# INTERNAL AUDIT **PROGRESS REPORT** Gedling Borough Council January 2023 IDEAS | PEOPLE | TRUST | BDO

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## SUMMARY OF WORK

#### INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the January 2023 internal audit plan. 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.



#### 2021/2022 INTERNAL AUDIT PLAN

We have now finalised three more audits from the 2021/22 IA Plan and are pleased to present these to the Audit Committee:

- Sustainable Environment
- ▶ Environmental Health & Enforcement Selective Licencing
- ▶ Environmental Health & Enforcement Warden Enforcement

#### 2022/2023 INTERNAL AUDIT PLAN

We are also pleased to present the following report to this Audit Committee meeting:

Building Control and Development Management Processes

The following audits are in reporting stage but not yet finalised and therefore will come to the next Audit Committee:

- Remote Working
- Cyber Security

The fieldwork for the following audits is either underway or scheduled to start in the next two weeks:

- Workforce Strategy
- Business Continuity and Emergency Planning
- Counter Fraud and Corruption Strategy

We anticipate presenting these reports at future Audit Committee meetings.

# CHANGES TO THE 2022/2023 INTERNAL AUDIT PLAN

There are no changes at present to this year's plan.

# **REVIEW OF 2022/23 WORK**

#### 2021/22 IA Plan

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Sustainable Environment	January 2023			$\swarrow$	S	M
Environmental Health Services & Enforcement - Selective Licensing	January 2023	<b>₩</b>		$\swarrow$	M	M
Environmental Health Services & Enforcement - Warden Enforcement	January 2023	$\forall$	<b>₩</b>	$\forall$	L	M

#### 2022/23 IA Plan

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Corporate Governance and Performance	September 2022		$\bowtie$		M	M
Recruitment and Retention	September 2022			$\bowtie$	M	M
Building Control and Development Management	January 2023			$\swarrow$	5	S
Cyber Security	March 2023			$\swarrow$		
Remote Working	March 2023	$\forall$		$\forall$		
Business Continuity and Emergency Planning	March 2023	<b>₩</b>				
Main Financial Systems	March 2023	$\forall$				



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Counter-Fraud and Corruption Strategy	March 2023				
Workforce Strategy	March 2023	$\forall$	$\forall$		
Economic Growth Framework and Partnerships	March 2023	$\forall$			

## SUSTAINABLE ENVIRONMENT

#### **CRR REFERENCES:**

12: Failure to react to an environmental incident or malicious act.

 Design Opinion
 Substantial
 Design Effectiveness
 M
 Moderate

 Recommendations
 0
 2
 1



#### **BACKGROUND**

Climate emergency is defined as a situation in which urgent action is required to reduce or halt climate change and avoid potentially irreversible environmental damage resulting from it. Local government has the ability to make an impact at a local level including greening the council estate, fleet and housing stock by working with housing associations and landlords, as well as working with local industry to help and incentivise them to operate more sustainably.

At the Council meeting held on 20 November 2019, Gedling Borough Council ('the Council') resolved to:

- Join with other Councils and Parliament in declaring a climate emergency
- Set a goal and vision of becoming carbon neutral across Gedling borough by 2030
- Ensure that this work does not just focus on the activity of the Council, but also reaches out to partners and residents to help them reduce their carbon footprint
- Produce a practical and robust action plan to ensure that all councillors and officers are clear what Gedling Borough Council will do to tackle the climate emergency
- Work with employers in the borough, including businesses, the third sector, charities and the public sector to encourage them to take steps to reduce their carbon emissions and operate in a more sustainable way, and learn from any best practice that they've already put in place
- Work with local MPs to lobby the Government, as well as Labour's front bench and other major political parties to ensure local government is given the powers and funding they need to tackle the climate emergency and make the borough greener.

#### **AREAS REVIEWED**

This commitment is reflected in the Gedling Plan 2020-23, which includes a key priority 'to promote a sustainable environment'. This is split into four areas, with one of these being to 'promote and protect the environment by minimising pollution and waste and becoming carbon neutral'.

The Council has service plans in place for each Service Area, which outline the actions required to achieve the Gedling Plan corporate priorities. The Scope of this review was limited to the Environment Service Area Service Plan due to time constraints.

The Council remains in the early stages of planning how they will tackle the climate emergency although they have recently started to make progress. A Climate Change Officer was appointed in December 2021 and the Carbon Management Strategy and

action plan was adopted in March 2022.

We reviewed the progress of the Council against its sustainable environment corporate priority, covering the Gedling Plan and Carbon Management Strategy and associated roles, responsibilities and governance with respect to this.



We found the following areas of good practice:

- Alignment of the Gedling Plan and Carbon Management Strategy: The Carbon Management Strategy links to the Gedling Plan. It was developed in response to two actions listed on the Gedling Plan under the Corporate Priority 'Sustainable Environment':
- Develop and implement a Carbon Reduction Strategy aligned with key partners across the borough
- Produce and implement a practical and robust borough wide action plan to tackle a climate emergency.
  - There is a section within the Carbon Management Strategy titled 'Our Performance so far' which references other 'Sustainable Environment' Gedling Plan actions that have already been undertaken. Furthermore, actions listed in the Carbon Management Strategy align with actions in the Gedling Plan that have not yet been completed where carbon management is applicable.
- ▶ Climate Emergency UK: Climate Emergency UK graded each Council across the country on their climate action plans and activities to date across nine key sectors. Gedling, along with Rushcliffe, were graded the highest of the seven Nottinghamshire councils with a score of 46% each. The average score for English Council's was found to be 46%
- Monitoring and Oversight: We reviewed the Environment service plan which contains 15 'Sustainable Environment' actions. These actions are followed up in the form of action reports, achievement reports and performance indicator reports which are reported quarterly to the Overview and Scrutiny Committee and Cabinet. Results are also published on the Council's website. Appropriate discussion and engagement regarding performance was observed at both committees
- ▶ Climate Change Officer: The Council's Climate Change Officer came into post in December 2021. The Officer has undertaken numerous environmental activities. A Climate Change Communications Plan and Communications and Marketing Plan are currently being drafted to help support delivery of Gedling's environmental aims.
- ▶ Environmental Policy: An Environmental Policy is currently being drafted which aims to enhance the culture at the Council with regards to climate action and help officers to understand environmental responsibilities. The Climate Change Officer met with Heads of Departments on 5 May 2022 to discuss the Environmental Policy and we have seen evidence of positive engagement in a SWOT analysis activity on implementing the policy
- Action Plans: The Council has actions in place within each service area's service plan and within the Carbon Management Strategy itself. Actions and sub actions and are assigned to clear action owners. The Council also have an action plan in place to achieve the goals of the Carbon Management Strategy
- ▶ Environmental Sustainability and Carbon Reduction Group: The Council has an Environmental Sustainability and Carbon Reduction Group consisting of both officers and members which intends to assist with the development and review of the Carbon Management Strategy & Action Plan. We reviewed the minutes from the last three meetings and have seen extensive discussion and oversight of environmental matters at the Council including the Council's carbon baseline, waste & recycling and energy efficiency. An update on the Council's Carbon Management Strategy & Action Plan was given in the last meeting held on 16 March 2022 with a follow up



action specified for the 100+ actions from the Action Plan to be put into manageable actions so as they can be delivered.



During our review, the following findings were noted;

- ▶ Progress towards meeting Gedling Plan actions: All actions in the Gedling Plan are required to be completed by March 2023. Despite this, the performance action report for Q3 of 2021/22 indicates progress towards 18 out of 19 (95%) actions for the 'Sustainable Environment' Corporate Priority were at 50% or below, predominantly due to a lack of resources (Medium)
- ▶ Carbon Management Strategy- Embedding the net zero carbon agenda throughout the Council: Not all actions in the Strategy are SMART, and full discussions with key partners identified within the 'action owner' column of the plan across the Council have not been undertaken although they are planned. There is also scope to strengthen the carbon management agenda within decision-making at the Council (Medium)
- Corporate Risk Register: Progress on actions around the risk relating to sustainable environment was not reported on in the risk report reviewed (Low).



- As mentioned above, Climate Emergency UK have graded the Carbon Management Strategy at Gedling Borough Council at 46%. Climate Emergency UK have a scorecard resource which sets out the climate plans at each council and what they have scored in each individual area as well as a feature outlining the best plans of 2021. The Council could consider utilising this resource upon the first annual review of their Carbon Management Strategy to improve any lower scoring areas. We have provided links to these resources below:
- Council Climate Plan Scorecards | Climate Emergency UK (councilclimatescorecards.uk)
- Feature: Best plans of 2021 Climate Action Plan Explorer (climateemergency.uk)
- ► The Council could also consider reviewing their own work against the checklist developed by Climate Emergency UK to identify areas of improvement.



The Council has clear ambition and commitment to environmental sustainability which is reflected in the 2020-23 Gedling Plan and the Carbon Management Strategy adopted in March 2022, but is limited by resource constraints.

Since the Climate Change Officer came into post in December 2021, progress has been made to achieve environmental aims with more ideas in the pipeline to improve the culture and subsequent buy-in across the Council. However, the Council should ensure that there are operational plans in place to support the Climate Change Officer's responsibilities.

The Council has clear oversight mechanisms to set and approve environmental aims and to follow up on actions to meet the 'Sustainable Environment' corporate priority. However, the Council should implement further assurance measures to ensure all actions are completed in line with the March 2023 deadline.

We have therefore assessed the systems in place to be of substantial design and moderate effectiveness.

# ENVIRONMENTAL HEALTH SERVICES & ENFORCEMENT - SELECTIVE LICENSING

#### **CRR REFERENCE:**

10. failure to maintain service standards





#### **BACKGROUND**

Environmental health covers all aspects of the natural and built environment that may impact on human health and wellbeing. Environmental health services are typically responsible for carrying out measures for the protection of public health including administering and enforcing legislation related to Environmental Health and provides support in minimising and addressing health and safety hazards.

At Gedling Borough Council ('the Council') environmental health covers:

Pest control; dead animal removal from roads and public places; food safety/poisoning; air pollution monitoring and reporting; stray dogs; contaminated land; infectious disease and smoke control.

The Environment and Licensing Committee is responsible for all non-executive functions of the Council regarding Environmental Health.

The Council has a Public Protection Enforcement Policy statement which sets out what businesses, residents and the community can expect from the Council's enforcement approach and procedures. The primary function of the enforcement work is to protect the public and the environment. At the same time equitable and consistent enforcement maintains a level playing field for local businesses as well as the Council's service users. Enforcement options include: written and verbal advice; reference to another enforcement agency; written warnings; statutory notices; fixed penalty notices and prosecution.

The 'Public Protection - Environment' Service Area consists of several Service Teams including but not limited to Food, Health and Housing and Community Protection. This audit focussed on the environmental health services of Selective Licensing which sits within the Food, Health and Housing Service Team.

Part 3 of the Housing Act 2004 gives local authorities the power to introduce selective licensing for privately rented properties within a designated area. Gedling Borough Council implemented a Selective Licensing Scheme within the Netherfield Ward on the 1 October 2018 with the aim to improve housing standards in the private renting sector.

#### **AREAS REVIEWED**

- ▶ Service Requests: Between 1 January 2021 and 31 December 2021, seven Selective Licensing and 27 Housing Conditions service requests were recorded on the Council's system, Uniform. We selected a sample of two service requests for Selective Licensing and three for Housing Conditions and reviewed these to ascertain whether they were appropriately prioritised, investigated, and managed.
- ▶ Between 1 April and 31 December 2021, three Community Protection Notices (CPNs) were issued by the Selective Licensing team. We reviewed all three notices to



ascertain whether these were issued in line with the Council's Private Sector Housing Civil Penalties Policy.



We found the following areas of good practice:

- ▶ Enforcement Policy The Council has a robust Private Sector Housing Enforcement Policy that clearly sets out all relevant information regarding enforcement procedures for Selective Licensing. It covers choice of appropriate enforcement action, factors that should be considered and non-compliance with notices/orders. It also clearly details who is responsible for implementing the policy and who has authority to investigate or enforce
- ▶ Training Training on Investigation and Case Building was provided to all public protection officers in December 2020 covering key areas of legislation, powers to investigate and collection of evidence
- ▶ Enforcement Activity We tested a sample of three Civil Penalty Notices issued by the Selective Licensing team between April and December 2021 and found all were granted in line with the Gedling Private Sector Housing Enforcement Policy.



During our review, the following findings were noted:

- We tested a sample of service requests and found these were not adequately prioritised and recorded on Uniform. Furthermore, there are currently limited controls in place for monitoring or reporting Selective Licensing service request performance (Medium)
- ▶ We found the Gedling Health & Safety Policy was last reviewed in August 2018 and contains insufficient version control information. Officer Health & Safety Training is not regularly updated in line with refresher dates and enforcement training records are not held centrally (Medium)
- ▶ The Private Sector Housing Enforcement Policy was found to be overdue for review at the time of the audit. The policy was last reviewed in March 2019 with the policy stating it will be periodically reviewed. The Private Sector Housing Civil Penalties Policy was also reviewed in March 2019 and has no version control information detailed although we have been informed that both policies are currently under review. Neither policy include author or approval information. However, we have been advised that the Civil Penalties policy is a corporate policy adopted by the portfolio holder where the author is the council and approval information is included within the portfolio holder report which authorises the formal adoption of the policy (Low).

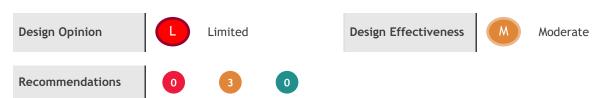


Our review has identified some gaps in procedures and controls in key areas of enforcement. As a result, we have made recommendations that should be implemented to improve the quality of the Council's overall internal control framework and operational effectiveness of the controls. We have identified two medium findings. These relate to response times and administration of service requests (lack of prioritisation and recording of updates) and some delays in closing cases. In addition, some critical measures we would expect to be in place to achieve the Council's objectives are not fully in operation including an up-to-date policy, performance monitoring, regular refresher training and spot checking. The effectiveness of the system is adequate however and does not pose immediate safeguarding risks. This has led us to our opinion of moderate assurance over control design and operational effectiveness.

# ENVIRONMENTAL HEALTH SERVICES & ENFORCEMENT - WARDEN ENFORCEMENT

#### **CRR REFERENCE:**

10. failure to maintain service standards





#### **BACKGROUND**

Warden Enforcement for dog fouling, antisocial behaviour, and fly-tipping (referred to from here on as 'Warden Enforcement') sits within the Community Protection team and is undertaken by officers including but not limited to Community Safety Officers, Environmental Health Officers, Anti-social Behaviour Co-ordinators and Neighbourhood Wardens.

The environmental officers are responsible for dealing with service requests, carrying out enforcement activity and attending events/ campaigns. There is not currently an Environmental Enforcement Policy in place to guide officers in performing enforcement activity across Warden Enforcement activities. A draft Environmental Enforcement Policy has been written and is currently awaiting approval.

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#### **AREAS REVIEWED**

- ▶ Service Requests: From 1 July to 31 December 2021, there were 630 service requests recorded on Uniform for Anti-social Behaviour, 92 for Dog Fouling and 871 for Fly Tipping. We selected a sample of five service requests for each area giving a total sample of 15 service requests. We then extended this sample by one for both fly-tipping and anti-social behaviour service requests during testing to ensure a broad range of officers were observed. We reviewed these service requests to ascertain whether they were appropriately prioritised, investigated and managed.
- ▶ Enforcement Activity: Between 29 September 2021 and 10 March 2022, 37 enforcement notices were issued for dog fouling, anti-social behaviour, and fly-tipping incidents by three members of the Community Protection team. Since April 2021, one further dog fouling and two further fly-tipping Fixed Penalty Notices (FPNs) were recorded on Uniform. We selected a sample of two anti-social behaviour, two fly-tipping and one dog fouling enforcement activities and reviewed these to ascertain whether they were carried out in accordance with the relevant legislation, scheme of delegations and enforcement guidance.



We found the following areas of good practice:

- ▶ Performance Dashboard (Warden Enforcement) The Community Protection team uses the Council's performance system, Pentana, to monitor Key Performance Indicators (KPIs) relating to dog fouling, anti-social behaviour and fly-tipping service requests and enforcement activity. For example, percentage of fly tipping incidents removed within four working days is monitored. The Council have a target of 98% and in Q3 of 2021/22 a score of 98.55% was achieved. Most other metrics monitored do not have targets but are monitored against trends over time instead. For example, the team track the number of litter and dog fouling FPNs served. In Q3 of 2021/22, 17 were served which was an improved position in comparison to the short term and long-term trends
- Training Training on Investigation and Case Building was provided to all public protection officers in December 2020 covering key areas of legislation, powers to investigate and collection of evidence
- ▶ Enforcement Activity We tested a sample of two enforcement notices granted in respect of fly-tipping, two for anti-social behaviour and one for dog fouling over between April 2021 and February 2022 and found they were all issued in line with enforcement guidance, legislation and the Council's Scheme of Delegation.



During our review, the following findings were noted;

- ▶ We tested a sample of service requests and found these were not adequately recorded with a description of the resolution not documented in Uniform for five out of 17 (29%) service requests sampled, despite this being part of the documentation process. Furthermore, monitoring in place for service request performance could be improved (Medium)
- ▶ We found that Risk Assessments are not consistently managed and reviewed. Officer Health & Safety Training is not regularly updated in line with refresher dates and enforcement training records are not held centrally (Medium)
- No specific Environmental Enforcement Policy was found to be in place to provide guidance on dog fouling, anti-social behaviour, and fly-tipping enforcement activity (Medium).



We have identified an example of good practice from another Council which Gedling may wish to consider in relation to Finding 3. The Council have developed an environmental enforcement policy which clearly outlines authority to investigate, choice of appropriate enforcement activity, fixed penalty levels and definitions of environmental offences and legislation.



Our review has identified several significant gaps in procedures and controls in key areas of enforcement although we are aware that the Council is in the process of implementing an Environmental Enforcement Policy which has been written but is awaiting ratification. We have made recommendations that should be implemented to improve the quality of the Council's overall internal control framework and operational effectiveness of the controls. This has led us to our opinion of limited assurance over control design and moderate assurance over operational effectiveness.

# BUILDING CONTROL AND DEVELOPMENT MANAGEMENT PROCESSES

#### **CRR REFERENCES:**

- 7. failure to react to changes in legislation
- 10. failure to maintain service standards

 Design Opinion
 Substantial

 Recommendations
 0

 1
 1



#### **BACKGROUND**

Local authorities have a legal duty to provide a building control service to the public under the Building Act 1984 and associated Building Regulations. This includes a duty to enforce the Act and the Regulations in their jurisdiction and retain ultimate responsibility for decision-making with regards to enforcement action.

The Building Regulations cover how applications should be made for domestic and commercial work, the duties and responsibilities of people involved, the actual technical requirements for each type of application and the timeframe in which local authorities may reject applications. The majority of building work requires consent under the Building Regulations.

Gedling Borough Council (the Council) has also recently introduced a chargeable street naming and numbering policy.

The Council's building control service ensures that newly erected or altered buildings comply with Building Regulations and are safe and fit for people to live and work in. The building control services team works to acknowledge, process and approve applications in line with the Local Authority Building Control (LABC) ISO 9001 registered quality management system (QMS) procedures.

Additionally, development management is the process of pro-actively managing development in a local area to achieve the local planning vision and objectives. It has an emphasis on the pre-application stage and delivering sustainable development and includes the principles of 'place-shaping'.

Development management policies form part of a local authority's local plan. They are a suite of detailed policies intended to ensure that the vision and objectives set out in the local plan are achieved and helping determine which developments should be granted planning permission where site-specific provisions have not been set out in the local plan.

#### **AREAS REVIEWED**

This audit reviewed the effectiveness of the Council's building control and development management service including:

▶ Testing a sample of 10 Full Plan and Building Notice applications and 12 development management applications (out of a total of 1,205 building control and 1,361 development management applications respectively) to check if the required processes and procedures were adhered to and on a timely basis



- ► This included checking applications to ensure that they had been formally approved and that reference was made, where appropriate, to the relevant policies and procedures, particularly when decisions on planning applications were made
- ▶ We also determined whether the fees charged for building control and development management were appropriate and in line with the Council's Standard Charges document.



We found the following areas of good practice:

- ▶ We assessed a sample of ten building control applications to determine whether they had been appropriately reviewed prior to approval in a timely manner. Within our sample, we noted that all of the applications had received the appropriate level of review within correct timeframes (or extension letters were sent if necessary)
- ▶ Should certain aspects of the proposed building work cause concern for those reviewing the application (eg. sewage or environmental works), the Council can provide a conditional approval subject to certain inspections being conducted. Within our sample, where this was applicable, we confirmed that the inspections were subsequently conducted
- ▶ We assessed whether the building control applications had been verified to ensure that they comply with the building regulations. We assessed the inspection plan to ensure that the requested inspections were appropriate and had been conducted. No exceptions were noted
- ▶ The Council has a dedicated Local Planning Document (LPD) in place which sets out the strategic planning policies to guide and control the overall scale, type and location of development. The plan was adopted in July 2018 and will run through to 2028. The document sets out a set of twelve Aligned Core Strategy Spatial Objectives and against each one, the Council has set out how the LPD will achieve each of these aims
- ▶ Policies and procedures with regards to planning and building applications are contained on the Council's website. Furthermore, the LPD contains a set of 71 individual policies which are referred to when planning officers at the Council justify their decisions
- ▶ A structure is in place for the Development and Place Team which appropriately outlines the roles and responsibilities for the Development and Place Team. We assessed the qualifications of the Building Control Team and found that each member of the team responsible for inspections held the appropriate qualifications to be able to perform their role
- ▶ We assessed a sample of two new street names that were authorised by the Council over the last 12 months and noted that the appropriate fee had been calculated and, in the instance of one of our sample, that appropriate procedures were used to justify why a fee was not charged
- ▶ We assessed a sample of planning applications and noted that each of our sample had either been resolved appropriately within the stated time limits (eight weeks for minor works or 13 weeks for major works) or where an extension was required, that this was appropriately applied
- ▶ There was adequate oversight of the Development Management Team's performance through dedicated Key Performance Indicators (KPIs) which are reported each quarter to Cabinet.



During our review, the following findings were noted;

For our sample of building control applications, we noted that three of the applications did not have the inspection notes completed on the Uniform system (Finding 1 - Medium)

▶ The Council does not have internal procedural guidance in place for the building control application process (Finding 2 - Low).



We reviewed data published by the Department for Levelling Up, Housing and Local Communities in relation to the three quarters from July 2021 to March 2022 and benchmarked the Council's performance against both the national average and two councils in the East Midlands. We identified the following themes in relation to the Council's performance:

- The Council granted approval on 89% of applications, one percent more than the
  national average during the same time period. For comparison, the two Councils
  we benchmarked against Gedling Borough Council approved slightly more
  applications during the time period (91% and 93% respectively)
- The Council decided on 87% of all applications within the required time limits, four percent higher than the national average. The two Councils we used to benchmark performance were below Gedling Borough Council's own metric (63% and 82% respectively) highlighting that the Council is effectively resolving applications within the required time limits.



We have raised one medium finding with regards to the site inspection notes and formal procedure documentation for applications. Overall, the Council's management of building control and development management is in a very strong position. There is an appropriate level of structure in place and the individuals we spoke to clearly understood their roles and responsibilities. Furthermore, a dedicated Local Planning document in place which sets out the strategic planning policies to guide and control the overall scale, type and location of development. These are clearly referred to when planning officers at the Council justify their decisions.

However, we did note that for three of our building control sample, the inspection notes were not completed within Uniform, however it should be noted that the inspections have taken place for these applications. In addition, while the building control team demonstrated a good understanding of the application process, the Council would benefit from having documented internal procedural notes with regards to the building control process. This would help to reinforce the process and ensure compliance with national regulations. Furthermore, we found that for a select sample of building control applications, there were differences in the quoted fee and the fee that was charged, however management are aware of these differences and have taken appropriate steps to resolve this.

Despite some weaknesses in relation to the design of controls our testing found that the team is operating effectively and benchmarks well compared to national figures. This leads us to conclude that the control design and effectiveness is Substantial.

### SECTOR UPDATE

This briefing summarises recent publication and emerging issues relevant to local government that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers and Members.

#### **GOVE 'REVIEWING' INVESTMENT ZONES**

Levelling up secretary Michael Gove has said he is "reviewing" investment zones, days after rejoining the government. Asked during Sophy Ridge on Sunday whether investment zones are still happening, Mr Gove said: "I'm reviewing them."

Investment zones were part of the mini-budget announced during Liz Truss's administration and have been set out to offer particular areas the ability to set lower taxes for businesses and relaxed planning laws to encourage development. The policy was led by former levelling up secretary, Simon Clarke, who was replaced last week in Rishi Sunak's reshuffle by Mr Gove.

An initial 38 local authorities were listed as having expressed an early interest in having an investment zone and were invited to place bids at the beginning of October. LGC identified 14 councils, which had collectively submitted 82 bids for an investment zone site. Mr Clarke had told parliament that hundreds of bids had been submitted.

"We need to make sure that any change we make is one which of course helps to support economic growth and good jobs for people in need," Mr Gove said. He added that one of the "concerns raised about investment zones was the impact on the environment".

"I have been very clear and the prime minister has been very clear that under no circumstances will we weaken environmental protections," Mr Gove said. The levelling up secretary said he will be working with the chancellor, environment secretary and the prime minister on investment zone proposals. "Anything that might in anyway undermine environmental protections is out," Mr Gove added.

Gove 'reviewing' investment zones | Local Government Chronicle (LGC) (lgcplus.com)

#### FOR INFORMATION

For the Audit Committee Members and Executive Directors



#### GOVE REVEALS REVIEW OF 'UNPOPULAR' COUNCIL TAX SYSTEM

The government has commissioned a review of the council tax system, the levelling up secretary has said. Appearing before the Commons' levelling up, housing & communities select committee yesterday, Michael Gove said he and chancellor Jeremy Hunt have asked local government finance minister Lee Rowley to review the operation of the council tax system.

Mr Gove told MPs that council tax is the "second most unpopular tax in the country". He added that no one in government "would want council taxpayers to pay any more than is necessary for the provision of services".

"It's a challenge, and one that we want to look at....Lee has been looking at this at both the chancellor's and my request," he said. He said he and Mr Rowley would be able to come back to the committee with more detail on the review in the new year.

Mr Gove added that his department is looking at reforming the local government finance system overall to make it "simpler and clearer". This includes looking at having "fewer streams, a greater degree of local discretion [and] fewer pots for which people bid".

#### OFFICE FOR LOCAL GOVERNMENT: 'SHOULD NOT BE THERE TO HAND OUT BADGES'

When asked whether the Department for Levelling Up, Housing & Communities has a system of signposting financially troubled local authorities, Mr Gove said: "Yes, but it's imperfect".

"The way in which local government is audited overall is imperfect," he added.

"We do need to have improved central scrutiny, not control, but scrutiny of local government budgets," Mr Gove said.

He pointed to the new Office for Local Government which is set to have a role in providing both local and central government with data as to where "local government is working well, but that could also flash up problems at an earlier stage". He said the Office for Local Government would ensure the government has the data to "make meaningful judgements" on local authority performance.

"It should not be there to hand out badges," he said.

During the session, the levelling up secretary was also asked about the government's new approach to investment zones.

Last week's autumn statement revealed that the government will not proceed with the policy as first planned and that the expressions of interest submitted by councils would not be "taken forward".

Mr Gove told the committee: "The work that was done by local authorities, often at high speed is not work that has been wasted.

"We're looking at all of those bids," he said, "no local authority should feel that their energy has been wasted".

#### STRATEGY TO END ROUGH SLEEPING

Mr Gove was asked by Florence Eshalomi (Lab) whether the ongoing cost of living crisis would make the government's commitment to end rough sleeping more difficult.

"It's a big worry," Mr Gove said, "there are particular difficulties that we're facing as a result of the cost of living, inflation, more families being hit hard, facing the risk of being rendered homeless." He added that additional challenges have arisen from the number of Ukrainian refugees who have fallen into homelessness after coming to the UK via the Homes for Ukraine visa scheme or the family visa scheme.

Mr Gove pointed to the work that the former minister for rough sleeping, Eddie Hughes made in this area. "There is pressure there, which means that the good progress that Eddie [Hughes] has made isn't likely to be sustained in the next few months," Mr Gove said. When asked by Ms Eshalomi whether the government would actually be able to deliver on its commitment, Mr Gove said: "I hope so...I'm not saying it's the wrong thing to aim for, it's just that we're in a world where a number of very important policy aims have become more difficult to deliver."

CONTINUING THE HOMES FOR UKRAINE SCHEME

Natalie Elphicke (Con) asked Mr Gove about DLUHC's plan for hosting Ukrainian refugees as the end of the initial six-month Homes for Ukraine scheme comes to a close.

"We're in discussion with the Treasury about continuing support for local government," Mr Gove said, "but also continuing payments to families".

He told the committee that he hoped there would be more information "in the next week or two" about the government's approach to "those payments".

Mr Gove also said the government would look to give more information in the next couple of weeks around its approach towards ensuring all Ukrainian refugees can access high quality English as a second language teaching and ensuring that all professions "recognise Ukrainian qualifications".

https://www.lgcplus.com/finance/gove-reveals-review-of-unpopular-council-tax-system-22-11-2022

#### FOR INFORMATION

For the Audit Committee Members and Executive Directors

#### LGA RESPONDS TO PAC REPORT ON NET ZERO

In response to the Public Accounts Committee's report on Net Zero, Cllr David Renard, Environment spokesperson for the LGA, said:

"As leaders of local communities, it is councils in our cities, towns and rural areas who will drive the collective action required to address the climate emergency.

"It is vital the Government acts fast to give councils the policy and investment framework as well as the powers and resources to deliver on the projects and culture changes that will make a difference in local communities and help achieve net zero.

"Councils want to turn ambitions and policy work into a deliverable plan for decarbonising and adapting places. This starts with properly understanding local carbon emissions and councils are already taking steps towards this by using the LGA Greenhouse Gas Accounting tool to provide a straightforward and consistent approach to calculate their own carbon baseline.

"Councils are rooted in their places where people live their lives and businesses do their business, and know their communities better than anyone else. This is why they are best-placed to lead the way towards a Net Zero future."

LGA responds to PAC report on Net Zero | Local Government Association

#### FOR INFORMATION

For the Audit Committee Members and Executive Directors

# **KEY PERFORMANCE INDICATORS**

QUALITY ASSURANCE	КРІ	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, and contract reviews have been attended by either the director or audit manager	G
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	G
Quality of Work	We continue to receive largely positive feedback, however we have not received survey responses for all the reviews we have concluded and encourage management to respond so that we can continue to improve	G
Completion of audit plan	We are on track with delivering this year's internal audit plan	G
Follow-up of recommendations	This is scheduled to be reported at the next Audit Committee.	G

#### **SURVEY RESPONSES**

Audit Area	Rate our underst anding of the Business	Rate our communication	Rate the audit's contribu- tion to adding value	Rate closedown meeting re discussing and agreeing findings	Was the report clear and concise	Agreement with stakeholder s obtained prior to distribution	Recommendations constructive and practical?	Did our work add value	Overall audit experie nce	Would you recommend BDO to others?
22/23										
Building Control & Development Management	the Buildir	ng Control and Deve	lopment Man	agement Team	ns. I also wish	to place on reco	Thank you for circulating ord my thanks to yourse te the online survey. "			
Recruitment and Retention			F€	eedback reque	sted but not y	et received				
Cyber Security			F€	eedback reque	sted but not y	et received				
Corporate Governance and Performance	3	4	4	4	Agree	Disagree	Agree	Strongly Agree	3	Yes
21/22	ı			I					ı	
IT Architecture	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
GBC - Main Financial Systems	4	5	4	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
Main Financial Systems	5	4	5	5	Strongly Agree	Agree	Strongly agree	Strongly agree	5	Yes
GBC - Taxi Licencing	4	4	4	4	Strongly Agree	Agree	Agree	Strongly agree	4	Yes
Homelessness & Temporary Accommodation Audit Report	4	5	4	4	Agree	Agree	Agree	Strongly agree	4	Yes
Risk Maturity	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Agree	5	Yes
Health and Safety	3	4	3	4	Agree	Agree	Disagree	Strongly agree	3	Yes
Corporate Project Management	4	4	4	4	Strongly Agree	Agree	Agree	Agree	4	Yes
20/21										
Council Tax and NNDR October 2020	4	5	4	5	Agree	Strongly Agree	Strongly agree	Agree	5	Yes
Sickness Absence and Management	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
Average	4	4.5	4	4.5					4	Yes

As part of our continued aim to deliver exceptional client service, we request the completion of a short satisfaction survey after each audit. Please see above 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.

## **APPENDIX 1**

#### **OPINION SIGNIFICANCE DEFINITION**

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
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.		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.	<b>,</b>	A small number of exceptions found in testing of the procedures and controls.	
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address inyear.		A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address inyear.	•
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 DEFINITION

#### **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.

# FOR MORE INFORMATION: GURPREET DULAY

Gurpreet.Dulay@bdo.co.uk

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