and/or complete
- The Council do not engage effectively with the Joint Management Committee to reach expected outcomes.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review reporting and governance around bin collection as a whole
- Assess the validity of data collected
- Assess how bin rounds, staffing and weather challenges are managed and escalated as necessary
- Review customer satisfaction arrangements
- Understand and assess arrangements to identify complaints and action these and also that Member concerns are picked up from residents/Surgeries they hold
- Focus on how future demand has been assessed and then how the Council has created plans and monitored them to meet these demands.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

FOR MORE INFORMATION:

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