



# GEDLING BOROUGH COUNCIL

## INTERNAL AUDIT REPORT

SUSTAINABLE GROWTH - EMPLOYMENT & SKILLS  
DECEMBER 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

IDEAS | PEOPLE | TRUST



EXECUTIVE SUMMARY .....	2
DETAILED FINDINGS .....	4
STAFF INTERVIEWED .....	10
APPENDIX I - DEFINITIONS.....	11
APPENDIX II - TERMS OF REFERENCE .....	12

#### DISTRIBUTION

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#### REPORT STATUS LIST

Auditors:	Pavan Mohan
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## 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)

High	0
Medium	1
Low	2

TOTAL NUMBER OF RECOMMENDATIONS: 3

### BACKGROUND:

One of the Gedling Plan's priorities is to 'promote and drive sustainable growth across the borough to meet current and future needs'. To achieve this, one of the key strategic objectives identified by Gedling Borough Council ('the Council') is to drive business growth, workforce development and job opportunities.

The key actions identified to achieve this objective are:

- Support schools to prepare young people for work through career/interview skills days or 'prepare local people for work'
- Work with partners and local businesses to provide training opportunities for residents through apprenticeships, jobs, work experience placements and specialist events
- Extend delivery of the Compact Agreement with Nottingham Trent University through provision of student work placements and project opportunities
- Work with the Department for Work and Pensions to deliver Mentoring Circles to local unemployed people
- Support delivery of a local industrial strategy including playing an active role in D2N2/LEP (one of the largest Local Enterprise Partnerships in England to lead and support economic growth across Derby, Derbyshire, Nottingham and Nottinghamshire)
- Identify opportunities to redevelop vacant or underused land for employment uses
- Facilitate growth and inward investment across the Borough
- Provide targeted business support to small and medium businesses across the borough.

The skills and training agenda cuts across a number of corporate priorities. These elements within the Gedling Plan bring together a number of activities targeting a range of clients with the aim of getting them better skilled and employed.

The Council are currently experiencing turnover in the roles of Head of Regeneration and Welfare, and Economic Growth Manager who are responsible for much of the Employment and Skills work. The recruitment process for the Head of Regeneration and Welfare is ongoing, however it is not yet clear if the role of Economic Growth Manager will continue to exist.

**GOOD PRACTICE:**

The following areas of good practice have been identified:

- In order to continue to provide valuable Employment and Skills services, the Council has started to assess where there may be a future need or surplus of provision. This is part of the 'State of Gedling' review, which is being completed by the Economic Growth Manager. This is an economic assessment of the borough to provide a snapshot of each town, particularly in terms of employment and education data.
- The Employment and Skills Group (ESG) is co-ordinated by the Council as a platform for external partners to work better together and share information. Due to the impact of COVID-19, the quarterly meetings have been held remotely. This has allowed the group to expand its reach, with more attendees noted at these meetings compared to previous in-person meetings. In addition, the focus of the group has shifted away from over-analysis of statistics with no output, to greater collaboration between partners. We observed the October 2021 meeting which included effective discussions in line with the agenda. This is further reflected in our review of meeting minutes for the previous four meetings.

**KEY FINDINGS:**

- **Action Plans, Performance Indicators and Oversight** - There are a number of improvements that the Council can make to its governance arrangements, including more regular reporting to the Senior Leadership Team, more detailed action planning and having more measurable key performance indicators (**Finding 1, Medium**)
- **Lessons Learnt** - Success of the Council's initiatives is not measured regularly with no consistent process in place to review completed work and complete a lessons learned exercise (**Finding 2, Low**)
- **ESG terms of reference** - The Employment and Skills Group (ESG) do not have a terms of reference (**Finding 3, Low**).

**CONCLUSION:**

Overall, the Council has controls in place that are designed to ensure that there is adequate management of Employment and Skills services. This includes the facilitation of ESG meetings which have been functioning more effectively over the past year.

The Council have an action plan in place and have identified a number of performance indicators. However, further progress needs to be made in ensuring these are appropriate, and that regular, sufficient updates are provided to leadership for oversight.

Much of the Council's Employment and Skills work is continuous with no clear end dates. Despite this, it is important for there to be a frequent review and reflection process to aid continuous improvement.

Therefore, the overall rating is a moderate opinion on both the design and effectiveness of the system.

## DETAILED FINDINGS

RISK: THE ACTIONS IN PLACE TO ACHIEVE THESE PRIORITIES ARE NOT ADEQUATE OR EFFECTIVE

Ref	Significance	Finding
1	Medium	<p><u>Action Plans, Performance Indicators &amp; Oversight</u></p> <p>In order to help deliver the objective of 'Drive business growth, workforce development and job opportunities', there is a Regeneration and Welfare Service Plan for 2021-22 with 53 actions. This contains a number of actions that are directly linked to the work of Employment and Skills, including:</p> <ul style="list-style-type: none"> <li>• Support schools to prepare young people for work through career/interview skills days or 'Prepare local people for work'</li> <li>• Work with partners and local businesses to provide training opportunities for residents through apprenticeships, jobs, work experience placements and specialist events</li> <li>• Ensure that the work of the Social Mobility Commission feeds into the Economic Growth team's work programme (including the employment and skills agenda).</li> </ul> <p><b>Action Plans</b></p> <p>The Council use the Pentana system for their action plans and performance indicators. Our review of the action plan generated on 9 September 2021 from the latest information in Pentana showed:</p> <ul style="list-style-type: none"> <li>• Each action has been assigned a clear owner to ensure appropriate responsibility. Given the current turnover in the roles of Head of Regeneration and Welfare, and Economic Growth Manager, these will need to be reassigned.</li> <li>• Each action has a due date; however, the majority of these have the same date of either 31 March 2022 or 31 March 2023. Whilst it is noted that much of the Employment and Skills work completed by the Council is continuous rather than project based with clear deadlines, the actions should still be time-bound.</li> <li>• Performance is shown with a progress bar out of 100%, however nearly all actions showed progress of 0%. Our discussions found that this is not reflective of the actual work completed, but is rather due to a lack of Pentana knowledge by staff.</li> <li>• Whilst there is the ability to add details to each action as a latest update, this has only been completed for one action. In addition, the action plan does not include the previous updates to provide a complete narrative.</li> </ul> <p><b>Performance Indicators</b></p> <p>To aid monitoring of progress, a number of performance indicators have been identified at both a corporate and service level. These include:</p> <ul style="list-style-type: none"> <li>• Delivery of school based employability events</li> <li>• Number of new investments in Gedling for regeneration projects that the Council has facilitated</li> <li>• Percentage of young people (18-24 year olds) claiming Job</li> </ul>

### Seeker Allowance.

These indicators are assigned to officers who are required to input the data into Pentana each quarter, which is then reported to SLT quarterly with supporting narrative.

Our review of the indicators found that:

- A number of indicators are not measurable, which meant that a target and actual value could not be assigned. For example, the indicator 'engage with top 50 businesses and key growth businesses through the key account management scheme, as well any other business seeking support'. The word 'engage' is not specific, and the indicator would be better phrased as 'the number of top 50 businesses and key growth businesses that have used the key account management scheme' to ensure it is measurable.
- Some indicators cannot be influenced directly by the Council, and therefore are not realistic or achievable. For example, the indicator 'percentage of working age people on Job Seekers' Allowance'.

### Oversight

Employment and Skills is included within the Regeneration and Welfare service area. The Director for this area is the Council's Chief Executive. Whilst this should ensure there is appropriate oversight, we found that:

- There are no regular progress reports that are presented to the Senior Leadership Team (SLT) in relation to this work. A one-off report was presented to SLT in June 2021, on their request, which detailed the activities of the ESG, collaboration of the Council with partners such as DWP, and the Employability Programme.
- The Regeneration and Welfare Service Plan is presented to SLT quarterly, however this does not include an adequate amount of information relating to the progress of Employment and Skills, as above.

Without regular updates, SLT do not have the ability to appropriately scrutinise progress towards achieving the objectives as set out within the Gedling Plan.

### RECOMMENDATION:

1A) The Council should ensure that actions that were assigned to the previous Head of Regeneration and Welfare, and Economic Growth Manager are transferred to appropriate colleagues

1B) Actions should be reviewed to ensure they are SMART (suitable, measureable, attainable, realistic, timebound), with due dates that are feasible

1C) The progress of actions should be reviewed and updated within Pentana to reflect the current state of play

1D) In order for the Council to use Pentana effectively, training and/or guidance notes should be provided to all appropriate staff

1E) The ability for Pentana to include all previous updates against each action should be investigated

2) Regular progress reports should be presented to SLT which includes an overview of the events that have been delivered and those that are upcoming

3) The performance indicators should be reviewed to ensure they are SMART, with target values assigned.

**MANAGEMENT RESPONSE:**

Agreed. Pentana is a corporate tool and these actions will be aligned centrally following the departure of the officers in discussion with the appropriate director responsible for the service area

Responsible Officer: Chief Executive

Implementation Date: 30 December 2021

**RISK: THE COUNCIL DOES NOT SUFFICIENTLY CONTRIBUTE TO PARTNERSHIPS TO ENSURE ITS OBJECTIVES ARE GIVEN APPROPRIATE PRIORITY**

Ref	Significance	Finding
2	Low	<p><u>Lessons Learnt</u></p> <p>In order to measure the success of the Council's initiatives, including its impact within the Borough, a review and lessons learnt exercise should take place.</p> <p>For the following projects, a lessons learnt exercise was undertaken by the Council, but we found that the following improvements could be made to the Council's inconsistent process:</p> <ul style="list-style-type: none"> <li>• Apprenticeship Fair February 2021 - an outcome report was created which detailed the entire process from the background and initial promotion, to attendance and feedback. Feedback was received from the exhibitors via a template evaluation form which required ratings for pre-event organisation and information; event marketing; and benefits of taking part in the Fair. In addition, narrative answers were requested for further information. The results of this feedback from 17 exhibitors were collated and analysed, in order to identify a number of lessons learnt and actions. Given the impact of COVID-19 and the event being held remotely for the first time, there was added importance to understand the impact of this. However, we found that the Council's process did not include gathering feedback from the schools and students who attended to provide a complete overview.</li> <li>• Recruiting Talent 2019 - this event brought together experts who can support businesses to change the way they recruit and retain staff, accessing a wider pool of talent available locally and contributing to greater activity. Following this event, an evaluation form was circulated with responses from 19 attendees. The form included a mix of questions that required ratings and narrative, with the majority of feedback being positive. Whilst this feedback was collated, a report which analysed the content and outlined key lessons learnt and actions to take forward was not created.</li> <li>• The Gedling Employability Programme is a continuous programme which has been running for the last six years. The purpose of this programme is to provide a link between businesses and students to ensure they are ready for work through preparation of CVs, interview practice and learning STEM skills. The Council collect data relating to the number of schools engaged, number of sessions run etc. Feedback is also received after sessions from businesses and schools. This information was brought together for the Council's submission to the APSE Service Awards 2020. However, there is currently no annual process whereby progress for the previous year is reflected on to ensure that the success is built upon.</li> </ul> <p>Therefore, whilst certain aspects of the Council's work is reviewed to measure its success, this is not a regular and robust process. There is a risk that information obtained as part of the lessons learnt</p>

exercise is not effectively utilised in the next project.

In order to ensure the Council continues to provide valuable Employment and Skills services, the Council has started to assess where there may be a future need or surplus of provision. This is part of the 'State of Gedling' review, which is being completed by the Economic Growth Manager. This is an economic assessment of the borough to provide a snapshot of each town, particularly in terms of employment and education data.

However, given the current turnover in the roles of Head of Regeneration and Welfare, and Economic Growth Manager, there is a risk of this assessment not being completed and used effectively.

#### RECOMMENDATION:

- 1) The Council should ensure that there is a regular review and lessons learnt process for all Employment and Skills related work. For one-off projects, this should be completed post-project with feedback received from all relevant parties. For continuous work, there should be a review to assess the progress year-on-year.
- 2) Once this process has been completed, action plans from the lessons learnt should be created and disseminated to appropriate partners to ensure continuous improvement.
- 3) The Council should ensure that the 'State of Gedling' review is completed, and consistently updated for use in its assessment of future needs or potential provision surpluses.

#### MANAGEMENT RESPONSE:

Agreed. This will be undertaken as part of the year-end reporting processes

Responsible Officer: Economic Growth Project Support Officer

Implementation Date: 30 June 2022

**RISK: THE EMPLOYMENT AND SKILLS GROUP IS NOT APPROPRIATELY MANDATED TOWARDS THE ACHIEVEMENT OF THESE OBJECTIVES**

Ref	Significance	Finding
3	Low	<p><u>ESG terms of reference</u></p> <p>The Employment and Skills Group (ESG) provides the main means for interaction with organisations providing support within Gedling. It brings together organisations including the Department for Work and Pensions (DWP), Universities, Nottinghamshire County Council services (e.g. schools, social services), housing organisations as well as providers such as Inspire, Futures and others operating in the area. The group is chaired by Cllr Jenny Hollingsworth who is the Portfolio Holder for Growth and Regeneration.</p> <p>The ESG holds quarterly meetings whereby the invite is extended to approximately 200 individuals across a number of organisations. Typically, 20-30 people attend each meeting.</p> <p>We found that there is no terms of reference in place for the group. There is a risk that the group are not aligned in what is to be achieved through the ESG, what each individual member's roles and responsibilities are, and who is able to make decisions.</p>

**RECOMMENDATION:**

A terms of reference should be created for the ESG. This should define:

- The vision, objectives, scope and deliverables (i.e. what has to be achieved)
- Stakeholders, roles and responsibilities (i.e. who will take part in it)
- Resource, financial and quality plans (i.e. how it will be achieved)
- Work structure and schedule (i.e. when it will be achieved).

Once the terms of reference has been drafted it should be circulated to the members of the ESG for comments and approval. It should then be reviewed every one to three years to ensure it remains fit-for-purpose.

**MANAGEMENT RESPONSE:**

Agreed.

Responsible Officer: Economic Growth Project Support Officer

Implementation Date: 31 March 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.

Joelle Davies	Head of Regeneration and Welfare
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Jeffrey Kenyon	Economic Growth Manager
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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:

This audit will provide assurance over the governance arrangements in place to achieve the Council's priority to promote and drive sustainable growth across the borough. We will review the key actions in place as detailed above to ensure they are operating effectively towards the successful achievement of the objectives.

### KEY RISKS:

- The priorities/initiatives do not directly link to the objectives of the Gedling Plan
- The actions in place to achieve these priorities are not adequate or effective
- The Council does not sufficiently contribute to partnerships to ensure its objectives are given appropriate priority
- Governance structures are inadequate and are not robust enough to allow sufficient scrutiny
- The Employment and Skills Group is not appropriately mandated towards the achievement of these objectives
- Monitoring and oversight of management information relating to the priorities is ineffective.

### SCOPE OF REVIEW:

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

- Review how the priorities/initiatives link in to the achievement of the Gedling Plan. Review how the initiatives are realised and how further opportunities are identified
- Review whether each of the key priorities/initiatives (as recorded in the background section) have action plans to ensure their achievement. Review the action plans and evaluate if:
  - Outcomes are clear and well-defined
  - Actions are specific, measurable, achievable, realistic and time bound (SMART)
  - Assigned to clear action owners
  - Are appropriately followed up to ensure they are achieved in the timescales set.
- Review the governance structures in place and ensure there is appropriate scrutiny of the progress towards achieving the objectives as set out within the Gedling Plan
- Review whether the Employment and Skills Group (ESG) has an appropriate terms of reference, meet regularly and reviews progress against the objectives and key actions. Evidence what outputs are delivered and whether this is in line with the Gedling Plan priorities and objectives
- Review management information and evidence of monitoring and oversight over key performance indicators relating to the effectiveness of each of the initiatives
- Review how success is measured, including the impact that various initiatives have within the Borough. This also includes reviewing whether the Council has assessed where there may be a future need or a surplus of provision.

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.

#### BAF/CRR REFERENCE:

Risk 13: Failure to react to socio-economic trends.

**FOR MORE INFORMATION:**

**Greg Rubins**

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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