

# Public Document Pack



Monitoring Officer  
**Christopher Potter**

County Hall, Newport, Isle of Wight PO30 1UD  
Telephone (01983) 821000

## Agenda

Name of meeting	<b>AUDIT COMMITTEE</b>
Date	<b>MONDAY 26 JULY 2021</b>
Time	<b>10.00 AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT</b>
Members of the committee	Cllrs A Garratt (Chairman), J Bacon, S Ellis, M Oliver, M Lilley, P Spink and I Stephens  Democratic Services Officer: Charlotte Sadler democratic.services@iow.gov.uk

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### 1. Minutes

To confirm as a true record the Minutes of the meeting held on 15 March 2021.

### 2. Declarations of Interest

To invite Members to declare any interest they might have in the matters on the agenda.

### 3. Public Question Time - 15 Minutes Maximum

Questions may be asked without notice but to guarantee a full reply at the meeting, a question must be put including the name and address of the questioner by delivery in writing or by electronic mail to Democratic Services at [democratic.services@iow.gov.uk](mailto:democratic.services@iow.gov.uk), no later than two clear working days before the start of the meeting. Therefore the deadline for written questions will be Wednesday, 21 July 2021.



Details of this and other Council committee meetings can be viewed on the Isle of Wight Council's Committee [website](#). This information may be available in alternative formats on request. Please note the meeting will be audio recorded and the recording will be placed on the website (except any part of the meeting from which the press and public are excluded). Young people are welcome to attend Council meetings however parents/carers should be aware that the public gallery is not a supervised area.

4. **Reports of the External Auditor, Ernst and Young** (Pages 5 - 46)  
To consider the Audit Planning report.
5. **Procurement Activity Report** (Pages 47 - 68)  
To consider the half yearly report - 1 October 2020 – 31 March 2021 (Q3 and Q4 2020/21).
6. **Internal Audit Progress Report** (Pages 69 - 84)  
To consider the Internal Audit Progress Report
7. **Isle of Wight Council Annual Audit Report** (Pages 85 - 106)  
To consider the Annual Audit report for 2020/21.
8. **Anti-Fraud Bribery and Corruption Policy** (Pages 107 - 116)  
To consider the Anti-Bribery and Corruption Policy.
9. **The Councils Risk Profile** (Pages 117 - 154)  
To consider the report of the Assistant Chief Executive.
10. **Isle of Wight Fire and Rescue Service Annual Statement of Assurance 2020/21** (Pages 155 - 182)  
To consider the report from the Director of Policy Planning and Assurance.
11. **Treasury Management Annual Report** (Pages 183 - 202)  
To consider the report of the Director of Finance and Section 151 Officer.
12. **Annual Governance Statement 2020-21** (Pages 203 - 226)  
To consider the report of the Assistant Chief Executive.
13. **Member's Question Time**

A question must be submitted in writing or by electronic mail to Democratic Services no later than 10am, Thursday, 22 July 2021.

CHRISTOPHER POTTER  
Monitoring Officer  
Friday, 16 July 2021

## Interests

If there is a matter on this agenda which may relate to an interest you or your partner or spouse has or one you have disclosed in your register of interests, you must declare your interest before the matter is discussed or when your interest becomes apparent. If the matter relates to an interest in your register of pecuniary interests then you must take no part in its consideration and you must leave the room for that item. Should you wish to participate as a member of the public to express your views where public speaking is allowed under the Council's normal procedures, then you will need to seek a dispensation to do so. Dispensations are considered by the Monitoring Officer following the submission of a written request. Dispensations may take up to 2 weeks to be granted.

Councillors are reminded that it is a requirement of the Code of Conduct that they should also keep their written Register of Interests up to date. Any changes to the interests recorded on that form should be made as soon as reasonably practicable, and within 28 days of the change. A change would be necessary if, for example, your employment changes, you move house or acquire any new property or land.

If you require more guidance on the Code of Conduct or are unsure whether you need to record an interest on the written register you should take advice from the Monitoring Officer – Christopher Potter on (01983) 821000, email [Christopher.potter@iow.gov.uk](mailto:Christopher.potter@iow.gov.uk), or Deputy Monitoring Officer - Justin Thorne on (01983) 821000, email [justin.thorne@iow.gov.uk](mailto:justin.thorne@iow.gov.uk).

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## **Notice of recording**

Please note that all meetings that are open to the public and press may be filmed or recorded and/or commented on online by the council or any member of the public or press. However, this activity must not disrupt the meeting, and if it does you will be asked to stop and possibly to leave the meeting. This meeting may also be filmed for live and subsequent broadcast (except any part of the meeting from which the press and public are excluded).

If you wish to record, film or photograph the council meeting or if you believe that being filmed or recorded would pose a risk to the safety of you or others then please speak with the democratic services officer prior to that start of the meeting. Their contact details are on the agenda papers.

If the press and public are excluded for part of a meeting because confidential or exempt information is likely to be disclosed, there is no right to record that part of the meeting. All recording and filming equipment must be removed from the meeting room when the public and press are excluded.

If you require further information please see the council guide to reporting on council meetings which can be found at <http://www.iwight.com/documentlibrary/view/recording-of-proceedings-guidance-note>

All information that is recorded by the council is held in accordance with the Data Protection Act 2018. For further information please contact Democratic Services at [democratic.services@iow.gov.uk](mailto:democratic.services@iow.gov.uk)

### Questions by Members of the Public:

To guarantee a reply at the meeting, members of the public must deliver their question in writing or by email to [democratic.services@iow.gov.uk](mailto:democratic.services@iow.gov.uk) no later than two clear working days prior to the start of the meeting. Each Question must give the name and address of the questioner. Any written question received by the deadline stated in the agenda will receive a written response.

A question may be asked at the meeting without prior notice but in these circumstances, there is no guarantee that a full reply will be given.

# Isle of Wight Council Audit planning report

Year ended 31 March 2021

June 2021

29 June 2021



Isle of Wight Council  
County Hall  
High Street  
Newport, Isle of Wight  
PO30 1UD

Dear Audit Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our updated assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 26 July 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Isle of Wight Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Isle of Wight Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Isle of Wight Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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# Overview of our 2020/21 audit strategy



# Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud risk/ Significant risk	No change in risk; refocused	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Investment Property and land and buildings valued at Existing Use Value (EUV)	Significant risk	No change in risk or focus for IP; Increased risk to significant for EUV properties due to continued uncertainties in the market	The fair value of Investment Property (IP) and the valuation of land and buildings valued at EUV represents significant balances in the Council's accounts and is subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. Due to continued uncertainties in the market, we have kept this risk as significant for IP and also designated EUV properties as a significant risk in our risk assessment.
Valuation of Land and Buildings valued at Depreciated Replacement Cost (DRC)	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) valued at DRC represents a significant balance in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
PFI Accounting	Inherent risk	No change in risk or focus	The Council has one PFI arrangement, which is material to our audit. PFI accounting is a complex area, and a detailed review of these arrangements was undertaken by our internal specialist when the PFI was introduced. We will review the accounting entries and disclosures in relation to PFI in detail in 2020/21, with a focus on any significant changes since the specialist's review.
Pension Liability Valuation	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme for which it is also the administering body. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

# Overview of our 2020/21 audit strategy

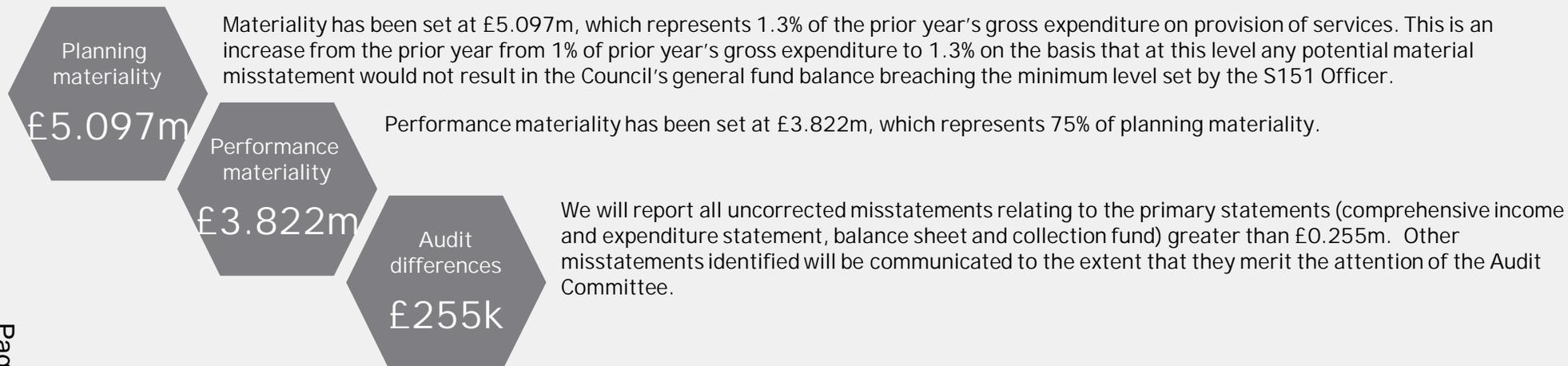
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Accounting for Covid-19 related government grants	Inherent Risk	New area of focus	The Council has received a significant level of government funding in the relation to Covid-19. There is a need for the Council to ensure that it is has recognised and accounted for these appropriately, taking into account any associated restrictions and conditions.
Going Concern Disclosure	Inherent risk	No change in risk or focus	<p>Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Authority has incurred additional expenditure in a number of areas of its operations and has experienced income losses in parking, commercial and leisure services. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19. CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.</p> <p>However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'. To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.</p>

# Overview of our 2020/21 audit strategy

## Materiality



# Overview of our 2020/21 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Isle of Wight Council give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9, 15 and 16 in recent years as well as the expansion of factors impacting the value for money reporting. Therefore to the extent any of these are relevant in the context of Isle of Wight Council's audit, we will discuss these with management as to the impact on the scale fee.

# Overview of our 2020/21 audit strategy

## Value for money conclusion

One of the main changes in the NAO's 2020 Code is in relation to the value for money conclusion and we communicated these changes in our Outline Audit Plan presented at the 15 March 2021 Audit Committee meeting. In summary:

- We are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on VFM and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will be required to provide a commentary on the Council's arrangements against three reporting criteria:
  - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Page 13 Within the audit opinion we will still only report by exception where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue at a date to be determined by the NAO.

We include further details of our VFM planning risk assessment in Section 3.



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## Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error\*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have considered the areas in which management could seek to override controls at Isle of Wight Council, and this had fed into our consideration of the risk of fraud in revenue and expenditure recognition as set out on page 12.

### What will we do?

We will:

- Identify fraud risks during the planning stages.
- Enquire of management about risks of fraud and the controls put in place to address those risks.
- Understand the oversight given by those charged with governance of management's processes over fraud.
- Consider the effectiveness of management's controls designed to address the risk of fraud.
- Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Review accounting estimates for evidence of management bias.
- Evaluate the business rationale for significant unusual transactions.

## Our response to significant risks (continued)

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure\*

### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed that the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax.

### What will we do?

We will:

- Test PPE additions using lowered testing thresholds, to ensure they are appropriately supported by documentary evidence, and that the expenditure incurred and capitalised is clearly capital in nature; and
- Seek to identify and understand the basis for any significant journals transferring expenditure from non-capital codes to PPE additions or from revenue to capital codes on the general ledger at the end of the year.

### Financial statement impact

We have assessed that the risk of fraud in revenue and expenditure recognition is most likely to occur through the inappropriate capitalisation of revenue expenditure. This would have the impact of reducing revenue expenditure and increasing additions to Property, Plant and Equipment.

The value of PPE additions in 2019/20 was £36m. The Council's forecast 2020/21 capital programme expenditure as reported at Q3 is £38.9m.

## Our response to significant risks (continued)

Valuation of Investment Properties and land and buildings valued at Existing Use Value (EUV)

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### What is the risk?

The fair value of Investment Property (IP) and properties valued at EUV represents significant balances in the Authority's accounts and is subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balance recorded in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty in the valuations at year-end.

Since late March 2020 in the UK, Covid-19 has had a dramatic impact on the occupation of buildings due to the forced closure of restaurants, retail stores, leisure, offices and hotels due to government regulation and this continues to be a factor for 2020/21. Although government's measures have gradually relaxed, the long term effects remains uncertain. Rental income may not be at levels pre-pandemic even after market recovery and there could still be increased levels of tenant defaults or negotiations for rent reductions as they can no longer trade effectively. This could have a significant impact on investment properties and properties valued at EUV and we have therefore raised a significant risk in relation to these type of valuations.

### Financial statement impact

The fair value of investment properties in the 2019/20 audited accounts at 31 March 2020 was £33.1million and the value of EUV assets £15 million.

### What will we do?

- Consider the work performed by the Authority's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Sample test key asset information used by the valuers in performing their valuation and challenge the key assumptions used by the valuer and also ensure that all IP has been revalued in-year.
- Test accounting entries to ensure that they have been correctly processed in the financial statements.
- For EUV assets, consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We will also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuer;
- For EUV assets, review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated
- Ensure that appropriate disclosure has been made in the financial statements concerning any the material uncertainties disclosed by the valuer.
- Obtain input from EY Real Estates, our internal specialists on asset valuations for Investment Properties and EUV assets, including inputs on market sentiment and how it has been reflected in the estimated rental values/yields.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

### What is the risk/area of focus?

### What will we do?

#### Valuation of Land and Buildings (DRC)

The fair value of PPE represents a significant balance in the Council's accounts and is subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

#### We will:

- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation and challenge the key assumptions used by the valuer;
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We will also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuer;
- Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test to confirm that accounting entries have been correctly processed in the financial statements.

#### PFI accounting

The Council has one PFI arrangement, which is material to our audit. PFI accounting is a complex area, and a detailed review of these arrangements was undertaken by our internal specialist when the PFI was introduced. We will review the accounting entries and disclosures in relation to PFI in detail in 2020/21, with a focus on any significant changes since the specialist's review.

#### We will:

- Review assurances brought forward from prior years regarding the appropriateness of the PFI financial model;
- Review the PFI financial model for any significant changes, and if identified consider engaging relevant experts to review the model to ensure it is still working as expected;
- Ensure the PFI accounting model has been updated for any service or other agreed variations and confirm consistency of the current year model with prior year brought forward assurances; and
- Agree outputs of the model to the accounts, including balances and disclosures for assets, liabilities, and expenditure, and review the completeness and accuracy of disclosures.

## Other areas of audit focus (continued)

### What is the risk/area of focus?

#### Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme, for which the Council is also the administering body. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

In prior years the 'McCloud' judgement impacted the estimate and there may be further developments in this area, potentially again coming after the balance sheet date.

#### Accounting for Covid-19 related grant funding

The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2020/21 statements.

### What will we do?

We will:

- Liaise with the auditors of Isle of Wight Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Isle of Wight Council;
- Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We will:

Consider the Council's judgement on material grants received in relation to whether it is acting as:

- Agent, where it has determined that it is acting as an intermediary; or
- Principal, where the Council has determined that it is acting on its own behalf.

We will ask the finance team to provide its assessment of grant accounting well before it prepares the statements so that we can provide an early view on its proposed accounting treatment. We will also seek to ensure that grants, for example the local government income compensation scheme for lost sales, fees and charges, have been claimed and recognised in accordance with scheme rules.

## Other areas of audit focus (continued)

### What is the risk/area of focus?

#### Going concern

Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Authority has incurred additional expenditure in a number of areas of its operations and has experienced income losses in parking, commercial and leisure services. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19. CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'. To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

### What will we do?

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We will review your going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We expect you to disclose any material uncertainties that do exist.

These disclosures should also include the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19 impact on the Council's finances).

Our audit procedures to review these will include consideration of:

- Current and developing environment;
- Liquidity (operational and funding);
- Mitigating factors;
- Management information and forecasting; and
- Sensitivities and stress testing.



# 03

## Value for Money Risks



# Value for money

## Council responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

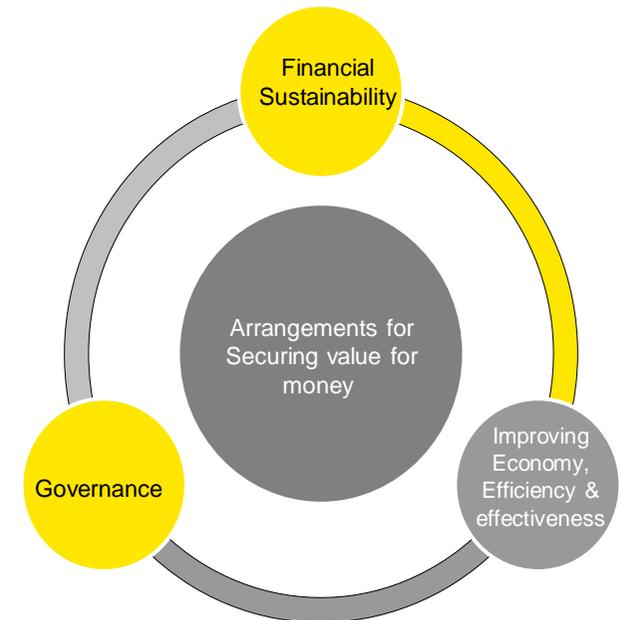
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in an annual governance statement. In preparing its annual governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion on which we need to conclude. Instead, the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability  
How the Council plans and manages its resources to ensure they can continue to deliver its services;
- Governance  
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:  
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



## Value for money risks

### Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes, where the NAO required auditors, as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In our Outline Audit Plan presented at the 15 March meeting of the Audit Committee we included details of the new NAO Code of Audit Practice (the Code) in respect of VFM and outlined that at that time we had not yet commenced our VFM planning risk assessment work. We are required to carry out sufficient work to enable us to provide a commentary against the following arrangements shown on the next page.

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

#### Risk assessment

We have now completed our assessment of the risk of significant weaknesses in the arrangements outlined in the following page. We have based our assessment on a combination of our cumulative audit knowledge and experience, our review of Council, Cabinet and committee reports, meetings with management and evaluation of associated documentation through our regular engagement with the Council and the finance team. We have not identified a risk of significant weakness at the planning stage.

#### Reporting

The NAO is cognisant of the pressures facing local authorities and auditors to meet their reporting requirements for 2020/21 whilst dealing with the challenges and issues presented by the pandemic and have confirmed the following requirements:

1. The Code requires auditors to report by exception within the auditor's opinion on the financial statements if they have identified a significant weakness in VFM arrangements, i.e. if auditors have not identified a significant weakness then the audit opinion does not include reporting in respect of VFM. For 2020/21, the NAO's revised guidance allows auditors to issue the audit opinion even when the auditor has not concluded on their VFM work to address identified risks of significant weaknesses in arrangements, as long as the risks do not impact the financial statements. We expect to complete all our planned VFM procedures, which include revisiting the risk assessment, before we issue the auditor's opinion.
2. The Code requires auditors to issue their commentary on VFM as part of a new Auditor's Annual Report (AAR), at the same time as they issue their audit opinion on the financial statements. For 2020/21 the NAO's revised guidance allows auditors to issue the commentary on VFM and AAR after they issue their audit opinion on the financial statements.
3. We expect to issue the VFM commentary and AAR shortly after issuing the audit opinion on the financial statements.

# Value for money risks

## Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

1. How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them.
2. How the Council plans to bridge its funding gaps and identifies achievable savings.
3. How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.
4. How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.
5. How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## Governance

How the Council ensures that it makes informed decisions and properly manages its risks.

- Page 24
1. How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.  
How the Council approaches and carries out its annual budget setting process.
  3. How the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.
  4. How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from the audit committee.
  5. How the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff or NED behaviour (such as gifts and hospitality or declarations/conflicts of interests).

## Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

1. How financial and performance information has been used to assess performance to identify areas for improvement;
2. How the Council evaluates the services it provides to assess performance and identify areas for improvement;
3. How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
4. Where the Council commissions or procures services, how the Council ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Council assesses whether it is realising the expected benefits



04

# Audit materiality



# Materiality

## Materiality

For planning purposes, materiality for 2020/21 has been set at £5.097m. This represents 1.3% of the Council's prior year gross expenditure on provision of services and is an increase from the prior year as explained in section one. It will be reassessed throughout the audit process. We have set materiality using gross revenue expenditure as our expectation is that users of the Council's accounts are focussed on how it uses its resources to provide services to local people. We have used 1.3% based on our assessment of the Council's financial position, levels of public interest, lack of planned reorganisations and sources of borrowing. We have provided supplemental information about audit materiality in Appendix C.



We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £3.822m which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors during the audit. This expectation has been built on our experience of the Council in prior years.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund. Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Committee, or are important from a qualitative perspective.

**Specific materiality** – We are no longer required to set a separate materiality for the Firefighters Pension Fund statements. In previous years we have set this at 1% of Benefits Paid. We have set a separate materiality of £2.5k for remuneration disclosures, related party transactions, members' allowances and exit packages, which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to these areas. This specific materiality is based on 1% of our audit differences threshold.



05

# Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit, as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit procedures, where they raise issues that could have an impact on the financial statements, the Narrative Statement or the Annual Governance Statement.



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Audit team



# Audit team

## Audit team structure:

Helen Thompson  
Associate Partner

Jason Jones  
Manager

Xi Jiang  
Senior  
Zolani Mzinani  
Senior

## Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	John Prince (Principals Surveyors) – Council’s external valuer of land and buildings Avison Young – Council’s external valuer of investment property
Pensions disclosure	PwC as consulting actuary appointed by the NAO, and EY internal pensions specialists Hymans Robertson – Actuary to Isle of Wight Council Pension Fund
Business Rates appeals provision	Analyse Local – Council’s external valuer of appeals provision

In accordance with Auditing Standards, we will evaluate each specialist’s professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council’s business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist’s findings are properly reflected in the financial statements.



# 07 Audit timeline





# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes Walkthroughs of key systems and processes	March	Audit Committee	Outline Audit Plan
Interim audit testing Walkthroughs of key systems and processes	April		
	May		
	June		
	July	Audit Committee	Audit Planning Report
Year end audit Audit Completion procedures	August		
Year end audit Audit Completion procedures	Autumn	Audit Committee	Audit Results Report Audit opinions and completion certificates
	Winter	Audit Committee	Auditor's Annual Report



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08

# Independence



## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>The overall assessment of threats and safeguards;</p> <p>Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Helen Thompson, your audit engagement partner, and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, no non-audit services have been undertaken, therefore the current ratio of non-audit fees to audit fees is zero. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

## Relationships, services and related threats and safeguards

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

### Familiarity threats

Engagement lead appointments are subject to rotation every 5 years with any extensions subject to approval by Public Sector Audit Appointments Ltd (PSAA). Helen Thompson has been the engagement lead for Isle of Wight Council for the past 5 years and 2020/21 will be the sixth year. Due to the significant changes to the VFM approach this year, the firm requested approval from PSAA for the 2 year extension to engagement lead appointments. This has been approved by PSAA and we have obtained approval from this Committee as well as management, with no perceived independence threats.

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### Other threats

Other threats, such as advocacy or intimidation, may arise.

There are no other threats at the date of this report.

## Other communications

### EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2020 and can be found here:

[EY UK Transparency Report 2020 | EY UK](#)



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# Appendices



## Appendix A

### Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2020/21 accounts of opted-in principal local government and police bodies.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£	£	£
PSAA Scale Fee	98,602	98,602	98,602
Covid 19 - Going Concern and Pension Consultation (1)	5,000	N/A	5,952
Covid 19 - increased property valuation risk (1)	6,000	N/A	6,892
IAS 19 - McCloud considerations (1)	1,500	N/A	1,780
2019/20 Objection (1)	-*	N/A	20,175 (3)
<i>Scale fee plus in-year variations</i>	<i>111,102</i>	<i>98,602</i>	<i>133,401</i>
Scale fee rebasing (2)	41,302	41,302	41,302
<b>Total fees</b>	<b>152,404</b>	<b>139,904</b>	<b>174,703</b>

*All fees exclude VAT*

(1) The 2019/20 Code work includes an additional fee of £34,799, for additional work undertaken in relation to going concern, property valuations, pension valuations and the objection received from the public. This additional fee is subject to approval from PSAA.

(2) Changes in work required to address professional and regulatory requirements and scope associated with risk. Details of this scale fee rebasing exercise was also communicated in our 2019/20 Annual Audit Letter and our 2020/21 Outline Audit Plan. PSAA have yet to make their final decision.

(3) The objection work remains ongoing and this fee is likely to increase.

For 2020/21, the scale fee will be further impacted by a range of factors which may result in additional work. We set out an estimate of the potential additional fee for this below based on the fee charged in 2019/20. However, this could go up or down. The issues we have identified at the initial planning stage which could impact on the fee include:

- The need to engage EY Real Estate to review a sample of valuations of investment properties and EUV assets c.£6,000
- Review of additional disclosures that will be required in relation to going concern and our internal consultation process, c.£5,000
- Additional work in relation to any McCloud considerations impacting the pension fund valuation, c.£1,500

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is also based on the following assumptions:

- Officers meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

\* Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

## Appendix B

# Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit Committee.



Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report – July 2021
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report – September 2021

## Required communications with the Audit Committee (continued)



Our Reporting to you

Required communications	 What is reported?	 When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report – September 2021
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report – September 2021
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	Audit results report – September 2021
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:               <ul style="list-style-type: none"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul> </li> </ul>	Audit results report – September 2021

## Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit planning report – July 2021</p> <p>Audit results report – September 2021</p>
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report – September 2021
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>• Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of</li> </ul>	Audit results report – September 2021
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report – September 2021
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – September 2021
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – September 2021
Auditors report	<ul style="list-style-type: none"> <li>• Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report – September 2021
Fee Reporting	<ul style="list-style-type: none"> <li>• Breakdown of fee information when the audit plan is agreed</li> <li>• Breakdown of fee information at the completion of the audit</li> <li>• Any non-audit work</li> </ul>	<p>Audit planning report – July 2021</p> <p>Audit results report – September 2021</p>

## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Reading other information published with the financial statements, and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Purpose: For Noting

## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>26 JULY 2021</b>
Title	<b>PROCUREMENT ACTIVITY REPORT FOR THE HALF YEAR 1 OCTOBER 2020 – 31 MARCH 2021 (Q3&amp;4 2020/21)</b>
Report Author	<b>DIRECTOR OF CORPORATE SERVICES</b>

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### EXECUTIVE SUMMARY

1. This report provides the committee with a high level overview of the council's procurement and contract monitoring activity for the period 1 October 2020 to 31 March 2021 inclusive.
2. The committee is asked to note the report.

### BACKGROUND

3. The Procurement and Contract Monitoring Team (the team) is a central resource, providing advice and guidance to all council departments on procurement and contract monitoring related matters primarily where the contract value is over £25,000, although the team will be involved in procurements below this threshold where appropriate. The team is also responsible for drafting the council's contractual terms and conditions with its suppliers and for giving contract management advice and guidance.
4. A key role of the team is to ensure compliance with the Public Contracts Regulations 2015 (PCR15). These regulations apply to the majority of procurements with a total value over a specified threshold. Procurements which are below threshold are not covered by the PCR15 but are still subject to the council's own contract standing orders (CSOs).
5. The UK's transition out of the European Union ended on the 31 December 2020. On the 15 December 2020, the Cabinet Office published a Green Paper putting forward proposals to transform public sector procurement post transition. The Green Paper states *"The Government's goal is to speed up and simplify our procurement processes, place value for money at their heart, and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery"*. The consultation ended on 10 March 2021 and we are awaiting final details of the reform. It is anticipated that the new regulations will come in to force at the end of 2021 or early 2022.

## STRATEGIC CONTEXT

6. The council's Procurement Strategy, CSOs and the activity of the team support the achievement of the council's commitments and four core values as identified within the Corporate Plan 2019 – 2022.

## PROCUREMENT ACTIVITY 1 OCTOBER 2020 – 31 MARCH 2021 (Q3&4 2020/21)

### PROJECTS INITIATED

7. During the period 1 October 2020 to 31 March 2021 (Q3 and 4 of financial year 2020/21) a total of 85 procurement processes were initiated through the team. This ranged from Invitation to Tenders (ITTs), above threshold ITTs (which are tenders that are run in accordance with the Public Contracts Regulations 2015 where a contract notice must be published on Find a Tender), Request for Quotations (RFQs), call offs and direct awards on public sector framework agreements and waivers to CSOs. **Table 1** shows a breakdown of the procurement procedures initiated in the reported period, by directorate. A comparison to the previously reported data has also been provided.

**Table 1**

<b>Directorate</b>	<b>Quantity Q3&amp;4 2020/21</b>	<b>Comparison data Q1&amp;2 2020/21</b>	<b>Comparison data Q3&amp;4 2019/20</b>
Adult social care & community well-being	14	11	11
Children's services	15	17	15
Corporate services	17	18	21
Covid19 response	-	7	-
Fire and rescue service	-	2	1
Financial management	2	-	1
Neighbourhoods	9	13	19
Public health	-	3	4
Regeneration	28	11	8
Strategy	-	-	1
<b>TOTAL</b>	<b>85</b>	<b>82</b>	<b>81</b>

## CONTRACTS AWARDED

8. During the reporting period a total of 73 contracts were awarded. **Table 2** below shows a comparison, by directorate, of the number of contracts awarded in the previous two reporting periods. A detailed breakdown of the contracts awarded can be seen at **Appendix 1**.

**Table 2**

<b>Directorate</b>	<b>Quantity 2020/21 Q3&amp;4</b>	<b>Comparison data 2020/21 Q1&amp;2</b>	<b>Comparison data Q3&amp;4 2019/20</b>
Adult social care & community well-being	22	4	9
Children's services	12	22	13
Corporate services	11	12	17
Covid19 response	-	7	-
Financial management	1	-	-
Fire and rescue service	-	1	1
Neighbourhoods	9	9	10
Public health	2	2	2
Regeneration	16	7	4
Strategy	-	-	1
<b>TOTAL</b>	<b>73</b>	<b>64</b>	<b>57</b>

9. The total whole life value of contracts awarded during the current reporting period is £159 million. A breakdown by directorate is provided at **Table 3**.

**Table 3**

<b>Directorate</b>	<b>Category of spend</b>	<b>2020/21 Q3&amp;4</b>	<b>Comparison data 2020/21 Q1&amp;2</b>	<b>Comparison data 2019/20 Q3&amp;4</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
Adult social care & community well-being	Revenue	140,189	242	821
Children's services	Capital	-	6,621	3,946
	Revenue	8,799	13,603	2,302

	Capital and revenue	-	2,029	-
Corporate services	Capital	160	321	327
	Revenue	588	2,355	1,830
	Capital and revenue	-	-	100
Covid19 response	Covid19 funds	-	1,857	
Financial management	-	75	-	-
Fire and rescue service	Capital	-	33	66
Neighbourhoods	Capital	370	-	14
	Revenue	444	858	6,694
	Capital and revenue	-	100	64
	Income	-	-	50
Public health	Revenue	1,178	540	2,737
Regeneration	Capital	2,809	69	-
	Revenue	1,143	1,316	478
	Capital and revenue	3,360	-	63
Strategy	Revenue	-	-	47
<b>TOTAL</b>		<b>159,115</b>	<b>29,944</b>	<b>19,539</b>

## CONTRACT DATABASE

10. The team maintains a database of contracts with a whole life value of over £25,000. There are currently 312 entries with a whole life value totalling over £1.178 billion, broken down as follows:

Directorate	Number of entries	£m
Adult social care & community well-being	64	125
Children's services	42	41
Corporate services	101	20
Financial management	6	2
Neighbourhoods	41	953
Public health	30	27
Regeneration	23	10
Strategy	5	0.3
<b>TOTAL</b>	<b>313</b>	<b>1,178</b>

## WAIVERS OF CONTRACT STANDING ORDERS

11. Service areas have the ability to request a waiver of the CSOs. Waivers may be sought in unforeseen or exceptional circumstances but must not be sought for reasons of poor planning nor as a means to by-pass the CSOs. Waivers cannot be given if they would contravene the Public Contracts Regulations 2015 or any other applicable legislation. Waivers may be utilised where it can be demonstrated that the ability to act quickly to engage a single supplier would make economic sense and fit

with service requirements, in circumstances where there is no more effective way to secure the capacity.

12. For waivers and contract price variations, the Procurement Board will consider the request. The membership of the board comprises the director of corporate services, procurement and contracts manager, technical finance manager and the strategic manager for legal services.
13. During the period, 33 waivers were submitted and approved. **Table 4** below sets out a high level overview of the waivers with a comparison to the data collated for the previous two half yearly reports. A detailed list can be seen at **Appendix 2**.

**Table 4**

Directorate	Q3&4 2020/21		Comparison data Q1&2 2020/21		Comparison data Q3&4 2019/20	
	Number	£000	Number	£000	Number	£000
Adult social care & community well-being	10	£567	3	£198	6	£672
Children's services	11	£2,105	13	£3,394	7	£1,777
Corporate services	2	£97	1	£103	2	£134
Covid19 response	-	-	5	£234		
Financial management	1	£75	-	-	-	-
Neighbourhoods	1	£38	4	£325	3	£152
Public health	-	-	2	£540	-	-
Regeneration	8	£489	3	£104	-	-
Strategy	-	-	-	-	1	£47
<b>TOTAL</b>	<b>33</b>	<b>£3,371</b>	<b>31</b>	<b>£4,898</b>	<b>19</b>	<b>£2,782</b>

## PROCUREMENT STRATEGY 2019-2022

14. The principle purpose of the Procurement Strategy (the strategy) is to set the overall context for procurement and contract management in the council. The strategy builds on existing good practice and maps the future developments and likely improvements in the way the council approaches its procurement and contract management activities.
15. It is increasingly important that the council ensures value for money and identifies the full potential of procurement and contract management as a tool for delivering the council's long-term goals set out in the Corporate Plan. The strategy sets out how it is proposed procurement and contract management will support the achievement of our objectives over a three-year period.

16. The strategy was approved by Cabinet in November 2019 and is based around four key themes– *“Leadership, Behaving Commercially, Local Community and Economy and Environmental Considerations”*.
17. The strategy maps out planned activity for the three-year term in the form of an action plan. The action plan can be seen at **Appendix 3** and progress made against the initiatives and objectives will be reported to the committee.
18. At the request of the Alliance Group, a review of the strategy shall be carried out by November 2021.

## CONTRACT MONITORING

19. The team is continuing to make progress with the roll out of a new contract management framework and the accompanying systems and processes.
20. Approval was given in September 2020 to implement the new contract management toolkit and monitoring system.
21. The toolkit will assist officers in setting robust contract performance monitoring regimes, managing relationships with suppliers and will provide a structure for recording contract compliance which can be reported to senior managers, elected members and other key stakeholders.
22. The monitoring system will be used to highlight where contracts are not performing. This will allow early intervention to remedy issues and will automatically flag to senior management where a supplier’s performance is falling below an acceptable level.
23. The monitoring system will also trigger alerts for reviews, it will ask contract managers to confirm that they have received their supplier monitoring reports and it will be a central location for contract data to be stored.
24. There are currently 17 contracts loaded in the contract monitoring system with a combined total of 398 performance measures. Table 5 breaks this down by directorate.

**Table 5**

<b>Directorate</b>	<b>Number of contracts</b>
Adult social care & community well-being	2
Children's services	4
Corporate services	4
Financial management	0
Neighbourhoods	6
Public health	0
Regeneration	1
Strategy	0
<b>TOTAL</b>	<b>17</b>

25. Of the 17 contracts, 3 have had their first cycle of performance data loaded in to the system. As well as monitoring contract performance against each key performance indicator, the system provides an overall RAG (red, amber, green) rating, by directorate, which is presented in Table 6.

**Table 6**

<b>Directorate</b>	<b>RAG rating</b>
Adult social care & community well-being	
Children's services	Green
Corporate services	
Financial management	
Neighbourhoods	
Public health	
Regeneration	Green
Strategy	

26. Not all directorates have had their contracts populated in the system or have had their first reporting cycle at the time of this report being produced. They therefore do not have a RAG rating yet and the box is left blank.
27. Presently, the contracts being managed through the system are performing well.
28. As the data in the system develops, the reporting on contract monitoring shall become more comprehensive.

## MODERN SLAVERY

29. Modern slavery is often a hidden crime involving one person denying another person his or her freedom. It includes slavery, servitude, forced and compulsory labour and human trafficking.
30. To tackle these crimes, the Modern Slavery Act 2015 (the Act) was introduced. The Act consolidates and clarifies modern slavery offences; toughens penalties and prosecution; and introduces greater support and protection for victims.
31. The prevention, detection and reporting of modern slavery in any part of the council's business or supply chains is the responsibility of all those working for the council. It is important that we consider modern slavery when we are letting and managing our contracts and the mitigation of modern slavery risks should be considered throughout the procurement process.
32. As standard, we have criteria built in to our procurement documents where we can exclude suppliers from our procurement processes where they have committed offences under the Act. We also ask all suppliers with a turnover of £36 million+ to confirm that they are meeting their obligations to publish statements about what they are doing to prevent modern slavery in their supply chains, however, some contracts may require us to go further than that.

33. Some contracts will carry a higher risk in terms of where modern slavery can present itself. Additional evaluation and contract monitoring criteria can be built in to the procurement process to enable a proper and thorough assessment of suppliers to ensure they are compliant with the Act and that they are monitoring their supply chains as well.

#### FINANCIAL / BUDGET IMPLICATIONS

34. There are no direct financial or budgetary implications arising from this report although all procurement decisions directly contribute to the council's total expenditure and therefore any reduction in the amount of spend as a result has a direct beneficial impact on the council's budget position.

#### CARBON EMISSIONS

35. There are no direct implications relating to carbon emissions arising from this report, however, officers will be required when carrying out procurements and awarding contracts to have due regard to the Procurement Strategy in relation to sustainability which covers carbon emissions.
36. The council's Carbon Management Plan 2015-20 ("CMP") states that carbon emissions data will be collated for outsourced services where the administrative burden of collecting the emissions data can be justified. The team is working with the sustainability team to review the requirement of the CMP and put in place a process for collecting carbon emissions data from suppliers of services which are expected to produce in excess of one per cent of the council's footprint (circa 85tCO<sub>2</sub> per year).

#### LEGAL IMPLICATIONS

37. Procurement by public bodies is subject to a rigorous regulation principally via The Public Contracts Regulations 2015 (which came into force on 26 February 2015). In addition the council has its own contract standing orders. The council is also required to comply with other legislation when carrying out procurements, for example that relating to equality, modern slavery and social value.
38. All procurements with a whole life value over £25,000 are overseen by the team ensuring robust governance of the council's procurement activity in accordance with our contract standing order requirements.
39. The UK's transition out of the European Union ended on the 31 December 2020. On the 15 December 2020, the Cabinet Office published a Green Paper putting forward proposals to transform public sector procurement post transition. It is anticipated that the new regulations will come in to force at the end of 2021 or early 2022. Team is closely monitoring the progress of the reform and is considering the impact the new regulations will have on council procurement processes.

#### RISK MANAGEMENT

40. Failure to observe the relevant legislation and the council's contract standing orders has the potential to pose a significant threat to the council's financial health and reputation. Such risk could take many forms including the risk of legal challenge

resulting in significant financial penalties and the potential for negative publicity together with the risk that a contract could be deemed to be void.

## EQUALITY AND DIVERSITY

41. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
42. There are no direct equality and diversity implications arising from this report. However, officers will be required when carrying out procurements and awarding contracts to have due regard to the Procurement Strategy in relation to equality and diversity objectives.

## RECOMMENDATION

43. The committee is asked to note the report.

## APPENDICES ATTACHED

Appendix 1 - Contracts awarded in the period 1 October 2020 to 31 March 2021 (Q3 and 4 2020/21).

Appendix 2 – Details of waivers approved in the period 1 October 2020 to 31 March 2021 (Q3 and 4 2020/21).

Appendix 3 – Procurement strategy action plan.

Contact Point: Hayley Holden, Procurement and Contracts Manager  
☎ 01983 821000 ext: 6344 e-mail: [hayley.holden@iow.gov.uk](mailto:hayley.holden@iow.gov.uk)

CLAIRE SHAND  
*Director of Corporate Services*

COUNCILLOR JARMAN  
*Cabinet Member for Strategic Finance,  
Transformational Change & Resources*

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**APPENDIX 1 - Contracts awarded in the period 1 October 2020 to 31 March 2021 (Q3 and 4 2020/21)**

Directorate	Contract title	Capital/revenue	Contract value £000
Adult social care & community well-being	Community support - homeless prevention services	Revenue	300
	Community support - homeless prevention services	Revenue	300
	Community support - homeless prevention services	Revenue	283
	Deep cleaning services	Revenue	33
	Homecare and support - west and central wight locality	Revenue	30,971
	Homecare and support - north east wight locality	Revenue	34,648
	Homecare and support - south wight locality	Revenue	26,438
	Assessment hub - single homeless pathway	Revenue	1,369
	Approved supplier list - specialist homecare services	Revenue	31,850
	Domiciliary care and support within nine supported living services on the Isle of Wight	Revenue	12,276
	IMCA/IMHA and Care Act advocacy for vulnerable adults on the Isle of Wight	Revenue	1,000
	IMCA/IMHA and general advocacy service for vulnerable adults	Revenue	178
	NHS continuing healthcare assessment and support services	Revenue	47
	Mainland care placement x 3	Revenue	189
	HMP adult social care services	Revenue	78
	Permanent recruitment of adult mental health team group manager via agency	Revenue	44
	Community housing floating support framework	Revenue	102
	4 units of supported accommodation	Revenue	13
	Broadcare Solution licence agreement	Revenue	38
	Prepaid financial services	Revenue	32
Children's services	Residential/education placements for children and young people x 11	Revenue	2,105
	Early help service	Revenue	6,694
Corporate services	Malware protection	Revenue	136
	Prevent and protect software	Revenue	96
	SAP system application support	Revenue	29
	Rateable value finder and online forecasting product	Revenue	30

	Legacy hardware maintenance	Revenue	16
	Corporate access control system upgrade	Revenue	45
	Office stationery	Revenue	71
	Desktop support	Revenue	52
	Sophos endpoint protection software maintenance and support, and phish threat	Revenue	113
	Supply of polling booths	Capital	53
	Laptops	Capital	107
Financial management	Banking services	Revenue	75
Neighbourhoods	E-scooter pilot	-	0
	Newport harbour dredging	Capital	370
	Highways PFI - milestone 14 support	Revenue	100
	Inspection of highways structures	Revenue	160
	Newport junction design programme management	Revenue	42
	Ryde transport hub	Revenue	30
	Restoring railways strategic outline business case	Revenue	44
	Pay and display tickets	Revenue	30
	Floating bridge No. 6 – engineering support	Revenue	38
Public health	Stop smoking service	Revenue	1,015
	Tier 2 weight management service	Revenue	163
Regeneration	Flood risk modelling	Revenue	39
	Branstone farm demolition of business units	Capital	57
	Branstone new brewery and visitor centre	Capital	1,754
	Assessment hub works (Howard House homeless shelter)	Capital	807
	Newport and Ryde commercial frontages HAZ design	Capital	35
	Repair and replacement works at Natural Enterprise	Capital	76
	Vaccination hub - Westridge	Capital	80
	Mechanical and engineer consultant - Branstone farm business units	Revenue	42
	Branstone business park – full design and tender support	Revenue	41
	Brewery and visitor centre – full design and tender support	Revenue	86
	Reactive maintenance services	Revenue	160
	Contract building control officer	Revenue	34
	CAIW - Community Led Housing	Revenue	45
	Supply of water and waste water services	Revenue	684
	Habitats regulation assessments	Revenue	12
Day to day building maintenance	Capital/Revenue	3,360	

**APPENDIX 2 - Details of waivers approved in the period 1 October 2020 to 31 March 2021 (Q3 and 4 2020/21)**

<b>Contract title</b>	<b>Value £000</b>	<b>Directorate</b>	<b>Details of the waiver</b>	<b>Long term action plan</b>
Mainland care placement x 3	189	Adult social care & community well-being	The council has a well-established network of contracts across the Island but not for ad hoc mainland placements therefore the service utilised the waiver process as a route to award the contracts.	The frequency of mainland placements is being monitored. It is felt at present that they aren't frequent enough to justify a full open market competitive procurement process as the work required to do this is disproportionate to the need for these services.
IMCA/IMHA and General Advocacy Service for Vulnerable Adults	178	Adult social care & community well-being	This service fulfils the IW Council's statutory duties as set out under the Mental Capacity Act 2005, The Mental Health Act 2007 and Care Act 2014, for the provision of advocacy support for qualifying vulnerable adults.	The new contract for these services has been awarded following an open market competitive procurement process.
NHS continuing healthcare assessment and support services	47	Adult social care & community well-being	The COVID backlog and the deadlines set by NHS England for catching up with the backlog of assessments created an urgency not of the council's own making and there was a need to engage with a supplier quickly. The supplier engaged to deliver the services was already familiar with the CHC service processes and the commissioning team felt that they would be best placed to mobilise quickly.	Longer term requirement will be tendered in the open market.
HMP adult social care services	78	Adult social care & community well-being	Due to an unsuccessful open market procurement, the waiver process was utilised to ensure continuity of service while the procurement process was rerun.	Open market competitive procurement process has commenced.
Permanent recruitment of adult mental health team group manager via agency	44	Adult social care & community well-being	Following an unsuccessful recruitment, there was a need to engage a specialist recruitment agency to assist with the recruitment campaign. A framework agreement was identified as a possible route to market but the timescales to run a	One off contract.

			further competition would have been too long.	
Community housing floating support framework	102	Adult social care & community well-being	Supporting people services have been subject to local authority cost efficiency discussions. Following a cabinet decision, a new competitive procurement process was mobilised to secure the services. In the interim, the service area sought a waiver to put in place short term contracts to continue the support while the procurement process was being undertaken.	The new contracts for these services have been awarded following an open market competitive procurement process.
4 units of supported accommodation	13	Adult social care & community well-being	The service area sought a waiver to continue with an existing contract for the units of accommodation to allow time to ascertain the local need, mobilise a new scheme and to consult with partners about integrating our commissioning for the cohort that utilises these units of accommodation.	Review of service requirements is being carried out.
Broadcare Solution licence agreement	38	Adult social care & community well-being	The council took over responsibility for this system in 2020 when the CHC service transferred from the CCG to the council. The waiver was sought to allow the council to enter into the contract with the system provider without having to go through an open market competitive procurement process.	Framework options are being explored for future contract requirements.
Residential/education placements for children and young people x 11	2,105	Children's services	<p>The children's services commissioning team utilise the waiver process as a route to commissioning a placement in the following situations:</p> <ul style="list-style-type: none"> <li>• When no suitable supplier can be commissioned through the framework agreement;</li> <li>• Where the placement is made at the request of the family/family legal representatives;</li> <li>• Where the council is responsible for paying fees due to the "belonging regulation".</li> </ul>	The suppliers have been approached to join the framework agreement.
Supply of polling booths	53	Corporate services	The polling booths were at the end of their lifespan and were not fit for purpose in providing Covid19 secure voting arrangements in polling stations on 6 May. The waiver	One off purchase.

			sought to waive the advertising requirement of contract standing orders, quotes were invited.	
Corporate access control system upgrade	45	Corporate services	The council has a security system, including scan pads and swipe-cards, installed by security doors throughout its property portfolio. The software used was found to be out of date and posed a high risk for building security. The waiver was sought to upgrade the system through the existing supplier.	One off purchase.
Banking services	75	Financial management	Historically this contract was awarded using a framework agreement. Commissioning option were explored for the re let of the contract, however, the previous framework agreement had expired. The work required to change the council's banking services would be significant and in the absence of a direct award route (framework agreement), the service area utilised the waiver process to award the contract.	Future commissioning options will be explored when current contract is up for renewal.
Floating bridge No. 6 – engineering support	38	Neighbourhoods	A specialist supplier was engaged to carry out an independent audit the maintenance of FB6. A number of companies were approached, and one quote was obtained.	One off contract.
Mechanical and engineer consultant - Branstone farm business units	42	Regeneration	The procurement was run as a low value quotation process. When quotes were received it was apparent that, with contingencies built in, the contract value could exceed the £25,000 threshold for the low value quotation process. Before proceeding, the service area sought a waiver of CSOs to be able to proceed with the contract award.	One off contract.
Branstone farm – shell and core delivery of brewery unit	N/A	Regeneration	The procurement process was conducted via open market competition. Contract standing orders sets a minimum tender period of 21 days. The waiver sought to reduce this timescale to 14 days.	One off contract.
Branstone business park – full design and tender support	41	Regeneration	The delivery of this project changed to a 2 phase delivery and a waiver was sought to engage with the supplier who had been involved in earlier stages of the project to ensure continuity.	One off contract.

Brewery and visitor centre – full design and tender support	86	Regeneration	The project comprised the full design to, and obtaining of, Building Regulation approvals, and preparation of tender documents and assessment of tender returns for the construction of a new brewery and visitor centre on part of the current branstone farm site, for occupation by Goddard's Brewery. Goddard's had previously commissioned the supplier directly themselves to carry out early design works. The council took over responsibility for the build and the commissioning officers sought the waiver to be able to continue to engage the supplier for continuity.	One off contract.
Reactive maintenance services	160	Regeneration	The waiver sought to extend the council's current building maintenance contract. Due to disruptions to the contract as a result of Covid19, the service area sought the waiver to continue to engage with the incumbent supplier while requirements were reviewed, and the procurement process was carried out.	New contract has been let via open market procurement process.
Contract building control officer	34	Regeneration	The service area were unable to appoint an agency worker via the council's agency contract. A waiver was sought to approach an agency outside of the corporate arrangement.	One off contract.
Vaccination hub - Westridge	80	Regeneration	Works to westridge were required urgently to enable the vaccination hub to open. The council approached its buildings maintenance contractor to quote for the works and a waiver was sought to enable the contract to be awarded within the timescales.	One off contract
CAIW - Community Led Housing	45	Regeneration	The contract was originally tendered in the open market. The services were to support the spending of approximately £1million of grant monies for local housing schemes. The contract was coming to an end and the full grant monies had not been spent. The waiver sought the continuation of the contract with the incumbent supplier to continue to support the scheme.	Contract will come to an end when grant monies have been spent.

## Appendix 3

Theme	Enabler	Current activity	The ambition	Target date	Update	
Leadership and governance	<b>Councillors</b>	In 2017 the leader of the council designated a councillor to the waste, procurement, major projects and forward plan portfolio. The portfolio holder has monthly meetings with the procurement and contract monitoring team lead and has oversight of the council's procurement and contract activity.	Training to ensure councillors understand the council's procurement and contract management activity.	September 2020  Revised Q2 2021/22 and ongoing	<b>October 2020 update:</b> Progress has been disrupted by COVID19.  <b>May 2021 update:</b> Revised date set to coincide with new councillor training.	
		Councillors set the council's Corporate Plan and strategic priorities and must be satisfied that the procurement and commercial arrangements to deliver these are robust.  Councillors make important decisions, particularly in major projects, and maintain oversight of the performance of key contracts, agreeing corrective action where necessary.	An update on procurement is included within the leaders report on a quarterly basis.  A six-monthly report is submitted to the council's Audit Committee giving oversight of the council's procurement and contract activity.	Develop briefing notes for councillors on key procurement and contract matters to keep them abreast with the 'hot topics' and external influences to the council's approach to procurement and contracting.	April 2020 and ongoing  <b>October 2020 update:</b> Briefing notes in response to COVID19 have been produced.  <b>May 2021 update:</b> Briefings to be produced if required as part of new councillor training.	
	<b>Senior managers</b>	The council's Corporate Management Team (CMT) receives six-monthly reports giving oversight of the council's procurement and contract activity.	Training to ensure senior management understand procurement and the key considerations to allow them to make informed decisions and positively influence the council's procurement and contract activity to achieve the best outcomes, following due process.	September 2020 and ongoing	CMT receive 6 monthly updates on latest procurement developments.	
		Decision-makers value and benefit from procurement and commercial advice at the early stages of major projects.  Good procurement and commercial advice can have a decisive impact on the outcome of a project and it is important that senior managers are engaged with procurement from the earliest stages of the project.	The council's CMT is an escalation point on procurement compliance matters allowing senior managers to ensure due process is being followed within their service areas	Develop briefing notes for senior management on key procurement and contract matters to keep them abreast with the 'hot topics' and external influences to the council's approach to procurement and contracting.	April 2020 and ongoing  <b>March 2020</b> - COVID briefings produced.  <b>September 2020</b> - Contract Management paper produced.  <b>Next planned briefing</b> - Government procurement reform.	
	<b>Team approach</b>	The council works as a single team to design and implement solutions for the services it delivers, and commissioners, contract and procurement advisers work together as part of that team.  A team approach internally and with external partners makes best use of limited resources and can lead to innovative solutions and better results.	The council has implemented category management to build strong relationships between procurement and commissioners. Early engagement with one another allows innovative solutions and procurement strategies to be explored from the outset.  Collaborative procurements with partners, for example; Hampshire County Council through our partnerships for children's services and public health.  Engagement with procurement colleagues in other local authorities through the Hampshire and Isle of Wight Procurement Partnership Network. Share good practice and look for collaborative opportunities where appropriate.  The council participates in a number of regional consortiums for children's service's residential placement and fostering arrangements.  The procurement and contract monitoring team has provided ad hoc advice and support to local schools.  The council has opened up some	Further develop procurement and contract support offer and training to schools.	April 2020 and ongoing	Training session for schools delivered in October and December 2019.  <b>May 2020 update:</b> Corporate offer is being developed alongside other council departments who offer services to schools.  <b>October 2020 update:</b> The procurement and contracts team has supported a number of local schools which has generated a small income.  <b>May 2021 update:</b> The procurement and contracts team is now part of the formal SLA offer that schools can buy in to.
			Explore collaborative/shared service arrangements with the Isle of Wight NHS Trust for procurements.	January 2020 and ongoing	<b>November 2020 update:</b> Pre COVID19, discussions were taking place with the Trust looking at where services could be shared/procured jointly. Progress was disrupted by COVID19. Subsequently collaborative procurement arrangements were pursued by the Trust with other Trusts in the south.	
			Category 'drop in' sessions to be set up for commissioners on key procurement and contract matters and extend to external partners	December 2020 with further roll out by September 2021	Sessions established in December 2020 with ASC. Further development through 2021 with other categories.	

		council contracts for use by town and parish councils, schools and charities ie fire extinguishers, building maintenance, beach and slipway cleaning, grounds maintenance.	Develop relationships with local business networks to help promote the work of the council and share good practice and success stories.	March 2020 and ongoing	Consultation with FSB and chamber of commerce was undertaken on the new Procurement Strategy.  Procurement and contract manager attended the local business network to give a talk on local government procurement.
<b>Continuous development</b>	<p>The procurement and contract landscape is fast moving with emerging case law and impacts from Brexit. It is important that the council's processes and documentation are continually reviewed to ensure they reflect case law and best practice.</p> <p>Staff who are involved in procurement and contract activity should have access to up to date training.</p> <p>Additionally, they should have access to clear, robust procurement rules and processes which protect against illegal/fraudulent activities, but which are proportionate and as streamlined as possible.</p>	The council is a member of the Chartered Institution of Public Finance Accountants' (CIPFA) procurement and commissioning network and benefits from free training spaces, allowing officers to keep up to date with emerging case law and wider procurement and contract considerations.	Further develop the in-house training programme to pick up lower value contracts/purchases (sub £25,000).	March 2022	The procurement and contracts team is looking to enhance training offered in the Learning Hub to cover sub £25k procurements.
		The council has developed an in-house procurement and contract management training programme covering the following areas:	Category 'drop in' sessions to be set up for commissioners on key procurement and contract matters.	December 2020 with further roll out by September 2021	Sessions established in December 2020 with ASC. Further development through 2021 with other categories.
		<ul style="list-style-type: none"> <li>•General overview of rules, regulations and processes.</li> <li>•Specification drafting.</li> <li>•Tender evaluations.</li> <li>•Contract management.</li> </ul> <p>The training is available for council officers to attend free of charge.</p>	Develop the procurement web pages of the Intranet to provide more guidance to staff undertaking procurements.	January 2022	<b>May 2021 update:</b> New Procurement Initiation Document produced to capture procurement considerations and decision making and to provide guidance and support for commissioning staff. Further development of intranet pages will be carried out throughout 2021.
<b>Creating commercial opportunities</b>	<p>As grants from central government are reduced, the council is looking at other means of reducing funding deficits. Commercial opportunities can be created in many different ways, from conventional means such as increasing returns on assets to the way it engages with its development partners and third-party suppliers.</p> <p>There are many ways in which commercial opportunities can be created through the strategic management of the procurement cycle and the services and assets delivered through the contracts it creates.</p> <p>Commercialisation is a broad subject and this theme is confined to how procurement can contribute to its successful delivery.</p>	The procurement and contract monitoring team work with commissioners to create innovative performance monitoring regimes designed to promote a high standard of delivery.	Embed the procurement function within the council's commercialisation programme/project boards and decision-making process.	TBC	<p>Progress dependent on wider council's commercialisation agenda.</p> <p><b>February 2020 update:</b> Procurement and contract manager involved in star chamber meetings looking at council commercial opportunities.</p> <p><b>July 2020 update:</b> The procurement and contracts team has supported conversations and advised on the establishment of trading companies.</p> <p><b>Oct 2020 update:</b> The procurement and contracts team are working with service areas to explore alternative methods of delivering services for partners and stakeholders, such a managed service, rather than establishing a framework agreement.</p>
		The council has developed professional, flexible procurement documentation that demonstrates that the council is open to doing business with all organisations regardless of size or sector.	Explore alternative delivery models such as trading companies.	November 2019 and ongoing	
		The council promotes the use of outcome focused specifications to encourage supplier innovation and utilises the procurement process to invite and evaluate the best commercial proposals.			
		The council has developed an in-house procurement and contract management training programme designed to promote commercial thinking in its procurement processes.			
		Where appropriate, the council considers wider benefits to council contracts including income opportunities.			

# Behaving commercially

		<p>Use the council's procurement and contract monitoring expertise for commercial gains and look to create income opportunities.</p>	<p>July 2020</p>	<p><b>July 2020 update:</b> The procurement and contracts team has supported a number of local schools which has generated a small income.</p> <p><b>October 2020 update:</b> Further support has been provided to local schools which has generated income for the council.</p> <p><b>May 2021 update:</b> The procurement and contracts team is now part of the formal SLA offer that schools can buy in to.</p>
		<p>Develop data and reporting in relation to procurement and contracting to better inform decision making.</p>	<p>December 2020 and ongoing</p>	<p><b>July 2020 update:</b> Work has been undertaken to cleanse and populate the contracts database and ensure the correct notifications are applied to each entry.</p> <p>This will further develop with the introduction of the contract monitoring system.</p> <p><b>October 2020 update:</b> Procurement pipeline is being used to proactively make contact with service areas and start discussions about future commissioning options.</p> <p><b>May 2021 update:</b> Further data capture and reporting on spend with local suppliers planned to be developed by November 2021.</p>
<p><b>Managing contracts</b></p> <p>Effective contract management will protect the council's commercial interests and will ensure that:</p> <ul style="list-style-type: none"> <li>•outcomes, inputs and outputs agreed at the outset are delivered in a timely and cost-effective manner;</li> <li>•issues of non-compliance or variation are picked up early and are either dealt with or escalated for resolution as appropriate and remedies applied as necessary;</li> <li>•contract costs and risks are managed in a timely proactive fashion, reviews are undertaken and lessons learnt are fed back into the commissioning and procurement process to ensure continuous improvement;</li> <li>•we only pay for services delivered.</li> </ul>	<p>The council has developed a contract management framework and toolkit for use by contract management officers to ensure a consistent approach to contract management.</p> <p>The council uses a contract tiering tool to categorise contracts to ensure the level of contract management activity required is proportionate.</p> <p>The council has implemented a contract management system to allow corporate oversight of how the council's contracts are performing, allowing for early interventions in cases of poor performance.</p> <p>The council has developed its contract documentation to allow for modification and innovation throughout the life of contracts. Performance monitoring and key performance indicators are clearly linked to contract remediation clauses so that suppliers are clear from the before they tender how they will be managed and their performance monitored, and the actions that will be taken in the event of poor performance.</p>	<p>Develop data collection and analysis as the contract monitoring system become embedded and utilised council wide.</p>	<p>December 2020 and ongoing</p>	<p><b>July 2020 update:</b> Work has been undertaken to cleanse and populate the contracts database and ensure the correct notifications are applied to each entry.</p> <p>This will further develop with the introduction of the contract monitoring system.</p> <p><b>October 2020 update:</b> Approval for new contract monitoring system was given in September 2020. Data collection and analysis will develop as system is populated.</p> <p><b>May 2021 update:</b> Contract monitoring system went live January 2021. 17 contracts populated so far with a total of 398 performance measures. High level reporting of council's contract performance now included in audit committee report.</p>

## Local community and economy

<p><b>Obtaining social value</b></p> <p>During times of austerity, the public sector is under constant pressure to achieve more for less. Social value is an effective way of achieving smarter procurement while improving economic, social and environmental wellbeing over and above the delivery of the services directly required, at no extra cost.</p>	<p>For the previous three years the council has applied social value considerations over and above the minimum requirement. The Public Services (Social Value) Act 2012 requires all public sector bodies in England and Wales to have regard economic, social and environmental wellbeing in connection with "above threshold" public services contracts. The council has committed to consider social value for everything over £25,000, where relevant to the subject matter of the contract.</p>	<p>As the contract monitoring system embeds, reporting of social value achievements will be captured and can be used to promote the good work of the council.</p>	<p>December 2020 and ongoing</p>	<p><b>October 2020 update:</b> Approval for new contract monitoring system was given in September 2020. Data collection and analysis will develop as system is populated.</p> <p><b>May 2021 update:</b> Contract monitoring system went live January 2021. 17 contracts populated so far with a total of 398 performance measures. High level reporting of council's contract performance now included in audit committee report. As the data in the system is populated, delivery of social value benefits will be captured where they are included in a contract.</p>	
	<p>Where appropriate, social value measures are being built in to our contract performance monitoring regimes to demonstrate that the committed benefits are being realised through the life of the contract.</p>	<p>Develop guidance on social value for council staff involved in procurement and contract activity to assist them with their understanding of social value and the benefits that it can bring when applied appropriately in a procurement process.</p>	<p>February 2020</p>	<p><b>November 2019 update:</b> Social value now forms part of the internal procurement and contract management training program that is delivered to council officers involved in commissioning and contract management.</p> <p><b>May 2021 update:</b> New Procurement Initiation Document produced to capture procurement considerations and decision making in relation to social value and to provide guidance and support for commissioning staff. This will be further developed with guidance available on the Intranet.</p>	
	<p>The council has access to a social value measuring tool allowing commissioners to quantify the social value of a service and to put a value to it. This aids the Council in its decision making.</p>				
	<p><b>Small to Medium Enterprises (SMEs)</b></p> <p>SMEs play a major role in creating jobs and generating income for those on low incomes; they help foster economic growth, social stability, are a source of innovation and contribute to the development of a dynamic private sector. The Council plays an important in encouraging the establishment and growth of SMEs in the local area</p>	<p>Where it is able to, when commencing a procurement process, the council will consider the route to market and structure of the procurement (ie breaking a larger contract in to lots) to encourage participation by SMEs and micro SMEs.</p>	<p>Create a more structured programme of 'doing business with the council' workshops for the local market.</p>	<p>January 2021</p>	<p><b>October 2020 update:</b> Under review due to current COVID-19 restrictions. Exploring virtual delivery.</p> <p><b>May 2021 update:</b> Exploring linking up with regeneration and the council's covid recovery plans.</p>
	<p>The council has developed professional, flexible procurement documentation that demonstrates that the council is open to doing business with all organisations regardless of size or sector.</p>	<p>Development of a sub-contractor programme whereby companies can register themselves with the council as being open to working with larger companies as sub-contractors. These details can be passed on to larger contractors through the council's procurement processes.</p>	<p>April 2020</p> <p>Revised date: April 2022</p>	<p><b>October 2020 update:</b> Progress paused due to other priorities during Covid.</p> <p><b>May 2021 update:</b> Plans to progress this have been delayed to await the outcome of the procurement reforms due at the end of 2021. It is expected that the procurement reform will introduce flexibility around contracting locally.</p>	
	<p>The council's contract standing orders include requirements for commissioners to seek quotes from local suppliers for contracts below £25,000, and to award locally where it can be demonstrated that they provide best value.</p>	<p>Develop relationships with local business networks to act as a 'critical friend' and promote the council's procurement and contract activity and success stories.</p>	<p>March 2020</p>	<p>Consultation with FSB and chamber of commerce was undertaken on the new Procurement Strategy.</p> <p>Procurement and contracts manager attended the local business network to give a talk on local government procurement.</p>	
	<p>A number of workshops have been run for various local markets ie voluntary and community sector, local construction forum explaining how Council procurement processes are run.</p>	<p>Develop the use of prior information notices to engage SMEs prior to the commencement of the procurement process.</p>	<p>January 2020 and ongoing</p>	<p>25 prior information notices have been published prior to the commencement of the procurement process.</p>	
	<p>The council publishes on its web pages a pipeline of procurements that are due to commence in the next 18 months. This allows SMEs to prepare in advance for impending procurement processes.</p>	<p>Develop the council's web pages with guidance for SMEs tendering for council contracts.</p>	<p>May 2020</p> <p>Revised to April 2022</p>	<p>Due to other priorities in response to COVID19.</p> <p><b>May 2021 update:</b> Plans to progress this have been delayed to await the</p>	

		procuring and be able to ask questions about the process. This is designed to engage the market in our processes and to raise the quality of tenders through the market having a better understanding of the council's processes and requirements.			the have been advised to ensure the outcome of the procurement reforms due at the end of 2021. It is expected that the procurement reform will introduce flexibility around contracting locally.
Environmental considerations	<p>Environmental or green procurement is defined as the purchase of products and services which have less impact on the environment and human health compared with competing products or services that serve the same purpose.</p> <p>This comparison may consider the source of raw materials, production, manufacturing, packaging, distribution, potential for reuse and recycling, operation, maintenance, or disposal of the product.</p>	<p>Environmental evaluation criteria are included in our procurement processes where appropriate and will ensure that potential suppliers have appropriate environmental policies and practices. Suppliers can be excluded from our procurement processes if they have fallen foul of their environmental obligations. Contract specific criteria is also included where directly linked to the subject matter of the contract.</p> <p>Key performance indicators are built in to the council's contracts, where appropriate, to monitor the carbon emissions</p>	Promote environmentally preferable products ie products that have a lesser or reduced negative effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw material acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service.	March 2021	The procurement and contracts team is working alongside the sustainability team to guide commissioning officers in promoting environmentally preferable products in their procurement processes.  <b>May 2021 update:</b> New Procurement Initiation Document produced to capture procurement considerations and decision making in relation to environmental and sustainability matters and to provide guidance and support for commissioning staff.
			<p>Work with the sustainability team to identify the council's contracts which are likely to have the biggest impact on the council's carbon footprint and put in place a process for collecting carbon emissions data from contractors that are within scope (two largest contracts are already doing this).</p>	<p>December 2019</p>	<p>The council's contract monitoring officer is working with the sustainability team to advise on KPI and performance monitoring where appropriate.</p>
			<p>Develop guidance on environmental considerations for council staff involved in procurement and contract activity to assist them with their understanding of environmental issues and the benefits that it can bring when applied appropriately in a procurement process.</p>	<p>Linked to outcome of climate emergency task and finish group</p>	<p><b>May 2021 update:</b> New Procurement Initiation Document produced to capture procurement considerations and decision making in relation to environmental and sustainability matters and to provide guidance and support for commissioning staff.</p>
			<p>Work with the sustainability team to identify the council's contracts which are likely to have the biggest impact on the council's carbon footprint and put in place a process for collecting carbon emissions data from contractors that are within scope (two largest contracts are already doing this).</p>	<p>March 2020 Revised September 2020</p>	<p>The council's contract monitoring officer is working with the sustainability team to advise on KPI and performance monitoring where appropriate. Recent examples include the requirement of a report to be produced and supplied annually by the 30th of April each contract year of fuel consumption by the contractor in operation of the grounds maintenance contract.</p>

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Purpose: For Noting

## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>26 JULY 2021</b>
Title	<b>INTERNAL AUDIT PROGRESS REPORT</b>
Report of	<b>CHIEF INTERNAL AUDITOR</b>

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### EXECUTIVE SUMMARY

1. Internal Audit provide periodic, summary in-year reporting to the Audit Committee regarding progress with the Annual Internal Audit Plan. The purpose of this reporting is to provide the committee with the necessary information to satisfy their remit, as set out in the committee's terms of reference in the constitution.
2. The committee is asked to note the report, seeking any clarifications necessary to satisfy their remit, either with Internal Audit regarding the findings of individual reports, or from line management regarding the progress of remedial action.

### BACKGROUND

3. The last Internal Audit Progress Report was presented to Audit Committee in March 2021. The report presented to the July 2021 committee meeting summarises the results of audits finalised between March 2021 and July 2021.

### CONSULTATION

4. Consultation takes place with the senior management team, both to inform the content of the annual Internal Audit programme of reviews and in year, to ensure that the work of Internal Audit is continuously aligned with the need of the council. Consultation also takes place with relevant managers for individual reviews, both to inform review scope and to confirm the accuracy of audit findings.

### FINANCIAL / BUDGET IMPLICATIONS

5. There are no financial implications for the council from the committee fulfilling its remit through overseeing the work of Internal Audit.

## LEGAL IMPLICATIONS

6. The council has an obligation under Regulation 5 of the Account and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
7. The relevant public sector internal auditing standards/guidance are contained in the Public Sector Internal Audit Standards (updated 2017).

## RECOMMENDATION

8. The committee is asked to note the report of Internal Audit.

## APPENDICES

9. Appendix 1 – Internal Audit Progress Report – July 2021

Contact Point: Elizabeth Goodwin, Chief Internal Auditor  
☎ 821000 e-mail [Elizabeth.Goodwin@portsmouthcc.gov.uk](mailto:Elizabeth.Goodwin@portsmouthcc.gov.uk)

*Chris Ward, Director of Finance  
and Section 151 Officer*

*Councillor Andrew Garratt Chairman of the Audit  
Committee*



ISLE *of*  
WIGHT  
COUNCIL

## Internal Audit Progress Report 11 July 2021

Elizabeth Goodwin, Chief Internal Auditor



## 1. Introduction

Internal Audit is a statutory function for all local authorities. The Isle of Wight Council's Internal Audit service has an in-house team and a shared Chief Internal Auditor with Portsmouth City Council (PCC). The in-house audit team is supported by audit and counter fraud staff from PCC under a collaborative working arrangement.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit Regulations 2015 as to:

*Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

## 2. Purpose of report

The purpose of this report is to update the Audit Committee on the progress of the 2020/21 Audit Plan as at 11 July 2021 and to highlight any significant risk exposure and control issues, including fraud and governance risks.



### 3. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
<b>Assurance</b>	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
<b>Reasonable Assurance</b>	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
<b>Limited Assurance</b>	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
<b>No Assurance</b>	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>

*Audits rated No Assurance are reported in their entirety to Audit Committee along with Director's comments*



## 4. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
<b>Low Risk (Improvement)</b>	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
<b>Medium Risk</b>	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
<b>High Risk</b>	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
<b>Critical Risk</b>	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

*Any critical exceptions found will be reported in their entirety to the Audit Committee along with Director's comments*



## 5. Follow-up Action Categorisation

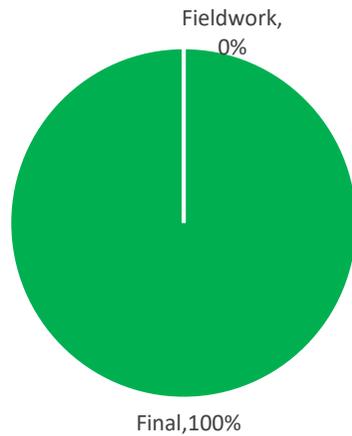
The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: <i>Verified</i>	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: <i>Not Verified</i>	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: <i>Management Accepts Risk</i>	<i>Management have accepted the risk highlighted from the exception.</i>
Closed: <i>No Longer Applicable</i>	<i>Risk exposure no longer applicable.</i>

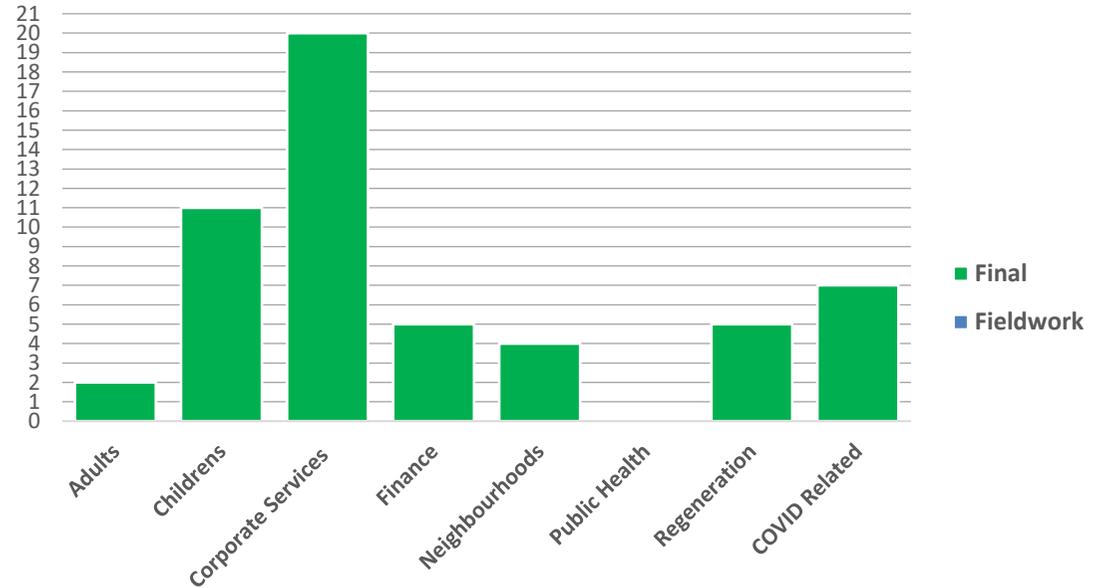


## 6. Audit Plan Progress

### Status Overall



### Status By Directorate



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Status (including follow-ups)	Audits
Fieldwork	0
Final	54
<b>TOTAL</b>	<b>54</b>

There were 62 reviews set out in the revised Audit Plan for 2020/21, post COVID19. There have subsequently been changes, primarily due to COVID19, with a number of reviews suspended these have already been previously reported; currently there are 54 reviews included in the programme of work. All reviews currently included in the 2020/21 programme of work are included in summary information on this page. Detail regarding changes to the Audit Plan is provided in the 'Audit Status' section, later in this report.

This level of coverage represents an increase from the coverage provided prior to the partnership with Portsmouth City Council (PCC) and is appropriate for the size and range of responsibilities held by the Isle of Wight Council.



## 7. Audits in Period

Three reports finalised since the last Internal Audit report presented to Audit Committee in March 2021 have been rated as ‘limited assurance’. Expanded summaries for these reports are provided for Audit Committee below.

CCTV				Overall Assurance Level	Assurance Level by Scope Area																		
<b>Exceptions Raised</b> <table border="1"> <tr> <td>Critical</td> <td>High</td> <td>Medium</td> <td>Low</td> </tr> <tr> <td>0</td> <td>2</td> <td>0</td> <td>1</td> </tr> </table>				Critical	High	Medium	Low	0	2	0	1	<b>Limited Assurance</b> Agreed actions are scheduled to be implemented by the 30 <sup>st</sup> September 2021	<table border="1"> <tr> <td>Achievement of strategic objectives</td> <td>NAT</td> </tr> <tr> <td>Compliance with Policies, Laws &amp; Regulations</td> <td>NAT</td> </tr> <tr> <td>Safeguarding of Assets</td> <td>NAT</td> </tr> <tr> <td>Effectiveness and Efficiency of Operations</td> <td>Limited Assurance</td> </tr> <tr> <td>Reliability and Integrity of Data</td> <td>NAT</td> </tr> </table>	Achievement of strategic objectives	NAT	Compliance with Policies, Laws & Regulations	NAT	Safeguarding of Assets	NAT	Effectiveness and Efficiency of Operations	Limited Assurance	Reliability and Integrity of Data	NAT
Critical	High	Medium	Low																				
0	2	0	1																				
Achievement of strategic objectives	NAT																						
Compliance with Policies, Laws & Regulations	NAT																						
Safeguarding of Assets	NAT																						
Effectiveness and Efficiency of Operations	Limited Assurance																						
Reliability and Integrity of Data	NAT																						

The Council is ultimately responsible for the public CCTV network on the Island (operation is substantively carried out by Island Roads), deploys CCTV extensively across its building portfolio, with body worn cameras also used by a number of teams, for example Civil Enforcement Officers (CEOs). This audit followed up on the 2018/19 audit of CCTV (which covered the public network only), with an expanded scope, covering both CCTV use in Council buildings and body worn camera usage. There are a range of legislative requirements applicable to CCTV, for example GDPR, with a good practice code set out by the Home Office.

The initial audit in 2018/19 was rated limited assurance, linked to a lack of clarity regarding CCTV in the agreement with Island Roads (specifically where the boundary sits between Council and Island Roads responsibilities). Gaps were identified primarily at the ‘strategic’ level, the responsibilities which remain with the Council, although there were also gaps identified regarding the Council’s oversight of Island Roads operational arrangements. Follow-up has identified that progress has been made, with an initial strategic document provided for Internal Audit review. However, the strategic document is in draft and further work is necessary, to definitively agree where responsibilities sit and the oversight/reporting arrangements required to enable the Council to satisfy itself regarding the adequacy of Island Roads operational arrangements. All actions are scheduled to be completed by September 2021.

CCTV use in Council buildings is inconsistent, falling short of both Home Office good practice expectations and legislative requirements in a number of areas. For example, no instances of Data Protection Impact Assessments (DPIAs), required by GDPR to ensure ‘privacy’ concerns are identified and addressed, were identified during fieldwork, signage does not comply with Home Office expectations and minimal documentation regarding operation is in place across sites. Importantly there is no one individual or team responsible for CCTV corporately, contributing to the current position and making it more difficult to address.



Regarding body worn cameras a current and fit for purpose strategic document was provided for Internal Audit review. However, the Council is in the process of expanding usage of body worn cameras, for example to Floating Bridge staff. While strategic documentation is in the process of being updated to reflect this is in the process of being finalised and a low risk finding has been raised accordingly.

Digital Strategy				Overall Assurance Level	Assurance Level by Scope Area
<b>Exceptions Raised</b>				<b>Limited Assurance</b>	
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Agreed actions are scheduled to be implemented by the 30<sup>st</sup> June 2021</b>	Achievement of strategic objectives
0	5	1	0		Compliance with Policies, Laws & Regulations
					Safeguarding of Assets
					Effectiveness and Efficiency of Operations
					Reliability and Integrity of Data
					NAT

The Council’s Digital Strategy is currently being updated, with a revised version scheduled to be finalised in the first part of 2021/22. A key component of the updated Strategy will be an enhanced Council website built around site users, improving functionality across the range of devices used to access the site, for example smartphones. This audit reviewed the Council’s progress towards developing a new website.

The Initiative has been adversely impacted by COVID-19, most importantly leading to reduced availability of key staff and the increasing difficulty of ‘engaging’ with services and key site users, resulting in weaknesses in the project management arrangements.

Most importantly there are significant weaknesses in Project Management. Corporate templates have not been used to manage the Project, contributing to key documents not being sufficiently available to the full Project Team and upward reporting not giving a full picture of how the Project is progressing (covering time, cost and quality). Linked to this the project assurance lead and key members of the communication team were redeployed to COVID-19 response, there is an absence of detailed planning and, again linked to COVID-19, financial control has been weak – ultimately it is not possible to identify definitely how much has been spent on the new website to date nor what this has been spent on.

Associated with how the Project has been planned there has been a failure to sufficiently consider cross cutting elements, most importantly accessibility and information the Council is legally required to publish, for example around freedom of information. Tackling these areas piecemeal increases the risk that the new website will ultimately not be fit for purpose.

As identified above it has been difficult to engage with site users, due to COVID-19. However, engagement with site users will be key to maximising the value the Council gets from its investment in the new website and this area needs to be addressed as a priority, as soon as possible.



Ultimately much of the Council’s website is over 10 years’ old and not redeveloping the site is not an option. A modern, fit for purpose digital presence is key to the Council providing its services in the most effective and efficient manner possible. Subsequent to the completion of core fieldwork Internal Audit notes that the governance arrangements have been considerably strengthened, with the central Organisational Intelligence Team taking on direct control of Project Management elements. This has the potential to get the Initiative ‘back on track but the Project will need to be kept under close and ongoing review by senior management, to ensure that any issues/resource limitations are identified and addressed at the earliest opportunity.

Greenmount				Overall Assurance Level	Assurance Level by Scope Area																		
<b>Exceptions Raised</b> <table border="1"> <tr> <td><b>Critical</b></td> <td><b>High</b></td> <td><b>Medium</b></td> <td><b>Low</b></td> </tr> <tr> <td>0</td> <td>6</td> <td>2</td> <td>1</td> </tr> </table>				<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	0	6	2	1	<b>Limited Assurance</b> Agreed actions are scheduled to be implemented by the 31 <sup>st</sup> July 2021	<table border="1"> <tr> <td>Achievement of strategic objectives</td> <td>Limited Assurance</td> </tr> <tr> <td>Compliance with Policies, Laws &amp; Regulations</td> <td>Reasonable Assurance</td> </tr> <tr> <td>Safeguarding of Assets</td> <td>Reasonable Assurance</td> </tr> <tr> <td>Effectiveness and Efficiency of Operations</td> <td>Limited Assurance</td> </tr> <tr> <td>Reliability and Integrity of Data</td> <td>NAT</td> </tr> </table>	Achievement of strategic objectives	Limited Assurance	Compliance with Policies, Laws & Regulations	Reasonable Assurance	Safeguarding of Assets	Reasonable Assurance	Effectiveness and Efficiency of Operations	Limited Assurance	Reliability and Integrity of Data	NAT
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>																				
0	6	2	1																				
Achievement of strategic objectives	Limited Assurance																						
Compliance with Policies, Laws & Regulations	Reasonable Assurance																						
Safeguarding of Assets	Reasonable Assurance																						
Effectiveness and Efficiency of Operations	Limited Assurance																						
Reliability and Integrity of Data	NAT																						

Internal Audit’s programme of school audits focusses on the effectiveness of financial control and wider governance arrangements, as set out in the overarching expectations of the School Financial Value Standard (SFVS).

Significant gaps were identified at Greenmount both in governance and financial management arrangements. Minutes of oversight forums, including the Governing Body, do not evidence challenge or approval of budgetary decisions, exacerbated by the school failing to regularly review and plan to address gaps identified in the skillset of the school’s Governing Body and staff with financial duties. Linked to this information regarding the Governing Body and its meetings online are out of date, last updated in July 2020, with overarching constitutional documents last updated in September 2019. The school was also unable to evidence effective business continuity plans.

Issues were also identified regarding retention of information related to employment checks, failure to carry out annual inventory checks or to oversee Parent Teacher Association (PTA) funds and accounts sufficiently.

Overall Internal Audit is unable to confirm that the assertions made by the School in its 2020 SFVS return is supported by evidence reviewed.



Summaries for reports rated 'reasonable assurance' or better are provided below.

**Accounts Receivable**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance		
0	2	1	1			Achievement of strategic objectives
					Compliance with Policies, Laws & Regulations	Reasonable Assurance
					Safeguarding of Assets	NAT
					Effectiveness and Efficiency of Operations	Reasonable Assurance
					Reliability and Integrity of Data	NAT

The most significant issues identified related to the timeliness of recovery action, with overdue recovery in nine out of 25 invoices checked, this was recognised for the services that monitor their own debts as well as the central team. Other issues were identified regarding documentation which is out of date and not reflective of current practice and minor inaccuracies in invoices raised.

**Accounts Payable**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance		
0	0	3	3			Achievement of strategic objectives
					Compliance with Policies, Laws & Regulations	Reasonable Assurance
					Safeguarding of Assets	NAT
					Effectiveness and Efficiency of Operations	Reasonable Assurance
					Reliability and Integrity of Data	Reasonable Assurance

The most significant issues identified was three instance (25 checked) where purchase orders were raised after invoice dates, one instance where an officer had access to modify master data, where it was not required for their job role and five instance where the correct process was not followed when bank account master data was updated. More minor issues were identified regarding one instance where a vendor had not been notified when due diligence checks had been completed, one instance (25 checked) where an invoice was not paid within the 30 days identified in Council terms and one instance where the reason VAT could not be recovered was not recorded.



**Payroll**

**Exceptions Raised**

Critical	High	Medium	Low
0	0	2	1

**Overall Assurance Level**

<b>Reasonable Assurance</b>
-----------------------------

**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	<b>Assurance</b>
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	<b>Reasonable Assurance</b>
Reliability and Integrity of Data	NAT

The most significant issue identified was one instances (25 checked) where an overpayment was not recovered, due to being omitted from the overpayment report and out of date documentation related to acting up and secondment. A minor issue was also identified regarding delayed notification of leavers to the central team in two instances (25 checked), leading to overpayments.

**Wroxall**

**Exceptions Raised**

Critical	High	Medium	Low
0	2	1	1

**Overall Assurance Level**

<b>Reasonable Assurance</b>
-----------------------------

**Assurance Level by Scope Area**

Achievement of strategic objectives	<b>Limited</b>
Compliance with Policies, Laws & Regulations	<b>Reasonable Assurance</b>
Safeguarding of Assets	<b>Limited</b>
Effectiveness and Efficiency of Operations	<b>Assurance</b>
Reliability and Integrity of Data	NAT

The most significant issues identified relate to excessive retention of pre employee check documentation for staff, insufficient security applied to staff records and the failure to have an adequate inventory of school assets. More minor issues were identified regarding controls to ensure that the school minibus is only used for legitimate purposes and the failure to submit, ratify and approve Parent Teach Association (PTA) accounts by the Governing Body.



## 8. Follow-up Audits in Period

Updates are provided below for follow-up activity, finalised since the last meeting of the Audit Committee in March 2021.

Bank and Cash				Original Action Date: June 2020	First Follow-up Level	Second Follow-up Level
<b>Original Exceptions Raised</b>				Revised Action Date: N/A	Limited Assurance	Reasonable Assurance
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>			
0	2	6	1			

All issues originally identified have been addressed, apart from safe insurance limits, which are in the process of being addressed, as below.

1	Medium	<b>Cash Handling Procedures</b> Documentation has been updated.	Closed
2	Medium	<b>Income Records</b> Revised guidance (as above) has been highlighted to staff, sample testing confirms this is being complied with.	Closed
3	Medium	<b>Safe Insurance Limits</b> A project is planned, to ensure these are appropriate; progress will be assessed by Internal Audit in 2021/22.	Pending Assessment
4	Low	<b>Safe Security</b> Risks associated with current access arrangements to safe keys are accepted by the Council.	Closed
5	High	<b>Cash Payment</b> Staff have been reminded of correct processes and Internal Audit has been informed that there have been no reoccurrences of incorrectly processed/secured cash payments taken by the Council.	Closed
6	High	<b>Cash Collection</b> Staff have received additional training and are now considered 'specialist security services' and not subject to normal cash handling limits.	Closed
7	Medium	<b>Contract Monitoring</b> An issues log is in place, with quarterly meetings held to ensure the treasury management service is monitored.	Closed
8	Medium	<b>Access Permissions</b> The Bank Mandate has been updated, correctly referencing staff.	Closed



9	Medium	<b>Suspense Account Clearing</b> Monthly reconciliations are now being undertaken consistently, with issues escalated as necessary.	Closed
---	--------	--	--------

**Newport Harbour**

Original Exceptions Raised				Original Assurance Level	Follow-up Assurance Level
Critical	High	Medium	Low	Reasonable Assurance	Reasonable Assurance
0	0	3	0	→	→

While work is ongoing to address issues identified in the initial report are ongoing all actions possible at the current time have been taken.

1	Medium	<b>Key Dependencies</b> All actions identified at initial review (most importantly the Harbour Revision Order) have been completed. Remaining dependencies are in the process of being addressed.	In Progress
2	Medium	<b>Emerging Requirements/Issues</b> Issues identified in the initial review are in the process of being addressed. For example, consultants have been engaged to quantify flood risks, which will be used to inform/revise the masterplan.	In Progress
3	Medium	<b>Members Board</b> Board meetings during 2020 have been attended by senior officers, to ensure member decisions are appropriately informed.	Closed



**Section 106 Agreements**

**Original Exceptions Raised**

Critical	High	Medium	Low
0	1	1	0

**Original Assurance Level**

Reasonable Assurance
----------------------

**Follow-up Assurance Level**

Reasonable Assurance
----------------------



Progress regarding addressing issues identified in the initial review has been impacted by COVID19.

1	High	<b>Monitoring procedures are in place to ensure compliance with the terms of the S106 Agreement</b> Work is ongoing regarding enhancing reporting and monitoring arrangements.	In Progress
2	Medium	<b>Section 106 Agreements-Adequate Accounting Records are maintained</b> Work is ongoing regarding enhancing record keeping arrangements.	In Progress



Purpose: For Noting

## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>26 JULY 2021</b>
Title	<b>INTERNAL AUDIT ANNUAL REPORT</b>
Report of	<b>CHIEF INTERNAL AUDITOR</b>

---

### EXECUTIVE SUMMARY

1. The Internal Audit Annual Report and Opinion for 2020/21 is attached as Appendix A. The purpose of this reporting is to inform the council's Annual Governance Statement (AGS) and provide the committee with the necessary information to satisfy their remit, as set out in the committee's terms of reference in the constitution.
2. The work to inform the annual report and opinion undertaken has been performed in accordance with the agreed Internal Audit Plan for 2020/21. The results of the work performed allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that Internal Audit can provide is reasonable assurance that there are no major weaknesses in the system of internal control.
3. The committee is asked to note the report, seeking any clarifications necessary to satisfy their remit.

### BACKGROUND

4. The Annual Report and Opinion for 2019/20 was presented to Audit Committee in July 2020. During the course of 2020/21 periodic reporting has been provided to Audit Committee, regarding progress with and high level conclusions from the 2020/21 programme of reviews.

### CONSULTATION

5. Consultation takes place with the senior management team, both to inform the content of the annual Internal Audit programme of reviews and in year, to ensure that the work of Internal Audit is continuously aligned with the need of the Council.

Consultation also takes place with relevant managers for individual reviews, both to inform review scope and to confirm the accuracy of audit findings.

#### FINANCIAL / BUDGET IMPLICATIONS

6. There are no financial implications for the council from the committee fulfilling its remit through overseeing the work of Internal Audit.

#### LEGAL IMPLICATIONS

7. The council has an obligation under Regulation 5 of the Account and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
8. The relevant public sector internal auditing standards/guidance are contained in the Public Sector Internal Audit Standards (updated 2017).

#### RECOMMENDATION

9. The committee is asked to note the report of Internal Audit.

#### APPENDICES

10. Appendix 1 – Internal Audit Annual Report and Opinion

Contact Point: Elizabeth Goodwin, Chief Internal Auditor  
☎ 821000 e-mail [Elizabeth.Goodwin@portsmouthcc.gov.uk](mailto:Elizabeth.Goodwin@portsmouthcc.gov.uk)

*Chris Ward, Director of Finance  
and Section 151 Officer*

*Councillor Andrew Garratt Chairman of the Audit  
Committee*



ISLE *of*  
WIGHT  
COUNCIL

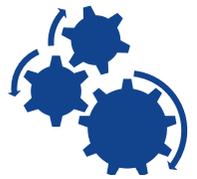
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## Isle of Wight Council Annual Audit Report 2020/21

Elizabeth Goodwin, Chief Internal Auditor



Appendix 1



## Contents

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<b>7</b>	2020/21 Audit Assurance by Directorate
<b>8</b>	Key Areas of Concern
<b>9</b>	2020/21 Exception Analysis by Risk Classification
<b>10</b>	Comparative 2019/20 & 2020/21 Exception Risk Rankings
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## Background

### Public Sector Internal Audit Standards

**1.1** On 1<sup>st</sup> April 2013 the *Public Sector Internal Audit Standards (PSIAS, the Standards)* were formally adopted in respect of local government across the United Kingdom. The *PSIAS* apply to all internal audit providers, whether inhouse, shared services or outsourced. The *PSIAS* were revised from 1<sup>st</sup> April 2016, to incorporate the *Mission of Internal Audit* and *Core Principles for the Professional Practice of internal Auditing*.

**1.2** The *Accounts and Audit Regulations 2015 Section 5*, define the requirement for an internal audit function within local government, stating that:

*A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*

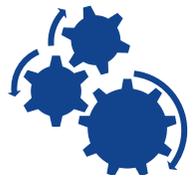
**1.3** The responsibility for maintaining an adequate and effective system of internal audit within Isle of Wight Council lies with the Director of Finance (Section 151 Officer).

**1.4** The Chief Internal Auditor is responsible for effectively managing the internal audit activity, in accordance with the definition of internal auditing, the *Code of Ethics* and the *Standards*.

**1.5** In accordance with the *PSIAS* the definition of internal auditing is:

*Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes*





- 1.6** In addition the Chief Internal Auditor will provide an Annual Internal Audit Opinion, based on an objective assessment of the Authority's framework of governance, risk management and control.
- 1.7** The Annual Internal Audit Opinion must incorporate:
- The Opinion;
  - A summary of the work that supports the Opinion; and
  - A statement on conformance with *PSIAS* and the results of the quality assurance and improvement programme.
- 1.8** An annual self-assessment is carried out, as part of *PSIAS*. The assessment for 2020/21 confirmed that the Isle of Wight Council Internal Audit Service is compliant with requirements.

### Statement of Organisational Independence

- 1.9** The Internal Audit Section has no operational responsibilities for any financial systems, including system development and installation.
- 1.10** The Chief Internal Auditor is free from interference, although has due regard for the Authority's key objectives and risks and consults with Members and Officers charged with governance, when setting the priorities of the annual audit plan, for example; in determining the scope and objectives of work to be carried out and in performing the work and communicating the results of each audit assignment. There must be and is no compromise on the ability of Internal Audit to provide an independent assurance on the control framework.
- 1.11** The Internal Audit Section has free and unfettered access to the Section 151 Officer, Chief Executive, Monitoring Officer the Leader of the Council and the Chair of the Audit Committee.





## Annual Opinion for 2020/21

- 2.1 With effect from the 1<sup>st</sup> April 2019 and in partnership with Portsmouth City Council an in-house team to provide audit service has been established. The team currently consists of an Audit Manager and one Auditor. The service is provided by a combination of the in-house provision and colleagues from Portsmouth City Council overseen by a shared Chief Internal Auditor employed by Portsmouth City Council. Specific COVID 19 assurance work has been performed by Audit and Counter Fraud, where as a whole 'Reasonable Assurance' has been attributed that the Governance framework remained effective despite significant pressures on the Authority as a whole.
- 2.2 Over the course of 2020/21 Internal Audit has completed 54 reviews out of a revised 54 review plan. These include a combination of full audits and follow up reviews and Grants. No audits have resulted in **no assurance** the number of areas rated as **limited assurance** is consistent with the total for 2019/20. The types of issues identified through 2020/21 are also consistent with those identified during 2019/20, for example governance, management reporting, corporate visibility and financial framework compliance as common themes. Notwithstanding the impact of COVID19 follow-up implementation rates have improved, with assurance ratings improving to at least **reasonable assurance** for all areas followed up during 2020/21.
- 2.3 Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance. As a result of the findings identified the audit opinion for 2020/21 is **Reasonable Assurance**.



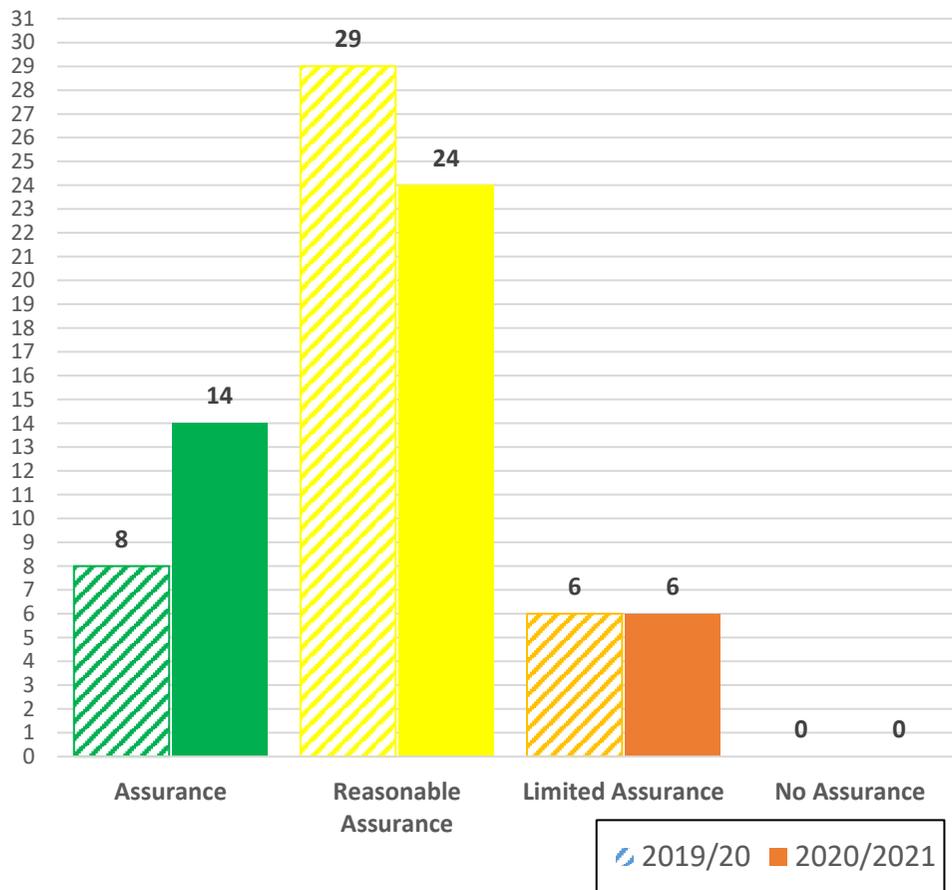
- 2.4 Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2021/22 may affect that year's work for External Audit. It may also inform their work for 2022/23 and where they consider there are weaknesses in control that could materially affect the accounts they may need to carry out further work to gain the necessary audit assurance required for a true and fair view of the financial position and compliance with professional codes of practice.





## Comparative 2019/20 & 2020/21 Audit Assurance Levels

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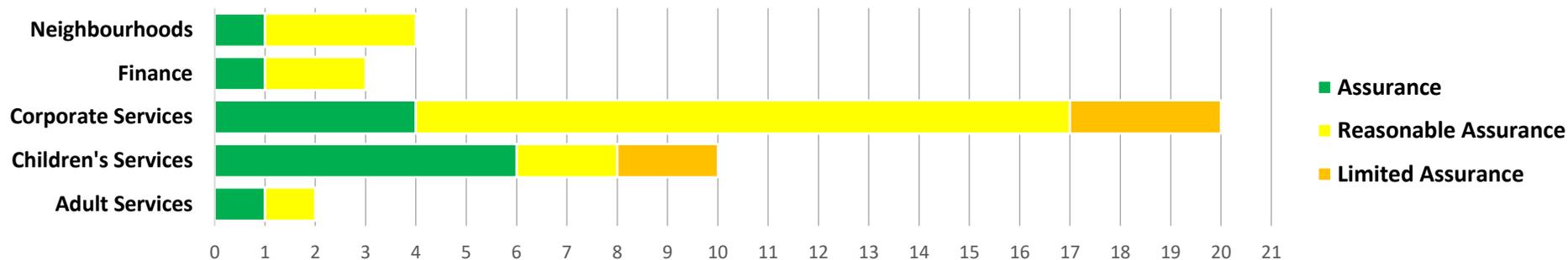
	2019/20	2020/21
Assurance	8	14
Reasonable Assurance	29	24
Limited Assurance	6	6
No Assurance	0	0
<b>TOTAL</b>	<b>43*</b>	<b>44*</b>

\*Excludes Grant Audits





## 2020/21 Audit Assurance by Directorate



	Assurance	Reasonable Assurance	Limited Assurance	No Assurance	TOTAL
Adult Services	1	1	0	0	2
Children's Services	6	2	2	0	10
Corporate Services	4	13	3	0	20
Finance	1	2	0	0	3
Neighbourhoods	1	3	0	0	4
Public Health	0	0	0	0	0
Regeneration	1	3	1	0	5
<b>TOTAL</b>	<b>14</b>	<b>24</b>	<b>6</b>	<b>0</b>	<b>44*</b>



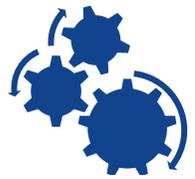


## Key Areas of Concern

5.1 During 2020/21 no reviews have resulted in **no assurance** reports; high risk exceptions, from audits rated limited assurance, are summarised below:

- **Digital Strategy (new website)** While the initiative was adversely impacted by COVID 19 the audit identified a number of issues. Most importantly these relate to project management, in terms of the overall objectives of the Project, the accuracy of reporting to senior management regarding progress and detailed planning, specifically what is to be delivered, by whom and when. Other issues identified relate to resourcing and the level of engagement with key users of the new website (both of these areas have been significantly impacted by COVID 19).
- **School Landlord** While the Council is not responsible for ‘delivering’ the work necessary to ensure school buildings are legally compliant and safe for occupants (covering areas including gas, electrical and water safety) it is responsible for ensuring that school leadership is meeting its obligations. This audit identified significant weaknesses in the Council’s oversight of schools and the key failure to escalate issues to senior management, so that they are both aware and are able to actively intervene to ensure that issues are addressed at the earliest opportunity.
- **Freedom of Information (FOI)/Subject Access Requests (SARs)** This audit was rated limited assurance primarily due to the Council’s failure to meet statutory deadlines in processing SARs. For context these can be complex and the Council’s performance is not significantly worse than peer authorities, although the Isle of Wight does have fewer resources available to process requests. How and what the Council publishes on its website to support Freedom of Information could also be improved, most importantly by making this easier to find, for example through a single Freedom of Information gateway page.
- **Children with Disability** This area has been significantly impacted by COVID 19. Most importantly the Resource Panel (responsible for overseeing/approving individual care budgets) has not functioned effectively during the pandemic. Weaknesses were also identified in account monitoring, with the majority of accounts reviewed by audit being in surplus.
- **CCTV** Regarding the ‘public’ CCTV network there are gaps at the strategic level, both in terms of strategic framework documentation and the Council’s oversight of Island Roads (responsible for delivery). However, these were known at the point of audit review and are in the process of being addressed. More importantly there are weaknesses in the Council oversight and management of its ‘internal’ CCTV use, across its building





portfolio. Documentation is minimal, signage does not meet legal requirements and overall arrangements are inconsistent between buildings.

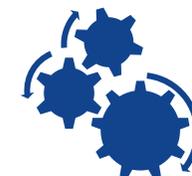
- **Greenmount**

Significant issues were identified, both in terms of financial control and wider governance. Overarching constitutional documentation was out of date, oversight forums are not evidencing sufficient challenge and approval of budgetary decisions, financial skills of the governing body and key finance staff have not been reviewed (with gaps addressed) and no evidence was seen of effective business continuity planning.

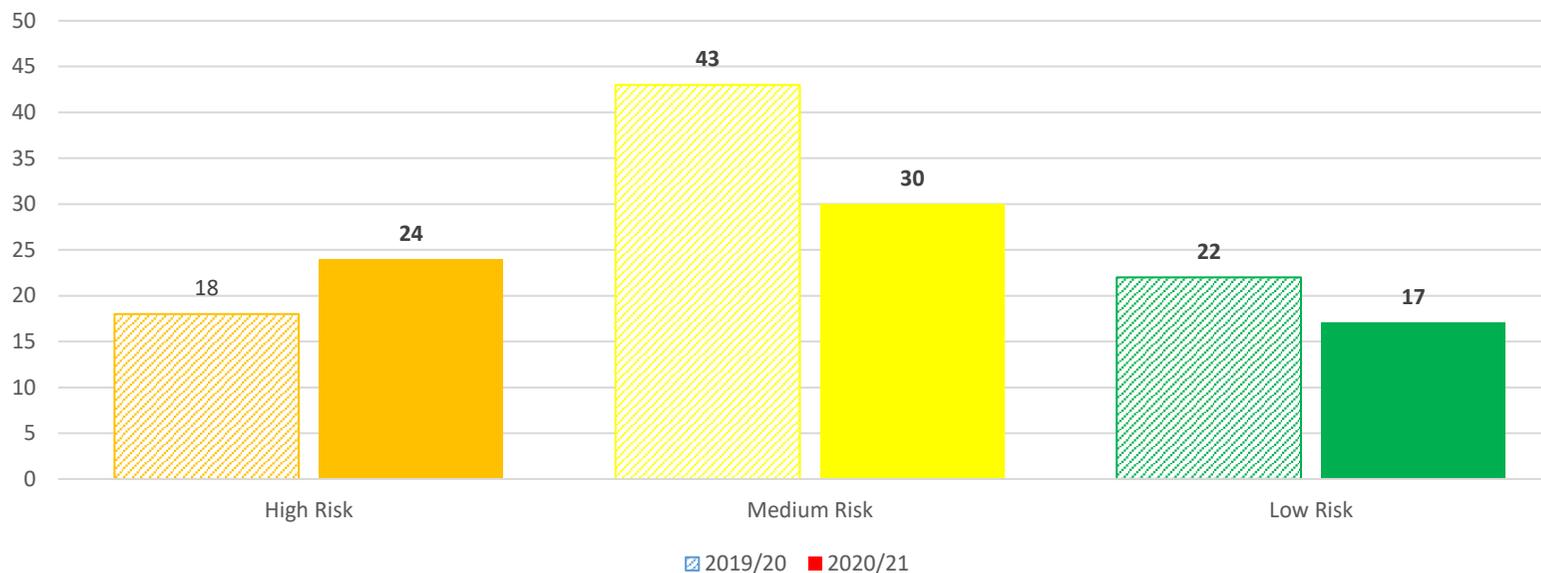
**5.2** Follow up reviews to ascertain the current position for audits where medium or high-risk exceptions have been raised during 2020/21, including all of the areas summarised above, will be performed during 2021/22. Until this work is completed these will remain areas of concern.

**5.3** During 2020/21 Internal Audit carried out follow-up reviews on all areas where one or more high risk exception was raised during 2019/20. While progress implementing actions has improved from 2019/20 (despite the impact of COVID 19) there are still areas where not all actions are fully implemented at the point of follow-up. Consequently, to ensure all actions are fully implemented, Internal Audit will continue the approach established in 2019/20, with second follow-ups carried out where this is the case.





## Comparative 2019/20 & 2020/21 Exception Risk Rankings



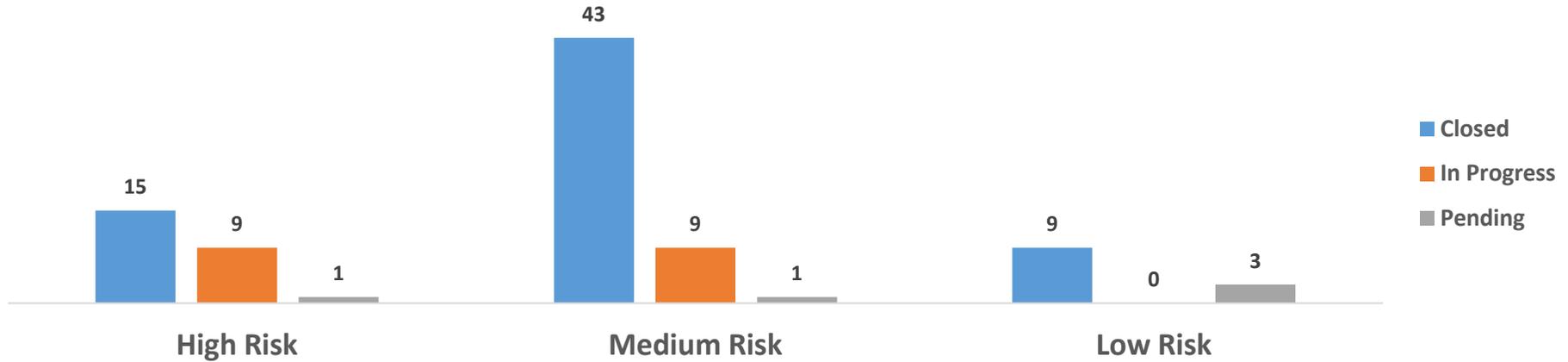
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	2019/20	2020/21
<b>Critical Risk</b>	0	0
<b>High Risk</b>	18	24
<b>Medium Risk</b>	43	30
<b>Low Risk</b>	22	17
<b>TOTAL</b>	<b>83</b>	<b>71</b>





## 2020/21 Follow Up Analysis



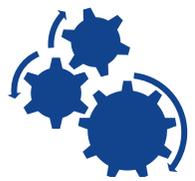
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	Closed	In Progress	Pending	TOTAL
<b>Critical Risk</b>	0	0	0	0
<b>High Risk</b>	15	9	1	25
<b>Medium Risk</b>	43	9	1	53
<b>Low Risk</b>	9	0	1	10
<b>TOTAL</b>	68	18	3	88

The Internal Audit Service follows up all audits where at least one high risk exception has been raised. These audits are followed up in the next financial year to allow for agreed actions to be sufficiently implemented. Any critical risk exceptions are followed up within 3 months due to the potential severity of the risks identified. The overall position of the 88 exceptions followed up through 2020/21 shows that 77% have been closed, with 23 % pending or in progress.

For clarity three reports (Paris, Social Media and CCTV) combined follow-up with additional scope areas. Where new actions were raised in these report these actions are excluded from figures above.

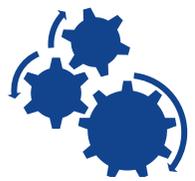




## 2020/21 Full Audit Summary

Audit	Directorate	Status	Assurance Level	Comments
Children with Disability	Childrens Services	Final	Limited	
Greenmount	Childrens Services	Final	Limited	
Wroxall	Childrens Services	Final	Reasonable	
Deputyships/ Appointeeships	Adult Services	Final	Reasonable	
Accounts Payable (AP)	Corporate Services	Final	Reasonable	
Accounts Receivable (AR)	Corporate Services	Final	Reasonable	
Payroll	Corporate Services	Final	Reasonable	
Insurance	Corporate Services	Final	Reasonable	
Council Digital Strategy	Corporate Services	Final	Limited	
Freedom of Information /Subject Access Requests	Corporate Services	Final	Limited	
Contracts Agency	Corporate Services	Final	Reasonable	
Modern Slavery	Corporate Services	Final	Reasonable	
Annual Governance Statement (AGS)	Corporate Services	Final	Assurance	
School (Landlord)/Asbestos	Regeneration	Final	Limited	
School Financial Management Standard (SFVS)	Finance	Final	Reasonable	
Covid 19 Assurance	Finance	Final	Reasonable	





## 2020/21 Follow-up Audit Summary

Audit	Directorate > Service	Status	Assurance Level	Comments
<b>Bembridge Primary School</b>	Childrens Services	Final	Reasonable	
<b>Bank and Cash</b>	Corporate Services	Final	Reasonable	
<b>Council Tax and NNDR</b>	Corporate Services	Final	Assurance	
<b>Independent Fostering</b>	Childrens Services	Final	Assurance	
<b>Pension Administration</b>	Corporate Services	Final	Reasonable	
<b>IT System: Paris</b>	Corporate Services	Final	Reasonable	
<b>IT Transfers</b>	Corporate Services	Final	Reasonable	Not all original actions are now viable. Agreed replacement actions will be followed up by a review in 2021/22, covering all outstanding IT follow-up.
<b>IT DR</b>	Corporate Services	Final	Reasonable	
<b>IT General Controls</b>	Corporate Services	Final	Reasonable	
<b>Beach Huts</b>	Neighbourhoods	Final	Reasonable	
<b>Water Safety</b>	Neighbourhoods	Final	Reasonable	
<b>Public Health Funerals (Community)</b>	Neighbourhoods	Final	Reasonable	
<b>Section 106 Agreements</b>	Regeneration	Final	Reasonable	
<b>Newport Harbour</b>	Regeneration	Final	Reasonable	
<b>Treasury Management</b>	Finance	Final	Assurance	

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During 2020/21 a number of areas were followed up for a second time, due to action not being complete at first follow-up; these areas are listed below.





Audit	Directorate	Status	Assurance Level	Comments
<b>Special Education Needs &amp; Disability</b>	Childrens Services	Final	Assurance	
<b>School: Barton</b>	Childrens Services	Final	Assurance	
<b>School: Binstead</b>	Childrens Services	Final	Assurance	
<b>School: Hunnyhill</b>	Childrens Services	Final	Assurance	
<b>Looked after Children (LAC)</b>	Childrens Services	Final	Assurance	
<b>Domiciliary Care</b>	Adult Services	Final	Assurance	
<b>Contract Management</b>	Corporate Services	Final	Assurance	
<b>General Data Protection Regulation (GDPR)</b>	Corporate Services	Final	Assurance	
<b>Social Media*</b>	Corporate Services	Final	Reasonable	* Scheduled as a combined review with reported separately.
<b>CCTV*</b>	Corporate Services	Final	Limited	
<b>Income Management (Floating Bridge)</b>	Neighbourhoods	Final	Assurance	
<b>Regulatory Compliance</b>	Regeneration	Final	Reasonable	
<b>Nicholson Road</b>	Regeneration	Final	Assurance	

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## 2020/21 Grant Audit Summary

Audit	Directorate	Status	Assurance Level	Comments
<b>Strengthening Families</b>	Childrens Services	<b>Final</b>	<b>Assurance</b>	
<b>Bus Subsidy</b>	Neighbourhoods	<b>Final</b>	<b>Assurance</b>	
<b>Disabled Facilities</b>	Neighbourhoods	<b>Final</b>	<b>Assurance</b>	
<b>Transport Capital</b>	Neighbourhoods	<b>Final</b>	<b>Assurance</b>	
<b>Covid 19 Enforcement</b>	Neighbourhoods	<b>Final</b>	<b>Assurance</b>	
<b>Covid 19 Lifeline</b>	All	<b>Final</b>	<b>Assurance</b>	
<b>Covid 19 Bus Services Revenue</b>	Neighbourhoods	<b>Final</b>	<b>Assurance</b>	
<b>Covid 19 Additional Dedicated H2S &amp; College Transport</b>	Neighbourhoods	<b>Final</b>	<b>Assurance</b>	
<b>Covid 19 Income Loss Claim</b>	Finance	<b>Final</b>	<b>Assurance</b>	Initial assessment & submission only. Additional work pending for 2021/22.
<b>Covid 19 Infection Control</b>	Adult Services	<b>Final</b>	<b>Reasonable</b>	Assessment on the control framework only. Additional work pending for 2021/22.





## Counter Fraud & Audit Unplanned Reactive Work

**11.1** A summary has been provided of Counter Fraud and Audit reactive work conducted during the 2020/21 year.

### Business Grants

**11.2** While processes were put in place within service areas by the Council to manage the grant application process, like any application, these can be subject to attempts of fraud. Checks by Internal Audit provide, supported by links to the National Anti-Fraud Network (NAFN) and National Investigation Service (NATIS), provide a further layer of control, to ensure that any attempted fraud is detected and prevented.

**11.3** Additional fraud attempts were prevented and this included three cases across all clients, all of which were subsequently reported to NATIS. There is a final case, which was successful, in that a fraud occurred that does not relate to the Isle of Wight Council, however Counter Fraud have led on the investigation and are the main point of contact with NATIS for the Authority concerned. Specific to the business grants investigations on the Isle of Wight are ongoing.

### Test & Trace - £500 Isolation Payments

**11.4** 30 of the Test & Trace Applications were verified in accordance with the terms and conditions of Central Government's request that a minimum of 10% be checked. These required NHS isolation system confirmation and Inland Revenue income checks. For the 30 tested it has been determined that ten did not meet the criteria; clarification work is ongoing.

### Ongoing NFI

**11.5** Counter Fraud and Audit are responsible for the management and administration of the Authority's participation in the National Fraud Initiative (NFI), which is a mandatory scheme in which multiple data sets are uploaded and analysed. The results are then presented back to the Council for investigation. NFI does not run in financial years but spans a period of 18 months, therefore the data included in this report relates to results the Isle of Wight Council received in January 2021. As of January 2021, the Isle of Wight Council had received 4,328 'matches' for investigation. Responsibility for investigating the referrals is split across multiple teams; to date, the Council has investigated and closed 1638 matches.





## Money Laundering

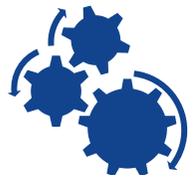
**11.6** Counter Fraud are responsible for the monitoring and investigation of any suspected money laundering cases presented to the council. The Isle of Wight's policy outlines that any cash payment received over £10,000 will be investigated. During 2020/21 no instances of money laundering have been investigated at the Isle of Wight. This is likely to be due to low levels of cash handling.

## Independent investigations

**11.7** In addition to the above Counter Fraud and Audit performed investigations into:

- Three accusations of fraud - service specific - Investigations are on-going.
- Forty-two joint Department of Works & Pensions benefit cases. Note: For significant periods of time this area was suspended during COVID 19, by the DWP.





## Quality Assurance

- 12.1** As part of the *Public Sector Internal Audit Standards* the Chief Internal Auditor is required to maintain a quality assurance and improvement programme (QA&IP) that covers all aspects of the internal audit activity. This QA&IP must include both internal and external assessments, which are detailed below under section 10.
- 12.2** In addition to this, quality and improvement requirements are assessed by means of:
- a. Sign off by the Chief Internal Auditor or Deputy of all key stages of an audit, for example the scope of work and level of testing to be performed, the conclusion of the work and opinion formed followed by a review of the draft and final reports.
  - b. Weekly or bi-weekly 1:1s with all members of staff, within Internal Audit and colleagues who undertake Counter Fraud activities.
  - c. Annual performance reviews of all staff, including the identification and provision of training. The majority of training needs are provided by a combination of external professional studies, supporting by in-house provisions and mentoring.
  - d. All staff above Auditor level are required to undertake professional training or have achieved an education level of degree or above. For those that have completed professional studies as part of their professional body membership, much complete the required Continuous Professional Development
  - e. An annual skills gap analysis across the team, (this includes the wider team) to determine specific potential shortages or gaps. Whilst no major gaps are noted at present, historical gaps in areas such as project auditing, contract auditing and IT auditing have been identified following the departure of employees (including retirement). These shortfalls have been addressed by specified recruitment, bespoke training or if required short term, by means of additional sign off/ mentoring of staff. Areas requiring improvement for this year's assessments are noted below, Skills Gap Analysis Results (12.3).
  - f. All staff complete an annual declaration of interests including a nil return, to avoid any impingement on independence or conflict of interest.
  - g. Feedback has been received during 2020/21 from key stakeholders, all feedback supported the quality assurance assessment reflecting that the service provided complies with *PSIAS* criteria.





## Skills Gap Analysis for 2020/21

### 12.3 Essential Areas: where greater coverage of skills is needed moving forward:

- *Auditing, Specialist IT Auditing skills:* these are limited within the overall service (Partnership) with only two officers currently qualified. To address this shortfall, professional training will continue for a third officer and use will also be made of resources employed elsewhere under the various partnerships and shared service arrangements.
- *Counter Fraud skills:* whilst there are three officers qualified in Counter Fraud (CF) and investigative practice these resources are limited with only one officer leading full time. Two counter fraud posts exist, although one is currently vacant (as at May 2021). The significant increase in fraud work and now vacant position has placed this area of the service under extreme pressure. Following discussion with the s151 officer a review of the CF requirements is being carried out.





## Public Sector Internal Audit Standards

- 13.1** Under the *Public Sector Internal Audit Standards (PSIAS, the Standards) Standard 1310* requires that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the *PSIAS*) must be undertaken. *Standard 1311* allows for periodic self-assessments, which for Portsmouth City Council has been carried out each year since the standards were introduced. The results of the self-assessments have been communicated annual alongside the annual audit opinion to this committee.
- 13.2** *Standard 1312* requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Standards state that a qualified assessor demonstrates competence in two areas; the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. An independent assessor means not having an actual or perceived conflict of interest and not being part of, or under the control of, the organisation to which the internal audit activity belongs. During 2017/18 an external assessment was undertaken on Portsmouth City Council's Internal Audit & Counter Fraud Service. A second external assessment is planned for the financial year 2022/23.



**Isle of Wight Council**

**ANTI FRAUD, BRIBERY &  
CORRUPTION POLICY**

**1<sup>st</sup> July 2021 / FINAL v1.0**

## 1 Document Information

<b>Title:</b>	<b>Anti-Fraud, Bribery &amp; Corruption Policy</b>
<b>Status:</b>	<b>FINAL</b>
<b>Current Version:</b>	<b>1.0</b>
<b>Author:</b>	Elizabeth Goodwin, Chief Internal Auditor ✉ <a href="mailto:elizabeth.goodwin@portsmouthcc.gov.uk">elizabeth.goodwin@portsmouthcc.gov.uk</a> ☎ 02392 834682
<b>Sponsor:</b>	Chris Ward, Director of Finance ✉ <a href="mailto:chris.ward@portsmouthcc.gov.uk">chris.ward@portsmouthcc.gov.uk</a> ☎ (01983) 821000
<b>Revision Consultation:</b>	Corporate Finance Legal Services
<b>Approved by:</b>	Chris Ward, Director of Finance
<b>Approval Date:</b>	1 <sup>st</sup> July 2021
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<b>Version History</b>		
<b>Version</b>	<b>Date</b>	<b>Description</b>
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## 1 Introduction

- 1.1 This policy sets out the requirements for the Council in relation to combating fraud, bribery, corruption and dishonest dealings within and against the council.

## 2 What is fraud, bribery, corruption and dishonesty?

- 2.1 The Fraud Act 2006 came fully into force on 15<sup>th</sup> January 2007. There is no simple definition of fraud although the courts have provided definitions applicable to specific cases. The 2006 Act provides for a general offence of fraud with three ways of committing it, which are by:

- False representation,
- Failing to disclose information
- Abuse of position.

It creates new offences of obtaining services dishonestly and of possessing, making and supplying articles for use in frauds.

- 2.2 The Bribery Act 2010, which was implemented 1<sup>st</sup> July 2011, created two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting an advantage. It also creates a new offence of failure by an organisation to prevent a bribe being paid for or on its behalf. In simple terms it is the act of taking or receiving something with the intention of influencing the recipient in some way favorable to the party providing the bribe.
- 2.3 The Council defines the term “corruption” as the giving or obtaining advantage through means which are illegitimate, immoral and or inconsistent with employees/ Councillors duties or the rights of others.
- 2.4 Dishonesty is an element of fraud and this has been judicially described as requiring knowledge by the defendant that what s/he was doing would be regarded as dishonest by honest people, although s/he should not escape a finding of dishonesty because s/he sets his or her own standards of dishonesty and does not regard as dishonest what s/he knows would be the normal standard of honest conduct.

## 3 Statement of intent

- 3.1 The Isle of Wight Council is a public body, which administers substantial funds and property and is committed to protecting those funds to which it has been entrusted.
- 3.2 We expect the highest standards of conduct from Councillors, staff and all with whom we have any kind of business including:
- Other organisations
  - Contractors

- Suppliers
  - Partners
  - Agents
  - Intermediaries
  - And users of our services
- 3.3 We will not tolerate any level of fraud, bribery and corruption or dishonesty. Any suspected cases will be investigated promptly and thoroughly with appropriate action taken including, referral to the police and other relevant bodies.
- 3.4 The Council will take all steps to minimise the risk of fraud, bribery, corruption and dishonesty by ensuring that we:
- Carry out appropriate risk assessments throughout all levels of the Authority
  - Appropriately vet all potential employees prior to their employment with the Council
  - Have the right culture and top-level commitment
  - Have a robust internal control framework, including clear and practical policies and procedures, which are effectively implemented, monitored and reviewed.
  - Perform our business activities with due diligence in a transparent and ethical manner
  - Encourage the reporting of suspected wrong doings
  - Publicise cases identified and action taken
  - Seek prosecutions and impose appropriate sanctions
  - Take appropriate action to recover any losses
- 3.5 Codes of Conduct include a duty to report any suspected cases of fraud or corruption or dishonesty as an essential part of the process of protecting the Council, its property and reputation.
- 3.6 You should have no doubt that:
- Fraud, bribery, corruption and or dishonest dealings involving the Council by members of staff will normally be regarded as gross misconduct and may well result in summary dismissal.

## 4 Scope

- 4.1 This policy applies to any actual or suspected internal or external fraud, bribery, corruption and dishonest dealing that involve the Council and or its Councillors and staff. It also covers contractor, supplier, partner, agents, intermediaries and service users. To support the policy each service has its own anti-fraud, bribery, corruption and dishonesty strategy and procedures pertaining to those service users within their area.

## 5 Responsibility for the implementation of this policy

5.1 The primary responsibility for the prevention and detection of fraud, bribery and corruption rests with management. However we are all responsible for the implementation of this policy. In the context of this policy:

5.2 The Director of Finance & S.151 Officer is responsible for:

Proper administration of the Council's financial affairs

- Reporting to Council and External Audit if the Council, or one of its representatives makes, or is about to make, a decision which involves illegal expenditure or potential financial loss
- Directing investigations into financial irregularities
- Combating money laundering

5.3 Assistant Director of Corporate Services and Monitoring Officer is responsible for:

- Ensuring lawfulness and fairness in decision making
- Dealing with investigations into matters referred by the Audit Committee and making reports or recommendations in respect of them to the Audit Committee and
- Providing advice on:
  - the scope of powers to take decisions
  - Maladministration
  - Financial impropriety
  - Probity.

5.4 Managers are responsible for:

- Maintaining internal control systems and ensuring that the Council's resources and activities are properly applied in the manner intended
- Identifying the risks to systems and procedures
- Developing and maintaining effective controls to prevent and detect fraud, bribery and corruption
- Ensuring that controls are complied with
- Responding to suspected cases of fraud and dishonesty pertaining to users of services within their area. (Cases of suspected internal fraud by staff or contractors etc. should be referred to Audit & Counter Fraud)
- Ensuring that suitably qualified staff are in place to carry out investigations where service user abuse is identified and that appropriate action is instigated if criminality is found. (All cases must be referred to the Head of Legal Services)

5.5 You are responsible for:

- Your own conduct
- Contributing towards the maintenance of corporate standards

- Acting properly in the use of the Council's resources and in the handling and use of corporate funds
- Raising concerns under the Whistleblowing Policy if you believe you have good reason for thinking that there has been fraud, bribery, corruption or dishonest dealing with the Council. (In cases of service user abuse, please raise your concerns with the relevant service manager or Head of Service).

5.6 Audit & Counter Fraud is responsible for:

- The independent appraisal of control systems and their operation
- Carrying out investigations, by suitably qualified staff, into suspected corporate irregularities as directed by the Investigation Steering Panel, whose members can include the Section 151 Officer, Monitoring Officer, and the Director of Corporate Services, as required.
- Recording all suspected or detected fraud, bribery or corruption pertaining to members of staff, contractors or external parties.

5.7 External Audit is responsible for:

- Reviewing the stewardship of public money
- Considering whether the Council has adequate arrangements in place to prevent fraud, bribery, corruption and dishonesty

5.8 Each Councillor is responsible for:

- Their own conduct
- Contributing to the maintenance of corporate standards.

## **6 Reporting Suspected Fraud, Bribery, Corruption and or Dishonest Dealings within the Council**

6.1 Please also be alert to the possibility that someone is not, or may not be, dealing honestly with the Council.

6.2 If you think you have grounds for suspicion of dishonesty, you should raise it with your manager, Audit & Counter Fraud or raise it under the Whistleblowing Policy. Such concerns will, so far as possible, be dealt with confidentially as described in that policy.

6.3 For suspected cases of service user fraud and or dishonesty please raise your concerns with your manager, service manager or section head.

## **7 Administration**

7.1 The Chief Internal Auditor will ensure that the Audit Committee monitor this document at least annually.

This policy was approved by the Director of Finance and S 151 Officer.

See also: -  
Whistleblowing Policy  
Formal Action Policy  
Code of Conduct  
Gifts & Hospitality Policy

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Purpose: For Decision



Committee

## Committee report

**AUDIT COMMITTEE**

Date

**26 JULY 2021**

Title

**THE COUNCIL'S RISK PROFILE**

Report of

**ASSISTANT CHIEF EXECUTIVE AND CHIEF STRATEGY OFFICER**

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### EXECUTIVE SUMMARY

1. The purpose of this report is to give the committee an opportunity to review the current position with regard to the council's strategic risks. The committee's terms of reference include the provision for consideration of "the effectiveness of the council's risk management arrangements".

### BACKGROUND

2. This is the first update of the Strategic Risk Register within the 2021/22 reporting period. The risks were included within the Isle of Wight Council's revised Corporate Plan that was approved by Full Council in July 2019 or have been added by the Corporate Management Team (CMT).
3. Strategic risks are also referred to within the Quarterly Performance Management Reports (QPMR) that are presented to Cabinet. The presentation of the Q4 report took place on 15 July 2021.

### Reporting methods

4. Updates are requested from all mitigation owners at the beginning of each month. These updates are then added to the risk register and included in this report.
5. All risk scoring is decided by Corporate Management Team which reviews the Strategic Risk Register each month.
6. Risk owners have been requested to provide timescales for the mitigating actions associated with each risk where it is possible and appropriate to do so.
7. In order to see which information has been updated since the previous report in March, any additional comments are shown in *italics* in Appendix 1.

## RISK CHANGES

8. Amendments that Corporate Management Team (CMT) have made between the last report to Audit Committee (15 March 2021) and this current report are summarised in the table below (paragraph 10). The register was circulated to CMT in July 2021 and all risk owners provided additional content.

## STRATEGIC CONTEXT

9. Strategic risks are those that have the potential to prevent the council from achieving its strategic priorities. Senior managers 'own' strategic risks according to their particular responsibilities. Strategic risks are brought to the attention of Cabinet in that they are linked to the corporate priorities of the council in the Quarterly Performance Management Report (QPMR). The presentation of the Q4 report took place on 15 July 2021.

10. Strategic Risk Register Summary – July 2021 (Full Strategic Risk Register can be seen in Appendix 1)

Risk no.	Risk Title	Score (July 2021)	Score (Feb 2021)	Score (Sep 2020)	Comment
1	Lack of financial resource and the ability to deliver the council's in-year budget strategy for 2020/21	<b>12 RED</b>	<b>12 RED</b>	<b>14 RED</b>	The draft financial accounts for 2020-21 are due to be completed by 31 July and therefore an updated position as at the end of Quarter 4 is not yet available.  Savings plans have been impacted by the Covid-19 pandemic. Any shortfalls will be accounted for in the reported 2020/21 outturn when this is available.
2	Lack of financial resource and the ability to deliver the council's medium-term financial strategy	<b>16 RED</b>	<b>16 RED</b>	<b>16 RED</b>	The budget for 2021/22 was approved at Full Council in February 21.
3	Insufficient staffing capacity and skills	<b>9 AMBER</b>	<b>9 AMBER</b>	<b>9 AMBER</b>	Demands upon services continue to be seen although as we move through the recovery phase, there has been a slight decline in response resource requirements. Attention is now being focussed towards the re-opening of services where permitted and consideration of the future ways of working that will afford learning gained from the pandemic to be delivered.
4	A change in organisational culture fails to keep a pace with the speed of organisational change, negatively impacting on the delivery of the required transformation to deliver the corporate plan	<b>6 GREEN</b>	<b>6 GREEN</b>	<b>6 GREEN</b>	A substantial piece of work is to be undertaken this year looking at the future of learning and for work which aims to build staff/manager responsibility for their own learning and that of their teams. The council narrowly missed the apprenticeship targets set by Government this year due to the pandemic but remains a high achiever in terms of CPD apprenticeship programme use.  A refreshed plan to take into account the feedback of staff and managers during the period of the pandemic and changes necessary to accommodate new ways of working has been completed.

Risk no.	Risk Title	Score (July 2021)	Score (Feb 2021)	Score (Sep 2020)	Comment
5	Failure to improve educational attainment	<b>10 AMBER</b>	<b>10 AMBER</b>	<b>10 AMBER</b>	The Isle of Wight have had higher proportions of children of school age attending school than nationally since 8 March. Typically, primary attendance has been around 96 per cent and secondary around 92 per cent. The Isle of Wight Council has received positive feedback from the DfE on our attendance levels.
6	Failure to identify and effectively manage situations where vulnerable children are subject to abuse	<b>7 AMBER</b>	<b>7 AMBER</b>	<b>7 AMBER</b>	<p>Corporate Parenting Strategy and action plan were agreed by the Corporate Parenting Board in March 2020 (virtually due to Covid-19). A virtual CPB has continued to take place since June 2020-the board continues to be well attended by Cllrs, all statutory partners and young people, scrutiny of performance and response to Covid-19 were main items.</p> <p>Children's Services were involved with the new Housing Services commissioning strategy to ensure synergy and that young people's needs are identified within the tender. A new SEND strategic board is taking forward the joint commissioning agenda-between LA/CCG addressing recommendations of the recent SEND inspection.</p> <p>The RAFT team have expanded to include 2 x children and young people's mental health practitioners. Together with adult mental health and substance misuse workers, and family support workers, they are delivering support and interventions to enable children to live safely at home. The volunteer co-ordinator and volunteers have been incorporated into RAFT.</p> <p>Case auditing is being maintained during lockdown. A virtual peer review was undertaken by HCC in Sept 2020. Isle of Wight staff continue to participate in peer reviews in Hampshire districts.</p>
7	Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs	<b>8 AMBER</b>	<b>8 AMBER</b>	<b>8 AMBER</b>	<p>We have developed a Pride in Practice Strategy which looks at the quality standards needed across the department – and how we will support and encourage staff to meet those standards. It includes specific sections on “growing our own” social work and other specialist staff – and we now have 9 staff undertaking the apprenticeship SW programme.</p> <p>Focus is also on the recruitment to specialist roles (AMPHs) in the Mental Health Social Work team.</p>

Risk no.	Risk Title	Score (July 2021)	Score (Feb 2021)	Score (Sep 2020)	Comment
8	Failure to identify and effectively manage situations where vulnerable adults are subject to abuse	<b>10 AMBER</b>	<b>12 RED</b>	<b>12 RED</b>	<p>All ASC staff continue to be focused on protecting vulnerable adults in the Islands communities.</p> <p>We continue to support care providers with our daily bulletin and weekly calls from commissioners to provide bespoke support. Development of best practice during Covid-19 through our Ethical Task and Finish Group has continued to be of benefit to our local system. Safeguarding continues to be a key area of focus and June 2021 saw a reduction in the number of safeguarding referrals received by the team.</p>
9	Failure to secure the required outcomes from the integration of adult social care and health	<b>10 AMBER</b>	<b>12 RED</b>	<b>12 RED</b>	<p>The Government has confirmed the continuation of NHS funding to fund the care and support of people being discharged from hospital and to avoid hospital admission: for six weeks in Q1 (March through June) and 4 weeks in Q2 (July through September). The impact of the cessation of funding is being considered and we continue to work closely with CCG colleagues to ensure a consistent use of resources together with joint commissioning and delivery arrangements.</p> <p>Our Discharge to Assess arrangements have been recognised as a model of good practice nationally and we are one of 6 or so sites selected to participate in the national evaluation commissioned by the Department for Health and Social Care (DHSC).</p>
10	Independent Social Care Sector Sustainability (care Homes and Home Care)  (Previously ASC care provider failure)	<b>12 RED</b>	<b>N/A</b>	<b>N/A</b>	<p>The impact of Covid-19 has led to reduced occupancy levels in some care homes. This is being carefully monitored and proactively managed. Decreasing levels of occupancy increase risk of provider failure. This is managed through weekly contact by a link commissioner and open dialogue with local providers to minimise risk of a care home closing or a provider exiting the marketplace on short notice.</p> <p>Following formal consultation with the Independent sector the council has determined its fee rates for 2021/2022. For Homecare our rate remains competitive and aligns positively with comparator authorities. For Residential Care and Nursing Care we now benchmark in the 4th quartile of all English single tier and county councils.</p>

Risk no.	Risk Title	Score (July 2021)	Score (Feb 2021)	Score (Sep 2020)	Comment
11	Failure of the Highways PFI contract resulting in significant financial and operational disruption for the council and its residents	<b>8 AMBER</b>	<b>8 AMBER</b>	<b>8 AMBER</b>	<p>A savings programme has been established and agreed with Island Roads and reports made to a dedicated savings board. The programme aims to deliver savings in three phases with a majority of the first two phases having been agreed and implemented and the remaining elements by Sept 2021.</p> <p>The third phase of savings are to be agreed and completed by September 2023. The savings are a balance between a requirement to achieve contract savings and maintaining acceptable standards of service delivery.</p> <p>An agreement is now in place between the service provider and the council to facilitate the completion of the Core Investment period of the contract (Milestone 14) by March 2023.</p>
12	Failure of the Waste contract resulting in significant financial and operational disruption for the council and its residents	<b>8 AMBER</b>	<b>8 AMBER</b>	<b>8 AMBER</b>	<p>The Energy from Waste Plant passed its Readiness Tests and has been issued a certificate of Readiness by the Independent Certifier. This means that the individual component parts are all electrified and have been tested in isolation to ensure they pass installation and operational tests. This signifies the successful end to cold commissioning. Hot Commissioning and preparation for the acceptance tests has now commenced.</p> <p>Performance is currently good with almost 100 per cent of municipal waste now being diverted from landfill and over 58 per cent of household waste being recycled or composted</p>
13	Achieving the vision for the Island	<b>12 RED</b>	<b>12 RED</b>	<b>12 RED</b>	<p>The corporate plan is being refreshed in 2021 to take account of the achievements made by the council and changes in its operating environment. This plan will be aligned to the council's vision for the Island and all of the council's key activities and performance metrics derive from it. Service plans and individual employee objectives are being refreshed and will align to the corporate plan.</p> <p>The Pandemic has brought many "hidden homeless" to the direct attention of the housing needs service – who have provided emergency accommodation to as many as 80 people at any one time in response to the Government's call to get "everyone in" on 26th March 2020. In addition, lockdown has placed many households under significant strain which has resulted in a rise in the numbers of people who are fleeing domestic abuse and approaching us because of relationship breakdown.</p>

Risk no.	Risk Title	Score (July 2021)	Score (Feb 2021)	Score (Sep 2020)	Comment
14	Additional demands placed upon the Isle of Wight Council and partners owing to pandemic flu or similar large-scale outbreaks	<b>16 RED</b>	<b>16 RED</b>	<b>16 RED</b>	The Isle of Wight Council Public Health team works closely with Public Health England on all infectious disease outbreaks on the Isle of Wight. This includes surveillance of infectious diseases and notification to council services, participation in incident management and outbreak control meetings, and provision of support to council services in managing health protection incidents.

## CONSULTATION

11. The review of each strategic risk has been undertaken by senior managers according to their particular responsibilities. Members of the Corporate Management Team have reviewed the strategic risk register. Cabinet members are also given the opportunity to review risks as part of the QPMR.

## FINANCIAL / BUDGET IMPLICATIONS

12. There are no direct financial implications of approving the audit plan which will be carried out within the approved budget.

## LEGAL IMPLICATIONS

13. The Accounts and Audit Regulations 2015 require that the council reviews its system of internal control including its risk management arrangements. This report is therefore concerned in part with improving the way the council manages risk and also in giving the committee the opportunity to play its part in overseeing risk management arrangements. These are important features in the council's governance arrangements.

## EQUALITY AND DIVERSITY

14. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

## OPTIONS

15. Option 1 - Audit Committee approves the strategic risks of the council as set out in paragraph 10 and Appendix 1.  
Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 10 and Appendix 1.

## RISK MANAGEMENT

16. While this report is concerned with the subject of strategic risk itself, the key risk is that the council fails to recognise the importance of identifying, assessing and managing strategic risk. The result would mean that risks are more likely to occur or that the council will fail to plan for their impact.

## RECOMMENDATION

Option 1 - Audit Committee approves the strategic risks of the council as set out in paragraph 10 and Appendix 1.

Appendix Attached

Appendix 1: Full Strategic Risk Register

Contact Point: Darren Cole,  
Business Intelligence Officer  
☎ 821000 e-mail [darren.cole@iow.gov.uk](mailto:darren.cole@iow.gov.uk)

WENDY PERERA  
*Assistant Chief Executive and  
Chief Strategy Officer*

COUNCILLOR CHRIS JARMAN  
*Cabinet Member for Strategic Finance,  
Transformational Change and Resources*

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STRATEGIC RISK 1					
Lack of financial resource and the ability to deliver the council's in-year budget strategy for 2020/21			Assigned to: Director of Finance and Section 151 Officer		
Inherent score	Target score	Current Score	Previous scores		
			Feb 21	Sep 20	Jun 20
16 RED	5 GREEN	12 RED	12 RED	14 RED	3 GREEN
<b>Mitigation</b>					
<b>Close monitoring of revenue spend</b>	Budget positions are reported quarterly to service management, CMT and Cabinet.  <i>The draft financial accounts for 2020-21 are due to be completed by 31 July and therefore an updated position as at the end of Quarter 4 is not yet available.</i>				
<b>Close monitoring of income realisation against target</b>	Income realisation is monitored monthly and reported to cabinet quarterly.  <i>The draft financial accounts for 2020-21 are due to be completed by 31 July and therefore an updated position as at the end of Quarter 4 is not yet available.</i>				
<b>Close monitoring of achievement of savings plans</b>	Achievement of savings are monitored monthly and reported to cabinet quarterly.  <i>Savings plans have been impacted by the Covid-19 pandemic. Any shortfalls will be accounted for in the reported 2020/21 outturn when this is available.</i>				
<b>Close monitoring of capital spend</b>	Budget positions are reported quarterly to service management, CMT and Cabinet.  <i>The draft financial accounts for 2020-21 are due to be completed by 31 July and therefore an updated position as at the end of Quarter 4 is not yet available</i>				
<b>Manage the Financial Impact of the COVID-19 Pandemic on the Isle of Wight Council</b>	<p>A key impact for the council of the pandemic has been the impact on the council's budget. Having set a budget for 2020-21 immediately before the onset of the Covid-19 emergency. A detailed report was presented to the Corporate Scrutiny Committee on 09 June 2020 outlining the council's response to the pandemic to date and the estimated financial impact. At that point in time and after two tranches of emergency funding from the government an estimated financial gap of £9.8m was reported.</p> <p>At that time it remained uncertain whether or not there would be further funding allocated from Central Government to help meet the £9.8 million shortfall. It was therefore reported that given the council's obligation to plan its financial management responsibly and given the forecast deficit of £9.8m, compared with the available headroom of £3.2 million in General Reserves, the Cabinet had</p>				

	<p>begun the process of developing a Deficit Recovery Strategy to enable the Council to continue to operate without the need to consider emergency spending controls and service reductions under a S114 Notice.</p> <p>Further to this, the Leader presented to Full Council on 15 July a Deficit Recovery Strategy totalling some £11.5 million to combat the forecast deficit of £9.8 million but also providing some headroom in the event of further financial pressures. This is replicated below:</p> <ul style="list-style-type: none"> <li>• Placing on hold schemes from the Capital Programme totalling some £4.5 million</li> <li>• Use of the Corporate Contingency up to £2 million (representing 60 per cent of the total)</li> <li>• Use of the Transformation Reserve of up to £2 million (representing 50 per cent of the uncommitted balance)</li> <li>• Use of Reserves earmarked for short term risks where that risk has now been mitigated (e.g. the pending court case regarding Christ the King sixth form buildings which has now been successfully defended by the council) £3 million</li> </ul> <p>A further two tranches of emergency funding of £1.2 million and £1.1 million were announced in July and October 2020. The government also announced its intention to provide a scheme whereby a proportion of Sales Fees and Charges income losses could also be recovered. Furthermore, the government announced a Local Income Tax Guarantee Scheme to provide for a proportion of losses in Council Tax and Business Rates.</p> <p><i>As per the Budget Report to Full Council in February 2021, the council resolved to set aside a contingency of £14.2m to provide for the legacy impact of Covid-19 over the next three financial years. This comprised the headroom in the Deficit Recovery Strategy of some £10.3m and the final tranche of the Covid-19 Emergency Grant of £3.9m provided by the Government for 2021-22.</i></p>
<p><b>Charging of severely disabled people for social care (Norfolk decision)</b></p>	<p><i>ASC undertake finance and charging assessments to determine individuals' eligibility to contribute towards the cost of their care and support. In line with other local authorities the council takes in to account higher rate benefits when undertaking this calculation. This generates approx. £1.2 million per year of additional income for ASC. In a recent court decision (Norfolk CC) consideration was given to the lawfulness of doing this and the court found that higher rate benefits should be disregarded and therefore calculations only based on standard or lower rates of benefits. Recent legal advice secured by NAFAO indicates that the judgement is flawed and advocated for continuing to levy charges in accordance with the regulations and local policy. This approach creates risk of potential legal challenge for all local authorities. to mitigate the risk, we are seeking advice and recommendations from Legal Services as to the steps we need to take to reduce the risk and potential success of any challenge. A report is being prepared for CMT.</i></p>
<p><b>Provider Annual Fee Review</b></p>	<p><i>RESOLVED – The next annual fee review will commence in September 2021</i></p>

<b>NHS Funding for discharge</b>	<i>This has recently been extended for the 1st 2 quarters of 2021/2022 with funding reduced from 6 weeks to 4 weeks in Q2. The cessation of the HDS2 funding will see the majority of the packages of care previously funded by the NHS through the discharge funding for the initial 6 weeks (now 4 weeks) reverting to requiring funding from the local authority. To mitigate the potential financial impact the enhanced fees paid to local providers under the HDS2 scheme will cease from the end of Q2 with our standard fees being applied to all packages of care thereafter.</i>
<b>Sleep in liability</b>	<i>RESOLVED - For the past 3 year the courts have been considering the liability of providers to pay National Minimum Wage (NMW) to sleep in workers. The Supreme Court ruled on this issue last month and dismissed the appeal determining that NMW is not payable for all hours of a sleep-in shift but ONLY for the hours of that shift that the worker is actually awake and working. No further mitigation is required. This financial risk is resolved.</i>

STRATEGIC RISK 2					
<b>Lack of financial resource and the ability to deliver the council's medium-term financial strategy</b>			<b>Assigned to:</b>  <b>Director of Finance and Section 151 Officer</b>		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
<b>16 RED</b>	<b>9 AMBER</b>	<b>16 RED</b>	<b>16 RED</b>	<b>16 RED</b>	<b>13 RED</b>
<b>Mitigation</b>					
<b>Updated medium term financial strategy (MTFS)</b>	<p>The MTFS is reviewed regularly by Financial Management as part of the budget setting process. A full revision of the budget and future forecast and resulting savings requirements is presented to Full Council each February.</p> <p>There is a significant impact on the 2020/21 budget of the Covid-19 Pandemic. The government allocation of additional funding will be incorporated into the budget, but current indications are that there is a significant risk this will not be sufficient to fully cover the total of additional spending and lost income. Regular monitoring reports will be sent to the MCHLG and both CMT and Cabinet will be kept informed of the overall impact of additional expenditure due to Covid-19</p>				
<b>2020/21 budget setting process</b>	The budget for 2020/21 was agreed by Full Council in February 2020. The budget includes the identification of £4.5 million of savings, the delivery of which will be monitored throughout the year. A capital programme of £44.2 million was also agreed and will be subject to regular monitoring throughout the year.				
<b>2021/22 budget setting process</b>	The budget process for 2021/22 commenced in July 2020. The Fairer Funding Review and the 75 per cent Business Rates retention that would have informed the 2021/22 budget setting process have been delayed and will not take place before the 2021/22 budget is set. <i>It has also been confirmed that there will be a one-year Comprehensive Spending Review and Local Government Finance Settlement instead of the three years that was initially planned.</i>				

**STRATEGIC RISK 3**

**Insufficient staffing capacity and skills**

**Assigned to:**

**Director of Corporate Services**

Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
<b>16 RED</b>	<b>8 AMBER</b>	<b>9 AMBER</b>	<b>9 AMBER</b>	<b>9 AMBER</b>	<b>9 AMBER</b>

**Mitigation**

**Monitoring Staff Capacity**

*Demands upon services continue to be seen although as we move through the recovery phase, there has been a slight decline in response resource requirements. Attention is now being focussed towards the re-opening of services where permitted and consideration of the future ways of working that will afford learning gained from the pandemic to be delivered.*

*The wellbeing of our staff remains a concern and continued efforts are being made to provide access to support and response to any issues of concern. In addition to the council's annual staff survey, there has now been one of the supporting quarterly pulse surveys undertaken which are all being used to update and refresh our BIG Action Plan designed to develop our organisational culture and practices in accordance with what staff identify as being important to them for improvement.*

*It is considered that at this point in time that the rating of this risk remains at Amber but with an improving position now that the recovery phase is being entered into.*

**Delivery of recruitment and retention strategy and action plan**

The overall aim to address known occupational staffing capacity issues is to secure:

- an improvement in the council being recognised as a good employer
- a reduction in the number of interims and agency staff required in critical occupational roles
- more timely recruitment through increased efficiency in recruitment processes
- the right people, in the right place, at the right time.

The council's recruitment policy and practice guidelines have been refreshed to make sure that they are easily accessible and to navigate. On-line training resources have been developed to support recruiting managers that can be accessed as and when it is required. The focus is to continue providing support to managers in their use and these remain under review for further improvements to be identified. The annual staff survey was completed in November 2020 and whilst the full analysis is yet to be undertaken due to the Covid-19 response, the initial findings continues to show significant improvements in the way staff feel about the council as their employer.

	<p>The appointment of a recruitment specialist has been key to securing improvements in the management of the council's managed service for temporary agency staff, working closely with services where agency services are often required to maintain the delivery of statutory and other essential services, to establish ways in which such spend can be reduced, as well as to engage with locally approved suppliers and secure their sign up to the agency framework and to support the local economy wherever possible. Exploration of additional marketing techniques has also seen improvements in the delivery of recruitment campaigns through social media; national occupational recruitment drives and utilisation of on-line recruitment advert sources. Recently this project work has been expanded to provide support to the successful delivery of the national kickstart programme within the council.</p> <p>In the absence of sufficient capital resources being available for the period 2020/21, the bid for the procurement of a new e-recruitment system was unsuccessful. Progress is being made to undertake mapping of all the stages in recruitment and selection processes to ascertain where pressure points exist; duplication occurs and streamlining could be achieved. This will then enable the identification of process areas that are priority for securing improvements and to ascertain where and what technology solutions are feasible to support automation wherever possible. Due to the priority needs of delivering the Covid-19 response as a result of national lockdown, this work has been paused until such time as it is possible to return to business as usual.</p> <p><i>A new project board has been established and become operational to take the planned work forward in developing our recruitment policy and practices. The key area of focus is to examine our recruitment processes further to establish ways in which both the manager and candidate experience can be improved, timescales to appoint reduced and automation of processes by other means explored. An extensive piece of work is almost at conclusion to map out all the "as is" aspects of the recruitment and appointment process to allow for areas that are cause most challenges to be redefined and given priority attention to.</i></p>
<p><b>Regular monitoring, analysis and review of organisational health indicators</b></p>	<p>Organisational Health indicators are reviewed by Cabinet every six months. The last update having been provided to their meeting in February 2021.</p> <p>The corporate management team continue to receive a whole council monthly sickness absence report to provide strategic oversight and monitoring of required actions to secure improvements. Directors also receive monthly reports for their directorate service areas, and which are required to be reviewed and follow up actions instigated with managers. This will continue throughout the year to ensure that proactive management action is taken to address any issues of concern.</p> <p>The joint consultative meetings with the council's recognised trade unions now also has a regular agenda item to consider the organisational health indicator data and is a useful forum for discussion on any matters of concern to staff.</p> <p>Absence monitoring continues to show an overall downward trend in the number of staff reporting as being ill which appears to correlate with the changes to more flexible working options for office based work activity However, that trend due to the virus is starting to see a slight increase in infection related illnesses.</p>

	<p>The rate of sickness absence has now reduced (from an average of 8.6 days per employee in March 2020 to 6.0 in December 2020). There has also been a corresponding reduction in the number of long-term absences and multiple periods of sickness absence. The corporate management team have considered a report on a review of the current absence management strategy and has agreed the proposed next iteration and action plan that is now being finalised.</p> <p>The mental health working group that oversee the delivery of the agreed action plan that underpins the council's commitment to the mental health pledge continues to provide a range of information, guidance and signposting to sources of professional help. There are trained mental health first aiders in most service areas, who provide a valuable contact point for staff in need of help.</p> <p>The corporate management team are continuing to receive monthly absence reports as a means to maintain oversight of any concerns or issues that may emerge. Absence levels continue to remain stable at the levels that have been seen throughout the period of the pandemic.</p>
<p><b>Workforce planning</b></p>	<p>The council's quarterly pulse survey and staff survey results show that there have been significant improvements secured as a result of the revised performance review process that was introduced in 2019 and in completion rates. However, this new process needs to be embedded and continued effort to ensure that every member of staff has an annual BIG conversation to agree work objectives and to identify the support required in delivering them as well as identification of career development aspirations that can assist with longer term workforce planning.</p> <p><i>We have been successful in securing funding from the Local Government Association to assist us in developing our workforce planning approach, succession planning and talent management arrangements. This work is in early stages but will see the beginning of the work that was put on hold due to the pandemic situation.</i></p>
<p><b>Reducing the impact of loss of staff through sickness or self-isolation on service delivery</b></p>	<p>The following measures continue to remain in place to reduce the impact on service delivery as a result of the coronavirus.</p> <ul style="list-style-type: none"> <li>• Staff not engaged in critical frontline services are working from home wherever possible in order to prevent the spread of infection and this has been reviewed in recent weeks to ensure that all those who can work from home are doing so. All council buildings have now been reconfigured to be Covid-19 secure for any staff who may be required or have no alternative to working from home to operate in a safe working environment. Risk assessments have been completed and published for each of the buildings and are fully compliant with government guidelines.</li> <li>• Personal protective equipment (PPE) is in use in accordance with public health England guidelines and appropriate supplies being maintained.</li> <li>• There are regular communications with staff to remind them of good hygiene practises and social distancing requirements.</li> <li>• Regular staffing reports are in place to monitor and review staffing levels in critical services to enable redeployment to areas of need.</li> <li>• There is a redeployment strategy in place and implemented that guides the process and considerations for the effective deployment of staff during emergency situations.</li> <li>• Wherever possible staff are being re-deployed into critical front line and other related Covid-19 response activities with appropriate training and support.</li> </ul>

	<ul style="list-style-type: none"> <li>• There is a human resource pandemic policy in place to assist managers in the effective deployment of staff during the crisis period.</li> <li>• Testing of staff in critical front-line service areas is in place as is the roll out of a vaccination programme in line with central government guidelines</li> </ul> <p>The annual flu vaccination programme for front line staff and other business critical roles has been completed.</p> <p>Frontline care workers and other eligible staff are currently being supported to participate in the Covid-19 vaccination programme for their protection and maintenance of essential service delivery. All council staff of all ages have now been offered the Covid-19 vaccine.</p>
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<b>STRATEGIC RISK 4</b>					
<b>A change in organisational culture fails to keep a pace with the speed of organisational change, negatively impacting on the delivery of the required transformation to deliver the corporate plan</b>			<b>Assigned to:</b>  <b>Director of Corporate Services</b>		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
<b>16 RED</b>	<b>6 GREEN</b>	<b>6 GREEN</b>	<b>6 GREEN</b>	<b>6 GREEN</b>	<b>6 GREEN</b>
<b>Mitigation</b>					
<b>Leadership and management development</b>	<p>There is now a regular quarterly programme of manager conferences taking place as an opportunity for professional development, networking and the development of corporate initiatives that seek to improve people management within the council.</p> <p>There is also a corresponding leadership forum in place that meets on a quarterly basis for senior managers.</p> <p>A “growing leaders” network is also in place to aid the development and testing of new corporate people management and workforce development initiatives as well as to act as a think tank for common problems and issues.</p> <p>These leadership and management forums have actively been in operation during the period of the pandemic situation as a means of both support and collective development of new ways of working and tackling challenges that have arisen as a result of Covid19 and these continue to operate.</p> <p>The council’s new digital learning resource hub continues to expand, offering a wide range of learning activities to managers and staff. Many activities that were once face to face learning activities are now being redesigned as on-line resources. This has become particularly important during the period of the pandemic and has been specifically been utilised for the purposes of training redeployed staff and to keep managers and staff engaged in relevant learning.</p>				

	<p><i>Consideration is now being given to the longer term People and Organisational Development strategy that is required to underpin the future working culture and operational practices that will and can be adopted as a result of the learning and experiences during the pandemic which by necessity has changed the way in which our public services are delivered.</i></p>
<p><b>Workforce development programmes/ initiatives</b></p>	<p>A corporate programme of core learning and development is in place, utilising a combination of face to face, virtual and eLearning opportunities and is designed around the essential learning needs of staff.</p> <p>The new learning management system (The Learning Hub) continues to be utilised to support staff with the specific needs presented by the pandemic situation but has also seen the introduction of a wider range of learning activities for staff and managers many of which would have previously only been undertaken utilising face to face learning activities. <i>A substantial piece of work is to be undertaken this year looking at the future of learning and for work which aims to build staff/manager responsibility for their own learning and that of their teams.</i></p> <p><i>The council narrowly missed the apprenticeship targets set by Government this year due to the pandemic but remains a high achiever in terms of CPD apprenticeship programme use.</i></p>
<p><b>Delivery of the council's BIG Action Plan</b></p>	<p>While the focus of all activity has by necessity been targeted at supporting the council's response to the pandemic situation, the ethos of the BIG Action Plan has continued to be delivered and is now a key part of the recovery plan.</p> <p><i>A refreshed plan to take into account the feedback of staff and managers during the period of the pandemic and changes necessary to accommodate new ways of working has been completed.</i></p>
<p><b>Maintaining ICT Networks and systems to facilitate large scale agile working</b></p>	<p>The rollout of replacement equipment, updated software and remote telephony programme activity continues and includes the provision of additional technology provisions to underpin the pandemic response.</p> <p>Business continuity plans continue to be reviewed and monitored to ensure the ICT infrastructure, networks and systems remain operational.</p> <p>The agile change team remain in place to provide assistance to staff and teams in the use of technology for remote working and maximising the potential of available technology.</p>

STRATEGIC RISK 5					
Failure to improve educational attainment			Assigned to:  Director of Children's Services		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
16 RED	6 GREEN	10 AMBER	10 AMBER	10 AMBER	11 AMBER
<b>Mitigation</b>					
<b>Ensure schools open successfully for all pupils from the start of the autumn term 2020.</b>		<ul style="list-style-type: none"> <li>All schools remained open for the children of critical workers and vulnerable children during all periods of lockdown.</li> <li>Since 8 March, all schools reopened for all students in line with government guidance.</li> <li>Extensive preparation took place to ensure schools were Covid-19 secure in line with public health guidance.</li> <li>The Isle of Wight have had higher proportions of children of school age attending school than nationally since 8 March. Typically, primary attendance has been around 96% and secondary around 92%. The Isle of Wight Council has received positive feedback from the DfE on our attendance levels.</li> </ul>			
<b>Ensure schools are prepared to undertake partial closures in the event of a positive test within the school community.</b>		<ul style="list-style-type: none"> <li>All schools were invited to attend seminars run jointly by public health and the school improvement team to ensure they understood the procedures in the event of a positive case.</li> <li>Flow diagrams have been produced for all school leaders to follow in the event of a positive case.</li> <li>There have been limited numbers of positive cases in the Island's schools reflecting the low rates of transmission in the community.</li> <li>Where there have been positive cases public health advice has been sought appropriately and followed rigorously.</li> <li>The school improvement team has supported school leaders in the event of positive cases alongside colleagues in public health and the communications team where necessary.</li> </ul> <p>Where there has been a positive case and students have had to self-isolate, the schools have successfully switched to remote learning.</p>			
<b>Delivering Educational Excellence – building on the improvements in standards</b>		<ul style="list-style-type: none"> <li>The work of the school improvement team is now increasingly focused on supporting educational attainment in the current Covid-19 climate, however, support for schools around other aspects of managing Covid-19 is still prioritised where needed.</li> <li>The primary school improvement team is currently preparing for reviews of every school with the termly challenge visit and bespoke improvement support. The process has been flexed to take account of the absence of 2019 attainment data.</li> <li>The secondary school improvement team is continuing with the planned programmes of support which have also been flexed in light of the absence of 2019 attainment data.</li> <li>Regular discussions with academies</li> <li>The school improvement team's shift to more traditional school improvement work is being delivered through both remote work and face</li> </ul>			

	<p>to face meetings in schools during the summer term, with appropriate risk assessments in place.</p> <ul style="list-style-type: none"> <li>• Supporting governing bodies to improve</li> <li>• Training opportunities that raise awareness and improve safeguarding practices</li> <li>• Identifying a ‘targeted offer’</li> <li>• Implementing a high quality and cohesive professional offer</li> <li>• Investing in recruitment and retention strategies</li> <li>• Developing an ‘affordable schools’ strategy</li> <li>• Continue to work with schools preparing for inspection under the new Ofsted framework that was implemented in September 2019 although this is suspended currently.</li> <li>• Supporting schools that are subject to a Section 8 monitoring visit by Ofsted. Outcomes from all Section 8 monitoring visits have been very positive.</li> <li>• Support schools with a range of initiatives to support educational recovery post Covid-19.</li> </ul>
<p><b>Delivering Educational Excellence – ensuring schools are good for all children</b></p>	<ul style="list-style-type: none"> <li>• Use the programme of termly visits to evaluate the performance of vulnerable groups of children and the provision for them and support schools in bringing about improvements</li> <li>• Further develop schools’ leadership of teaching and learning, getting it right for all pupils including the more vulnerable</li> <li>• Provide ongoing support and challenge in relation to exclusions and attendance</li> <li>• Work with local stakeholders to develop a better transition between schools and employment.</li> <li>• Develop support to parents of home educated children.</li> <li>• 73.5 per cent of IW schools are currently rated good or outstanding and signs from inspections undertaken in 2019/20 is that this will improve over the coming months once Ofsted inspections resume after their current suspension due to the Covid-19 pandemic.</li> </ul>
<p><b>Delivering Educational Excellence – leading a cohesive system for children based on effective partnership working</b></p>	<ul style="list-style-type: none"> <li>• Work in partnership with the two dioceses who provide many of the Island’s schools</li> <li>• Liaise with education partners including teaching schools, trusts and others to focus their potential for impact</li> <li>• Work with south coast universities to promote excellence, aspiration and opportunities for routes into higher level education</li> <li>• Support and challenge for all schools that become academies.</li> <li>• Improving community perceptions of education on the Island Enhance careers advice and guidance and engagement with industry and commerce.</li> </ul>

STRATEGIC RISK 6					
Failure to identify and effectively manage situations where vulnerable children are subject to abuse			Assigned to:  Director of Children's Services		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
16 RED	5 GREEN	7 AMBER	7 AMBER	7 AMBER	7 AMBER
<b>Mitigation</b>					
<b>Covid-19 Response</b>	<p>All of our statutory timescales for visits and meetings remain the same. We have significantly increased face to face visiting to nearly normally levels and where this is not possible continue using technology to ensure we see children and families through digital means – WhatsApp, Teams and a number of other similar approaches.</p> <p>The service is fully operational, and we continue to operate as near to normal as we can.</p> <p>Contact between looked after children and their parents has been re-established where it is safe to do so</p> <p>Childrens Reception team (CRT) and Multi agency safeguarding hub (MASH) continue to receive contacts and referrals in the usual way and to respond to these within statutory timescales, demand is above the average levels for this time of year. <i>The number of children subject to a child protection plan has risen by 50 per cent in the last 12 months.</i></p> <p>Children's Social care continue to work closely with Education/Schools to support vulnerable children. Where a child known to children's social care is not attending school, we are working together to further support attendance.</p> <p>Placements and supported accommodation are two areas of pressure due to increased demand and challenges in making new placements with foster carers/residential providers due to the concerns regarding Covid-19.</p>				
<b>Corporate Parenting Board</b>	<p>The Ofsted inspection report published on 7 January 2019 highlights that:</p> <p>“Corporate parenting is much stronger across the council since the last inspection. The Corporate Parenting Board receives regular, comprehensive performance data and reports, enabling effective scrutiny and challenge. The Corporate Parenting Board maintains a strong focus on achieving positive outcomes for children in care and care leavers. A high number of young people are supported to attend university and the council actively promotes apprenticeships, particularly for those with care experience. ‘Hearing young people’s experience’ (HYPE), Isle of Wight’s children in care council, is an active and influential part of the Corporate Parenting Board.”</p> <p>Corporate Parenting Board meetings are taking place quarterly virtually at the current time. A programme of activities has been organised in July (dependent on restrictions being lifted) for corporate parents, elected members and senior managers to participate with children open to children’s social care.</p>				

	<p><i>Corporate Parenting Strategy and action plan were agreed by the Corporate Parenting Board in March 2020 (virtually due to Covid-19). A virtual CPB has continued to take place since June 2020-the board continues to be well attended by Councillors, all statutory partners and young people, scrutiny of performance and response to Covid-19 were main items.</i></p>
<p><b>Multi-agency integrated commissioning board</b></p>	<p>Care leavers have been actively involved in improving service delivery, such as through the tendering process for the new supported housing pathway and the local offer for care leavers.” (Ofsted 2018)</p> <p>Children’s social care has completed its “Pathways to Independent Adulthood” supported accommodation tender. New providers are in place-although have been impacted by Covid-19, limiting capacity.</p> <p><i>Children’s Services were involved with the new Housing Services commissioning strategy to ensure synergy and that young people’s needs are identified within the tender.</i></p> <p><i>A new SEND strategic board is taking forward the joint commissioning agenda-between LA/CCG addressing recommendations of the recent SEND inspection.</i></p> <p>A joint health commissioning/Children’s Services strategic group has been established across HCC and IOW-first meeting took place in July 2020 - a new funding framework across CCG and LA is being developed for complex cases.</p>
<p><b>Quarterly performance reports to Scrutiny Committee</b></p>	<p>Performance reports are viewed regularly by the Policy and Scrutiny Committee for Children’s Services.</p> <p>Performance continues to be scrutinised internally at this current time, through IW Performance Action Group and the joint Hants and IW Children and Families Management Team Performance meeting.</p> <p>In addition to the normally monthly performance monitoring, weekly performance management data is being considered including numbers of contacts and referrals (including types of referrals), numbers of vulnerable children attending school, % of child protection conferences held within timescales and numbers of children entering care, % of staff sickness. <i>This is supporting our understanding and response to the impact of Covid-19 and subsequent planning for recovery.</i></p>
<p><b>Regular scrutiny of social work caseloads</b></p>	<p>The Ofsted inspection report published on 7 January 2019 highlights that: “The vast majority of practitioners say that their caseloads are manageable. Inspectors found that a small number of caseloads were too high. The local authority has secured further financial investment to reduce caseloads further.”</p> <p>The average caseloads increased this quarter (from 19 to 21) -due to increased demand. Additional investment in social worker capacity has been secured to support the increased demand due to Covid-19.</p> <p>Caseloads continue to be scrutinised by senior management on a weekly basis. It is expected that demand will continue at a higher level than normal.</p> <p><i>The RAFT team have expanded to include 2 x children and young people’s mental health practitioners. Together with adult mental health and substance</i></p>

	<p><i>misuse workers, and family support workers, they are delivering support and interventions to enable children to live safely at home. The volunteer co-ordinator and volunteers have been incorporated into RAFT.</i></p>								
<p><b>Quality assurance framework (monthly case audits concentrating on quality of practice)</b></p>	<p>Audits began in April 2018 and are continuing. <i>They include practice observations, service user feedback and auditing of supervision files. Quarterly reports are provided to senior managers which identify key themes, and these become a focus for workforce development.</i></p> <p>“A comprehensive quality assurance programme, combined with the rigorous use of performance information, enables leaders to maintain effective oversight of practice. Performance meetings take place in every part and level of the service. Regular auditing by managers and senior leaders, alongside social workers, provides helpful opportunities for reflection and learning” (Ofsted 2018)</p> <p>Monthly meetings now take place to review audits and actions and quality of practice. The senior management team also undertake an audit of audits on a quarterly basis to quality assure the auditing process.</p> <p><i>Case auditing is being maintained during lockdown. A virtual peer review was undertaken by HCC in Sept 2020. Isle of Wight staff continue to participate in peer reviews in Hampshire districts.</i></p>								
<p><b>Annual self-evaluation and annual conversation between Director and Ofsted</b></p>	<p>An Ofsted inspection of children’s social care services took place in November 2018, with the report published in January 2019.  <a href="https://files.api.ofsted.gov.uk/v1/file/50048228">https://files.api.ofsted.gov.uk/v1/file/50048228</a></p> <p>Judgement highlighted below:</p> <table border="0" data-bbox="443 1205 1455 1473"> <tr> <td>The impact of leaders on social work practice with children and families</td> <td style="text-align: right;">Good</td> </tr> <tr> <td>The experiences and progress of children who need help and protection</td> <td style="text-align: right;">Good</td> </tr> <tr> <td>The experiences and progress of children in care and care leavers</td> <td style="text-align: right;">Good</td> </tr> <tr> <td>Overall effectiveness</td> <td style="text-align: right;">Good</td> </tr> </table> <p><i>An annual self-evaluation was produced for the annual conversation with Ofsted in March 2021. The self-evaluation highlights strengths and areas for development, which Ofsted will use as basis for future inspections. The annual conversation addressed the progress made since the inspection and reviewed response to Covid-19. Ofsted published new guidance on them re-starting inspections from September 2020.</i></p>	The impact of leaders on social work practice with children and families	Good	The experiences and progress of children who need help and protection	Good	The experiences and progress of children in care and care leavers	Good	Overall effectiveness	Good
The impact of leaders on social work practice with children and families	Good								
The experiences and progress of children who need help and protection	Good								
The experiences and progress of children in care and care leavers	Good								
Overall effectiveness	Good								

STRATEGIC RISK 7					
Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs			Assigned to: Director of Adult Social Care		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
<b>14 RED</b>	<b>6 GREEN</b>	<b>8 AMBER</b>	<b>8 AMBER</b>	<b>8 AMBER</b>	<b>10 RED</b>
Mitigation					
<i>Pride in Practice – growing our own social work workforce</i>	<i>We have developed a Pride in Practice Strategy which was launched with managers across the department on 14 April 2021. This Strategy looks at the quality standards needed across the department – and how we will support and encourage staff to meet those standards. It includes specific sections on “growing our own” social work and other specialist staff – and we now have 9 staff undertaking the apprenticeship SW programme.</i>				
<i>Addressing especially hard to recruit roles</i>	<i>Focus is also on the recruitment to specialist roles (AMPHs) in the Mental Health Social Work team. Against a backdrop of a national skills shortage in this area we have been successful in recruiting team members who commenced work with the Council in January 21, and we are offering existing staff the opportunity to train as AMHPs. The service still has vacancies in this specialist role but is continuing to advertise and promote the roles with increasing use of social media emphasising the values of the IW Council and the benefits of relocating to the Isle of Wight</i>				
<i>ASC recruitment and retention</i>	<p><i>Vacancy monitoring within ASC now forms part of the monthly ASC Service Board Performance Report. The past 3 months has seen an overall reduction of number of vacancies, improved retention and time to hire of candidates.</i></p> <p><i>Ongoing pro-active attendance management, with the support of a dedicated Attendance Officer, is proving highly effective in managing and supporting staff with periods of absence.</i></p> <p><i>We are currently undertaking recruitment for a number of key senior roles within the department which have recently become vacant.</i></p>				
<i>ASC Learning and Development (L&amp;D) Plan</i>	<p>Ongoing work with Human Resources and L&amp;D is ensuring that staff have access to training appropriate to their roles as well as supporting workforce development and career pathways.</p> <p>Formal training and development is complemented by the ongoing offer from the ASC Practice Development Unit.</p>				
<i>New person-centred, strengths-based assessment forms</i>	<p>We have experienced some delay in finalising the work in this area as a direct result of the impact of the pandemic.</p> <p>We have continued to focus on sharing learning and best practice, and this is being done through a programme of ‘lessons learned’ sessions. In addition, the</p>				

	<p>strengths-based case auditing which was introduced in 2020 as part of the pride in practice Quality framework continues to focus on service improvement.</p> <p>A new Quality and Audit Lead has been appointed and is now in post. The lead will be working alongside managers and deputies to development improvement plans following analysis and scrutiny of audit findings.</p>
Maintain staffing levels during Covid-19 response	<p><i>The continued impact of Covid-19 locally has been felt across ASC and Housing Needs including in our internal care provider services. We continue assessing our staffing levels on a daily basis as we did throughout the pandemic. The staffing position has greatly improved with no teams reporting staff shortages due to Covid-19 since 13 April 2021. We are focusing on the support required with the introduction of mandatory vaccination for care home staff and this will continue to be a priority over the next few months. A deep dive in relation to our staff teams has been undertaken to inform the support we will put in place.</i></p>
Agile working	<p><i>All staff in ASC continue to work in an agile way. Covid-19 has resulted in the development at pace of virtual working across the entire Department.</i></p>

STRATEGIC RISK 8					
Failure to identify and effectively manage situations where vulnerable adults are subject to abuse			Assigned to:		
			<b>Director of Adult Social Care</b> <b>Assistant Director of Operations</b>		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
<b>16 RED</b>	<b>6 GREEN</b>	<b>10 AMBER</b>	<b>12 RED</b>	<b>12 RED</b>	<b>12 RED</b>
Mitigation					
<b>Protecting Vulnerable Adults during Covid-19 Pandemic</b>		<p><i>All ASC staff continue to be focused on protecting vulnerable adults in the Islands communities.</i></p> <p><i>We continue to support care providers with our daily bulletin and weekly calls from commissioners to provide bespoke support.</i></p> <p><i>Development of best practice during Covid-19 through our Ethical Task and Finish Group has continued to be of benefit to our local system. Building on the national recognition of the work around resilience and mental capacity the task and finish group has now delivered practice guidelines for supporting informal and family carers and is moving on to focus on the development of best practice and support required in relation to mandatory vaccination in care homes for older people.</i></p> <p><i>Safeguarding continues to be a key area of focus and June 2021 saw a reduction in the number of safeguarding referrals received by the team. The team continue to be busy and have seen an increase in calls requiring advice and signposting during the same period. Performance continues to be good with 97.6 per cent of safeguarding meeting being held within 7 days demonstrating timely and effective triage.</i></p>			

<p><b>ASC Programme Board</b></p>	<p>All ASC projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to the <i>ASC Service Board</i>. Highlight report reflects the corporate standard.</p> <p>Highlights and key issues from the ASC Programme Board are included in a council wide summary report of all programme activity that is presented on a bi-monthly basis to the Strategic Programme Board (whose membership is the same as the Corporate Management Team) and a Councillor review board.</p>
<p><b>‘Deprivation of Liberty Safeguards’ (DoLS) backlog clearance programme</b></p>	<p>Additional funding for assessments was allocated for 2020/21 although use of this funding was delayed as a result of the pandemic. <i>Due to Covid-19 non-essential assessments are on hold and with care homes in lockdown the DOLS team continues to triage incoming referrals and prioritise them necessary.</i> As a result, we have seen a build-up of priority 1 referrals in care homes and these are being continually monitored until it is possible to undertake the required assessments assessment. Outstanding issues continue to be of concern and the number of assessments which are outstanding continues to be closely monitored.</p>
<p><b>Mental Health Action Plan</b></p>	<p>An action plan has been produced in response to the independent review of mental health social work practice – the Mental Health Team has been heavily engaged in its development and delivery continues to be on target.</p>
<p><b>Safeguarding Action Plan</b></p>	<p>Review of the practice guidance is complete; Making Safeguarding Personal (MSP) toolkit for ASC practitioners in place.</p> <p>The last independent review of this area was in November 2019 and as a result a report was taken to the September 2020 meeting of the Safeguarding Adults Board to proposing a repeat of the MSP audit at the end of the year in order to evaluate the success of the action plan. This has been delayed as a result of the pandemic but is an action that will be progressed as soon as possible.</p>
<p><b>Learning Disability (LD) Homes Service improvement plans</b></p>	<p>We retain 2 residential care homes supporting people with learning disabilities and Westminster House which is a respite centre. All of these services are rated as Good by CQC.</p> <p>Assurance Audits are undertaken regularly by the Nominated Individual, the Service Manager and the Group Manager the results of which are reported on a monthly basis to the departmental service board.</p>
<p><b>Centralisation of outreach teams</b></p> <p><b>Complete</b></p>	<p>Service now located at Sandown Barrack Block and CM2000 system is fully operational.</p> <p>The Outreach team have received their first formal inspection from the Care Quality Commission (CQC) and have been rated ‘Good’ across all domains</p>

STRATEGIC RISK 9					
Failure to secure the required outcomes from the integration of adult social care and health			Assigned to:  Director of Adult Social Care		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
16 RED	6 GREEN	10 AMBER	12 RED	12 RED	12 RED
<b>Mitigation</b>					
<b>Covid-19 Response</b>	<p><i>The Government has confirmed the continuation of NHS funding to fund the care and support of people being discharged from hospital and to avoid hospital admission: for six weeks in Q1 (March through June) and 4 weeks in Q2 (July through September). The impact of the cessation of funding is being considered and we continue to work closely with CCG colleagues to ensure a consistent use of resources together with joint commissioning and delivery arrangements.</i></p> <p><i>Our Discharge to Assess arrangements have been recognised as a model of good practice nationally and we are one of 6 or so sites selected to participate in the national evaluation commissioned by the Department for Health and Social Care (DHSC).</i></p> <p><i>We have been advised that further funding will be made available by DHSC to support local providers with infection control and rapid testing of staff and care home residents. We are awaiting confirmation of our allocation and the grant conditions.</i></p>				
<b>ASC Programme Board</b>	<p>All ASC projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to the ASC Service Board. Highlight report reflects the corporate standard.</p> <p>Highlights and key issues from the ASC Programme Board are included in a council wide summary report of all programme activity that is presented on a bi-monthly basis to the Strategic Programme Board (whose membership is the same as CMT) and a Councillor review board chaired by the Leader.</p>				
<b>Transformation programme and operational integration</b>	<p>The onwards care and independence workstream of the Island's Health and Care Plan comprises the following initiatives:</p> <ul style="list-style-type: none"> <li>• The Integrated Care &amp; Discharge Team</li> <li>• The Regaining Independence service</li> <li>• Integrated Localities</li> <li>• Technology in Care Homes</li> <li>• Early Help</li> <li>• Raising Standards</li> <li>• The Dementia Strategy</li> <li>• Learning Disability Integration</li> <li>• New Community Care model</li> </ul>				

	<p>Most recently we have established a Community Operational Group to take ownership of these programmes of work and this is chaired jointly by the DASS and NHS IoW Trust Director of Community Services.</p> <p>The Integrated Care Partnership receives routine reports of progress across these areas via the system programme office.</p>
<b>Responsiveness to hospital escalations</b>	<p>Discharge to Assess in line with the national directive continues to work well locally. Daily huddles to support with discharge are in place with oversight being provided through Clinical Commissioning Group, Trust and ASC senior leaders. A focus on improving and maintaining hospital flow has driven a number of process changes as clearer more consistent data collection to enable evidence-based decision making has become available.</p>

<b>STRATEGIC RISK 10</b>																													
<b>Independent Social Care Sector Sustainability (care Homes and Home Care)</b>			<b>Assigned to:</b>  <b>Director of Adult Social Care</b>																										
<b>Inherent score</b>	<b>Target score</b>	<b>Current score</b>	<b>Previous scores</b>																										
			<b>Feb 21</b>	<b>Sep 20</b>	<b>Jun 20</b>																								
<b>16 RED</b>	<b>6 GREEN</b>	<b>12 RED</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>																								
<b>Mitigation</b>																													
<p>The impact of Covid-19 has led to reduced occupancy levels in some care homes. This is being carefully monitored and proactively managed. As at 25/06/2021 occupancy levels are as identified below.</p>																													
<b>Occupancy Levels</b>	<table border="1"> <thead> <tr> <th>RESIDENTIAL CARE HOMES</th> <th>%</th> <th>Number</th> <th>Change since last week</th> </tr> </thead> <tbody> <tr> <td>95%+ occupancy</td> <td>51%</td> <td>31</td> <td>+</td> </tr> <tr> <td>85-94% occupancy</td> <td>36%</td> <td>22</td> <td>+</td> </tr> <tr> <td>75-84% occupancy</td> <td>15%</td> <td>9</td> <td>-</td> </tr> <tr> <td>&lt;75% occupancy</td> <td>1%</td> <td>1</td> <td>-</td> </tr> <tr> <td>&lt; 50% occupancy</td> <td>1%</td> <td>1</td> <td>=</td> </tr> </tbody> </table>					RESIDENTIAL CARE HOMES	%	Number	Change since last week	95%+ occupancy	51%	31	+	85-94% occupancy	36%	22	+	75-84% occupancy	15%	9	-	<75% occupancy	1%	1	-	< 50% occupancy	1%	1	=
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<p>Decreasing levels of occupancy increase risk of provider failure. This is managed through weekly contact by a link commissioner and open dialogue with local providers to minimise risk of a care home closing or a provider exiting the marketplace on short notice.</p>																													

<b>Levels of Fees</b>	<i>Following formal consultation with the Independent sector the council has determined its fee rates for 2021/2022. For Homecare our rate remains competitive and aligns positively with comparator authorities. For Residential Care and Nursing Care we now benchmark in the 4th quartile of all English single tier and county councils. The gap between the council's rate and that of those who fund their own care is increasing leading to potential subsidisation by privately funded individuals of care and support for those eligible for funding under the Care Act. This creates an inequality, reduces financial stability for local providers and has the potential to lead to care home closures or the inability to secure support for those funded by the council.</i>
<b>Personal Protective Equipment</b>	<i>RESOLVED - We continue to provide support with urgent and emergency PPE requirements through our central local authority operated PPE store but demand has significantly decreased. NHSC continue to operate a FREE PPE portal for registered providers.</i>
<b>Workforce pressures</b>	<i>The increase in both the tourism and hospitality industry together with the announcement in relation to mandatory vaccination has had a negative impact on the social care workforce. We are seeing capacity reduced as a result of an increase in vacancy levels and higher staff turnover. We continue to monitor the situation and to work with providers around business continuity plans and safe staffing levels. The workforce situation locally is mirrored across the South East ADASS (Association of Directors of Adult Social Services) region and has been escalated as an area of concern to both national ADASS and the LGA.</i>
<b>Market Capacity – Homecare</b>	<i>Historic challenges in relation to capacity in the domiciliary care marketplace has been the subject of an extensive review leading to the re-procurement of homecare services. The new contract for homecare commenced from 01/02/2021 and has impacted positively on the ability to meet need for homecare across the Island. The workforce pressures highlighted have impacted on care homes and home care providers over the past 8 weeks. Business Continuity Plans are being reviewed with local providers to ensure continuity of care where there may be workforce challenges.</i>
<b>Capacity Tracker</b>	<i>The development of the national capacity tracker has provided a level of oversight for commissioners of adult social care services that previously wasn't available. This is assisting in understanding not only available capacity and staffing levels but also provides some early warning signs where provider fragility or failure is likely to become a concern. Access to this information is enabling early support to be provided and the market to become more stable.</i>

STRATEGIC RISK 11					
Failure of the Highways PFI contract resulting in significant financial and operational disruption for the council and its residents			Assigned to: Director of Neighbourhoods		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
16 RED	5 GREEN	8 AMBER	8 AMBER	8 AMBER	8 AMBER
<b>Mitigation</b>					
<b>PFI – Establish and deliver available savings</b>	<p>A savings programme has been established and agreed with Island Roads and reports made to a dedicated savings board. <i>The programme aims to deliver savings in three phases with a majority of the first two phases having been agreed and implemented and the remaining elements by Sept 2021. The third phase of savings are to be agreed and completed by September 2023. The savings are a balance between a requirement to achieve contract savings and maintaining acceptable standards of service delivery.</i></p> <p><i>An agreement is now in place between the service provider and the council to facilitate the completion of the Core Investment period of the contract (Milestone 14) by March 2023.</i></p>				
<b>PFI - Successfully resolve anomalies in the contracts specification</b>	<p>Savings will result from changes to the contract specification and to the standard of service being delivered. The level of reduction in service standards will be a balance between the need to achieve the required savings and maintaining an acceptable standard of service delivery. These changes also need to be accepted by the lenders who provide the required up-front capital investment.</p>				

STRATEGIC RISK 12					
Failure of the Waste contract resulting in significant financial and operational disruption for the council and its residents			Assigned to: Director of Neighbourhoods		
Inherent score	Target score	Current score	Previous scores		
			Feb 21	Sep 20	Jun 20
16 RED	5 GREEN	8 AMBER	8 AMBER	8 AMBER	8 AMBER
<b>Mitigation</b>					

<p><b>Ensure the delivery of Key Facilities through robust contract management</b></p>	<p><i>The Energy from Waste Plant passed its Readiness Tests and has been issued a certificate of Readiness by the Independent Certifier. This means that the individual component parts are all electrified and have been tested in isolation to ensure they pass installation and operational tests. This signifies the successful end to cold commissioning. Hot Commissioning and preparation for the acceptance tests has now commenced.</i></p> <p><i>The Hot commissioning phase is now underway during which incinerator box will be slowly heated to operational temperature a number of times, and trial loads of fuel from non-recyclable waste will go through the plant. Each test will help the engineer finetune the plant to achieve the maximum electrical efficiency, and optimal operating environment. However, the Amey (IOW) Service Provider has indicated that the Acceptance Tests are now anticipated to be complete at the end of August 2021. All construction delay is entirely the financial risk of our service provider and does not affect the diversion of waste from landfill or the recycle rates being achieved on the island.</i></p> <p>Construction risk and cost of residual waste above agreed contract rates sits with Amey. The council has maintained the service charged step down from August 18 when the plant was originally due to be completed (prior Energos failure) meaning that Amey have to cover the treatment cost gap for sending waste to a mainland ERF.</p> <p><i>Through the robust adherence to the target rates set out in the contract despite the delay in the erf completion, the contract is now achieving a 99.8 per cent diversion from landfill of all contract waste and continues to exceed recycling targets.</i></p> <p>All and any costs incurred to the delay will not be at the Council's cost.</p> <p>HWRCs were initially closed in line with the Govt lockdown restrictions but were reopened with stringent social distancing measures in May 2020. The booking system that was introduced as part of the reopening protocol has proved to be very popular, and with some adjustments, will remain in place permanently. The booking system and number of bookings has remained steady moving into the most recent lockdown.</p> <p>All household collections have continued during the Covid-19 restrictions and recycling rates have remained high.</p>
<p><b>Regular monitoring of performance of the contract</b></p>	<p>Performance of the contract is monitored through reporting by Amey and pro-active monitoring of the elements that make up the Client Management System (CMS), and by the Waste and Recycling Contract Management Team (WaR-CMT). The council in partnership with Amey has agreed a supplemental meeting prior to each Monthly Meeting to review payments and performance deductions.</p> <p>Weekly contract operations &amp; construction meetings are held to review a weekly report on service delivery and issue. This is followed with a detailed monthly report are provided by the contractor at monthly contract meetings along with a detailed monthly construction report.</p> <p><i>Performance is currently good with almost 100 per cent of municipal waste now being diverted from landfill and over 58 per cent of household waste being recycled or composted</i></p>

STRATEGIC RISK 13					
Achieving the vision for the Island			Assigned to: Chief Executive		
Inherent score	Target score	Current score	Previous scores		
			May 21	Feb 21	Sep 20
14 RED	6 GREEN	12 RED	12 RED	12 RED	12 RED
<b>Mitigation</b>					
<b>Covid-19 Response and longer terms impacts of the pandemic</b>	<p>The Council is producing a comprehensive Recovery Plan looking at minimising the economic hit the Island will take as a result of the Covid-19 pandemic. Of particular focus will be the tourism, transport, agriculture and care sectors.</p> <p>A comprehensive <a href="#">Recovery Plan</a> was presented to Cabinet on 10 September 2020. The plan is based around 3 main pillars: -</p> <ul style="list-style-type: none"> <li>• <b>Community recovery</b> <ul style="list-style-type: none"> <li>○ Operate effective outbreak control arrangements and communicate key behaviours</li> <li>○ Address inequality of impact of Covid-19 on vulnerable groups</li> <li>○ Establish sustainable community response and recovery arrangements</li> </ul> </li> <li>• <b>Economic recovery</b> <ul style="list-style-type: none"> <li>○ Create a skills system responsive to changing employer demand</li> <li>○ Support our residents into appropriate employment pathways</li> <li>○ Enable our residents to unlock their potential through upskilling, reskilling, training provision and apprenticeships</li> <li>○ Support our existing and new businesses to survive in the short term and to adapt and thrive in the new post-Covid economy</li> <li>○ Encourage our businesses to be inclusive and resilient, by tackling low pay, in-work poverty and to reduce their carbon emissions</li> <li>○ Work with our anchor institutions and major employers to utilise our supply chains and increase spend with local businesses</li> </ul> </li> <li>• <b>Place recovery</b> <ul style="list-style-type: none"> <li>○ Increase the supply and accessibility of homes of all tenures across the Island, and the supply of workspace that responds to changing needs</li> <li>○ Improve physical and digital connectivity in and between all of our settlements and the rest of the world</li> <li>○ Achieve sustainable, welcoming places with inclusive public realm improvements in our towns that are accessible for all</li> </ul> </li> </ul> <p>The plan has also taken into consideration other factors such as Environment Change, Brexit, Covid- 19 new outbreaks and Financial pressures</p> <p>Additionally, plans are in place for allowing the Council to go about business as usual in terms of how it will use office accommodation under self-distancing</p>				

	<p>rules and how staff can be assisted in adapting to working from home for a significant period of time.</p>
<p><b>Quarterly Performance Management Report (QPMR) updates</b></p>	<p>Regular reporting of finance and performance set against the corporate plan activities and metrics is made to the Cabinet and various committees with a scrutiny function.</p> <p><i>The corporate plan is being refreshed in 2021 to take account of the achievements made by the council and changes in its operating environment. This plan will be aligned to the council's vision for the Island and all of the council's key activities and performance metrics derive from it. Service plans and individual employee objectives are being refreshed and will align to the corporate plan.</i></p> <p>The performance report section of the QPMR is now available online through a series of interactive graphs.</p>
<p><b>Strategic capacity and interventions</b></p>	<p>Additional capacity in the senior management team has been secured and is being used to address gaps in strategy and policy issues which will align to the corporate plan.</p> <p>A key challenge is in maintaining a planned proactive approach to the delivery of corporate objectives and not being distracted by populist agendas, which in themselves may require additional resource.</p> <p>Key themes for the coming period are commercialisation, digitalisation, housing, financial sustainability and one public service. All of these will have to be done in the light of the current Covid-19 Pandemic and form part of the Recovery Plan</p>
<p><b>Robust Programme Management</b></p>	<p>The programme management framework is becoming embedded throughout the organisation, aided by the oversight of the Strategic Programme Board and the Councillor review board chaired by the Leader.</p> <p>A greater degree of challenge is now being applied to the council's core programmes of work to ensure their timely delivery and impact on the Island's vision. This challenge includes periodic health checks on the programmes and projects that are reported to the Strategic Programme Board. As part of the Recovery Plan strategic projects were reviewed in line with how they support the Recovery Plan.</p>
<p><b>Regeneration programme</b></p>	<p>A number of key Regeneration staff are presently redeployed in various areas of the Councils Covid-19 response. However, the strategy at the moment is to complete the necessary planning feasibility studies and planning approvals where already commenced.</p> <p>The Programme underwent a substantive review in light of the financial impact to the council of the Covid-19 pandemic and its wider impact on other economic sectors such as Housing. The results of this review were shared with Councillors Regeneration Board in July 2020 who agreed which priorities will be taken forward over the next 18 months. HR and financial resources will be realigned to meet these objectives.</p>

<p><b>Strategic risk register</b></p>	<p>Strategic risks are those that are most likely to have a negative impact on the whole council and its aspirations, should they come to be. Therefore, these risks are reviewed by the corporate management team on a monthly basis. An updated Strategic Risk Register was provided to the GOLD Command group to reflect the impact of the Covid-19 pandemic.</p> <p>A Risk Management Framework is in place. This framework is prescriptive in how risks are managed and updated and at which levels of the organisation they should be reported and escalated. A new training course has been developed for staff entitled “Introduction to Risk Management” which will further embed the Risk Management Framework and was delivered for the first time in February. Due to the Covid-19 pandemic further face to face training was suspended but this training was recommenced after being redesigned for delivery via Microsoft Teams in October 2020 with further sessions in December 2020 and February 2021</p> <p>The Strategic Risk Register is presented at each meeting of the Audit Committee and clearly indicates to them where mitigation has altered or has not been updated.</p>
<p><b>Increase in levels of unmet Housing Needs</b></p>	<p><i>The Pandemic has brought many “hidden homeless” to the direct attention of the housing needs service – who have provided emergency accommodation to as many as 80 people at any one time in response to the Government’s call to get “everyone in” on 26th March 2020. In addition, lockdown has placed many households under significant strain which has resulted in a rise in the numbers of people who are fleeing domestic abuse and approaching us because of relationship breakdown.</i></p> <p><i>Finally, we are experiencing an increase in households approaching us for immediate support as a consequence of their landlords giving them notice to evict – with the eviction freeze coming to an end. Added to a very buoyant private rental market, where affordable family sized accommodation is extremely scarce and keenly sought after, this combination of factors has the potential to create the “perfect storm” whereby demand is so significantly outstripping supply that we may be forced back into a situation whereby we have to use bed and breakfast accommodation for families beyond six weeks.</i></p>
<p><b>Increase in levels of unmet Housing Needs - Prevention</b></p>	<p><i>The HRA 2017 mandates the IOW Council to deliver homelessness prevention services to households 56 days prior to being made homeless. We have extended this offer to align with the 6 months eviction notice period which is helping us identify households at risk of homelessness as early as possible giving us the best chance of intervening.</i></p> <p><i>We have recommissioned supporting people services to deliver a more targeted early help/ homelessness prevention services which we envisage will divert households from statutory services and therefore reduce approaches to the local authority as homeless.</i></p> <p><i>We are considering a request to increase our AIG and specialist housing court desk services to meet the increasing need that is reported /projected.</i></p> <p><i>We continue to develop digitalised service offer to streamline processes and maximise resource utilisation.</i></p>
<p><b>Increase in levels of unmet Housing Needs - Intervention</b></p>	<p><b>Workforce</b></p> <p><i>We have recruited some additional staff on fixed term contracts, financed through the Homelessness Prevention Grant. Current intelligence suggests that the resource is sufficient to meet the current and projected need to ensure we are effectively able to meet our statutory functions. We continue to monitor the</i></p>

	<p>situation and will work dynamically respond in accordance with business continuity plans and safe staffing levels.</p> <p><b>Accommodation</b>  <i>Single Homeless Pathway - We have created a single homeless pathway which will be enhanced further by Howard House in June 2021. This provision combined with a suite of existing accommodation offers provide capacity to manage the existing and expected pressures.</i></p> <p><i>Family accommodation - We have a suite of accommodation options but there are risks that the longer term needs will be unable to be met by the resource capacity we have available primarily because of the inability to create throughput into the PRS and Social Housing service offer. Worst case scenario the local authority could consider bespoke accommodation options for families to negate the use of B and B through interventions which could include caravans, but given this is likely to be complicated by the increase of staycations and the cost of this intervention which significantly exceeds base budget projections. B and B would be the last fallback but would present legal issues if flow was unable to be created within the maximum 6-week timescale.</i></p> <p><b>Partnership(s)</b>  <i>The two primary reasons for homelessness is due to the loss of an AST or a relationship breakdown. We are working with PRS landlords and letting agents to consider how we can open up the market when we have been unable to prevent all household types being placed at risk of homelessness. This is being achieved through workshops and forums we have created or are attending. We are also looking at how we can enhance our mediation toolkit to try and negate the breakdown of relationships.</i></p> <p><i>Mental health is the highest and most prevalent need for households that present as homelessness – we are therefore working with system partners and looking at how we can adopt and support the implementation of the ‘no wrong door’ strategy and community based model being driven by the NHS Trust.</i></p> <p><i>Homelessness and Rough Sleeping Strategy Action plan is being refreshed and will seek to continue to work towards an integrated system in relation to homelessness stopping all household types falling between the gaps of services and systems.</i></p> <p><i>Ultimately to end homelessness we need more affordable housing, but this does not provide an immediate solution to the risks that are posed. This is being addressed through the Housing Strategy albeit recognising the local challenges.</i></p>
<p><b>Increase in levels of unmet Housing Needs - Recovery</b></p>	<p><i>We are horizon scanning and working across the corporate and wider systems - locally and nationally to look at innovative solutions to both prevent homelessness and increase housing supply. (see actions set out in Housing and Homelessness and Rough Sleeping strategies)</i></p> <p><i>In addition, we have completed a bid for RSI 4 which will provide some funding to help meet pressures projected in relation to single homelessness, bridging gaps between systems and services for the financial year 2021/22</i></p> <p><i>We are planning to submit an application for RSAP (July 2021)</i></p>

STRATEGIC RISK 14					
Additional demands placed upon the Isle of Wight Council and partners owing to pandemic flu or similar large-scale outbreaks			Assigned to: Director of Public Health		
Inherent score	Target score	Current score	Previous scores		
			May 21	Feb 21	Sep 20
16 RED	12 RED	16 RED	16 RED	16 RED	16 RED
<b>Mitigation</b>					
<b>Preparedness for other novel infectious disease (including Covid-19)</b>	<p>The Isle of Wight Council Public Health team works closely with Public Health England on all infectious disease outbreaks on the Isle of Wight. This includes surveillance of infectious diseases and notification to council services, participation in incident management and outbreak control meetings, and provision of support to council services in managing health protection incidents.</p> <p>The IWC Pandemic Influenza Plan provides a framework for the council's response to an Influenza Pandemic. This will be reviewed with lessons learnt from the Covid-19 pandemic response with consideration to broadening to a broader pandemic response plan.</p> <p>With regards to Covid-19, the Isle of Wight Council Public Health team continues to carefully monitor and respond to the emerging situation, working closely with all Council services and alongside partners in Public Health England and the NHS. Furthermore, the Isle of Wight Council is working as part of the Local Resilience Forum to ensure a coordinated response and has in place its own Silver and Gold command and control structures to manage the response to Covid-19 and monitor the situation on the Island.</p> <p>The Public Health team works closely with the Isle of Wight Council's Emergency Management Team to ensure that Outbreak and Pandemic Influenza Plans are linked into other Council and Multi-agency Emergency Response Plans.</p>				
<b>Partner Organisations</b>	<p>Communication with partners to establish pressures. Partners include;</p> <ul style="list-style-type: none"> <li>• Public Health England</li> <li>• NHS – Trust and CCG</li> <li>• Multi-agency representative on the Island Resilience Forum</li> <li>• HIOW Integrated Care System</li> <li>• IOW Integrated Care Partnership</li> <li>• Local Resilience Forums (LRFs)</li> <li>• Other Local Authorities</li> </ul>				
<b>Internal arrangements</b>	<p>The Public Health team has developed a Public Health team Standard Operating Procedure for managing health protection incidents that provides the framework for action for all incidents. Tabletop exercises for Public Health Senior Management Team are held to ensure resilience in the Public Health Team in responding to Incidents.</p>				

	<p>The IWC Pandemic Influenza Response Plan was written by members of the IWC Public Health Team in consultation with the Emergency Management Department in 2016, as revised in 2017, and March 2020, based on national guidelines, tabletop exercises and the Hampshire &amp; IOW Local Health Resilience Partnership (LHRP) Health Protection Incident and Outbreak Plan.</p> <p>The Pandemic Influenza Plan links closely with IWC departments' business continuity plans; these plans were reviewed by the IWC Emergency Management Team.</p> <p>The IWC Covid-19 Prevention, Incident and Outbreak Control Plan was published at the end of June 2020 to guide prevention and response to this pandemic.</p>
<p><b>External arrangements</b></p>	<p>The Local Resilience Forum and IWC Pandemic Influenza Plan was tested during the Hampshire and Isle of Wight table-top exercise, held in December 2019, and was updated to incorporate the learning from this exercise with a working document produced in March 2020.</p> <p>A Covid-19 working group meets weekly bringing together system-wide representatives to discuss the Covid-19 situation on the Island and escalate concerns which are then fed into a Covid-19 Health Protection Board which is chaired by the DPH. Tabletop exercises have been held at working group and health protection board level to test the plan and relevant escalation framework.</p> <p>An Island Tactical Co-ordination Group (ITCG) convenes at a multi-agency level, including police, fire, NHS Trust, ambulance, council, public health, CCG, Military, ferry companies, utilities, and prisons in case of a multiagency response.</p>
<p><b>Provision of up to date information</b></p>	<p>Relevant guidance is displayed on the Isle of Wight Council website. Further information on Covid-19 is also provided through dedicated IWC-led webinars and other resources.</p> <p>Information on specific risks relating to details of the Covid-19 response (e.g. PPE, care home outbreaks) are raised and shared through the emergency response structures described above.</p>

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## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>26 JULY 2021</b>
Title	<b>ISLE OF WIGHT FIRE AND RESCUE SERVICE ANNUAL STATEMENT OF ASSURANCE 2020/21</b>
Report of	<b>DCFO SHANTHA DICKINSON, DIRECTOR OF POLICY, PLANNING AND ASSURANCE</b>

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### 1. SUMMARY

The Annual Statement of Assurance is a document that is required by the National Framework for Fire and Rescue Services (2018) to provide assurance to local communities and government on financial, governance and operational matters.

The Isle of Wight Council's Annual Statement of Assurance is made accessible to all stakeholders to enable transparency of fire and rescue services. This statement covers the financial year, April 2020 to March 2021.

The format of the Annual Statement is not prescribed and therefore it is determined by the Fire and Rescue Service to demonstrate to local communities and partner organisations how it fulfils its statutory obligations and activities to make the Isle of Wight a safer place to live, work and travel.

### 2. BACKGROUND

The Fire and Rescue National Framework published in May 2018 sets out the reason for each Fire and Rescue Service to produce an Annual Statement of Assurance:

*“The statement should outline the way in which the authority and its fire and rescue service has had regard – in the period covered by the document – to this National Framework, the Integrated Risk Management Plan and to any strategic plan (eg the Fire and Rescue Plan – see 4.10 below) prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters.”*

**Appendix 1** contains the detailed Annual Statement of Assurance which has been structured, for the reader's benefit, to follow the Fire and Rescue National Framework structure. There is also specific coverage on the early response to the COVID-19 pandemic; the Safety Plan; the focus on policy, procedure and guidance; and other areas.

### 3. SUPPORTING OUR SAFETY PLAN AND PRIORITIES

The Annual Statement of Assurance, through the Isle of Wight Council, provides assurance to the public on the Fire and Rescue Service's fulfilment of its duties and

activities so that *Together we make life safer*. This is mirrored in the creation and content of our strategic priorities (contained within the new Safety Plan).

#### 4. CONCLUSION

The Annual Statement of Assurance for 2020/21 provides stakeholders with oversight of the Isle of Wight Fire and Rescue Service's ability to deliver its core purpose that *Together we make life safer*, and therefore meet the requirements of the 2018 National Fire and Rescue Framework.

In addition to this, it highlights our initial response to the emerging COVID-19 pandemic, beginning in February 2019 when we first set up our Emergency Management Group to oversee our response but also to work closely with our partners across our Local Resilience Forum.

#### 5. RECOMMENDATION

That the Annual Assurance Statement for 2020/21 be approved by the Committee.

#### 6. APPENDICES ATTACHED

Appendix 1 – IWFRS Annual Statement of Assurance 2020-21

Contact Point: Deputy Chief Fire Officer (DCFO) Shantha Dickinson, Director of Policy, Planning and Assurance, Hampshire and Isle of Wight Fire and Rescue Services

☎ 07918 887986 e-mail [Shantha.dickinson@hantsfire.gov.uk](mailto:Shantha.dickinson@hantsfire.gov.uk)

DCFO SHANTHA DICKINSON

*Director of Policy, Planning and Assurance*

CLLR STEPHENS

*IWC Deputy Leader*



ISLE OF WIGHT  
**FIRE AND  
RESCUE**  
SERVICE

# Isle of Wight Fire and Rescue Service **Annual Assurance Statement 2020/21**

April 2020 to March 2021

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## Introduction

This statement seeks to provide an accessible way in which communities, central government, local authorities and other partners may make a valid assessment of our Fire and Rescue Authority's performance for the financial year 2020/21.

The Isle of Wight covers an area of 147 square miles, with a coastline that runs for 57 miles. The Island features a wide variety of natural, rural and urban landscapes. Over 50% of the Island is designated as an Area of Outstanding Natural Beauty and 28 miles of coastline is designated as Heritage Coast. In addition, the Island also includes a very high number of internationally, nationally and locally important nature conservation sites. Whilst the overriding character of the Island is rural, about 60% of the Island's population live within the main towns of Newport, Cowes, East Cowes, Ryde, Sandown and Shanklin. Newport is the County Town of the Island and is the main employment centre. Outside of these settlements there are around 30 villages and hamlets.

During the height of the summer season the population can double with visitors to the Island which causes a large volume of vehicles on the roads. It is estimated that 2.34 million people have visited the Isle of Wight in the past year. Newport is the largest county town by population (17,200) and is home to the Isle of Wight Council (IWC), St Mary's Hospital, courts and the headquarters of the emergency services.

The Isle of Wight Council is a unitary authority providing the widest range of local authority services to its residents and businesses. It is also home to Her Majesty's Prison Isle of Wight, which is a category B prison. The prison holds approximately 1,100 prisoners on two sites with central administration. Manufacturing, ship building, agriculture and tourism are among the industries on the Island which is also home to a COMAH site.

Our purpose is *Together we make life safer*, for everyone on the Isle of Wight. We work hard to educate people to take the right action to reduce the risk of fires and other incidents happening. But if they do occur then we ensure we have the best equipment and skilled people available to respond accordingly.

Over the last decade we have successfully driven down the number of fires and fire-related casualties. Despite this we continue to look for more ways to improve the safety of people on the Isle of Wight as we through 2021 and beyond. We are also passionate about collaborating and working ever more closely with our partners to further enhance the safety of the county.

We believe in continuous improvement and constantly look to develop what we do for our communities, as well as ensuring that we provide value for money. To achieve this improvement, we encourage feedback from our communities, staff, partner organisations, and other professionals.

We gather information from members of the public after incidents and undertake a range of audits and assessments, both internally and by external bodies. All of these are used to assist us to understand our strengths and weaknesses and inform our strategic assessment and Service plan.

We are proud of our past performance; but always look for continuous improvement through particular initiatives and seeking ways to deliver the best services with greater value for money.

## COVID-19 Response

In response to the emerging pandemic in February 2020 we set up an Emergency Management Group to cover Hampshire and the Isle of Wight Fire and Rescue Services. This group was set up to monitor the situation and ensure appropriate communications, advice and procedures are shared with everyone. As the situation escalated, on the 13<sup>th</sup> March 2020, the Emergency Management Group agreed to put a Pandemic Management Group together, including representation from a wide range of Directorates and teams, along with the initial measures that were outlined in last year's (2019/20) annual assurance statement. This included but was not limited to restrictions to Control to support business continuity; guidance provided to restrict non-essential events activities on stations; and creating an Emergency Staff Cell to monitor the impact of staff absences in take action to mitigate any resourcing risks, where required.

On the 19<sup>th</sup> March 2020, the Local Resilience Forum (LRF) for Hampshire and the Isle of Wight's Strategic Coordination Group (SCG) declared the Coronavirus outbreak a major incident. This enabled a multi-agency response, with the Fire and Rescue Headquarters hosting the Strategic Coordination Centre (SCC). In addition, many Officers were deployed into support roles of the SCC or chairing specific cells on behalf of the LRF, such as Logistics, Business Continuity and others. We had already been providing a multi-agency response for a number of weeks, but the declaration moved us to the next phase of our well-rehearsed plans. This ensured all partners, which includes all the emergency services, could use joint-working arrangements to effectively manage, and where possible minimise, the impact of the virus on our population during these unprecedented times.

This in turn prompted a series of measures from us to maintain operational cover whilst increasing further protections to our staff including working from home arrangements for non-operational staff and utilising our new Office 365 platform to maintain business continuity with extremely effective results. During 2020/21, we adapted effectively to protect the public by continuing to carry out Safe & Well visits, fire safety audits and our community safety campaign work, such as online safety programmes for young people and two new Fire Cadets schemes. We also continued to respond to calls from the public in a timely manner and effectively responded to fires and other emergencies; and supported neighbouring services and sent specialist resources to support nationally co-ordinated incidents.

As well as performing our statutory functions, firefighters and other staff volunteered for extra activities, including those under the tripartite agreement which was an agreement put in place by the National Fire Chief Council in collaboration with representative bodies and our partner agencies. Our on-call workforce also took on extra responsibilities to cover some of the roles that were agreed as part of the tripartite agreement. And non-operational staff gave support in the control room and critical COVID-19 groups supporting the Strategic and Tactical co-ordination of the LRF response, as well as internal FRS groups, which we set-up to support our response and, more latterly, recovery.

In addition to this, we further extended our collaboration with the police and the ambulance service and looked at ways in which our workforce could support these organisations more permanently, especially during periods of high demand. These activities were underpinned by extensive internal consultation and risk assessments.

Furthermore, following HMICFRS's 2020 COVID-19 inspection of Hampshire and Isle of Wight Fire and Rescue Services' response to the pandemic, the inspectorate published a report in January 2021 that concluded they were impressed with how effectively we responded to support both our communities and our people: "In summary, we are impressed by how the service adapted and responded to the pandemic effectively to fulfil its statutory functions, protect the public and support staff wellbeing" (HMI Matt Parr).

We also quickly implemented changes to how we operate, such as enabling our staff to work remotely and accelerating the purchase of extra software licenses for Isle of Wight Fire and Rescue Service staff to ensure they could access service information and briefings ahead of combination in April 2021.

Staff wellbeing was a key priority for us during the pandemic. Following a wellbeing survey to understand staff needs, support such as counselling, mental health first aiders, a bereavement guide, access to wider wellbeing, financial and legal advice (through an external employee assistance programme), webinars on topics such as exercise, healthy eating, and mindfulness, and more were put in place. There was also regular communication to our staff on various areas, including wellbeing, through different channels, including a weekly Chief's briefing and other manager's briefings on MS Teams, a regularly updated – COVID-19 FAQs document, and a new Wellbeing Portal on our intranet. These and other communications mechanisms meant that our staff provided positive feedback – on how the Service has communicated to our staff – in both our wellbeing survey and a staff survey by HMICFRS. This support was also more accessible to island personnel following the advanced work on our ICT infrastructure (and access to SharePoint) as part of the Combined Fire Authority Programme.

Staff most at risk of COVID-19 were identified effectively, including those from a BAME background and those with underlying health problems and we worked with them to develop and implement processes to manage the risk. We also provided regular, relevant and more engaging communication to all staff, including virtual team meetings and virtual corporate briefings. We also devised the 'PPE on – Bluetooth off' guidance, which is now national practice across all blue light services. This was so that our staff engaging in frontline activity wearing full and appropriate Personal Protective Equipment (PPE) would not be subject to extensive periods of isolation, following notifications from the Government's 'Track and Trace' mobile application.

The latest Strategic Coordinating Group stood down from a 'major incident' for COVID-19 on 10<sup>th</sup> March 2021 and concurrently recovery planning was initiated within the LRF and its partners. From a recovery perspective, the HIOWLRF set-up a Recovery Coordinating Group, as did HIWFRS. The HIWFRS Recovery Coordinating Group has been supported by a Recovery Working Group to support strategic recovery decisions for the Service. The overarching recovery objectives have been:

- To plan for and deliver a Recovery command and control structure for Hampshire and Isle of Wight Fire and Rescue Service.
- To maintain oversight and governance in the decisions to restore activities in the recovery from the COVID-19 pandemic whilst recognising the changes to working practices.
- To keep HIWFRS Executive Group sighted on the delivery of this strategy and to escalate any issues where appropriate.
- To maintain links into national and regional recovery co-ordination to share learning and understanding of other FRS's recovery to COVID-19.

- To ensure the health and safety, and welfare and wellbeing of staff is maintained.
- In preparation for the HMICFRS inspection in 2022 gather any learning and be able to describe our recovery.
- To plan for and deliver a communications strategy.

## Summary

2020/21 has been a challenging year for the Service and our communities, with the escalation and impact of the COVID-19 pandemic. This unprecedented situation has given rise to a challenge faced by all emergency responder agencies to ensure that they can keep communities safe. The COVID-19 pandemic has dominated the year and impacted the working practices of the Service in various ways, but operational and corporate performance have remained strong, illustrating how both the Service and its workforce have adapted to the unparalleled circumstances the pandemic has created.

The Service has played a critical role within the Hampshire and Isle of Wight Local Resilience Forum (HLOWLRF) and its response to COVID-19 - for example, chairing the Strategic Coordination Group and hosting the Strategic Coordination Centre at our Eastleigh Headquarters; leading work around logistics, media activity and business continuity; and delivering additional activities, such as ambulance driving, and detached and voluntary vaccinators. We harnessed and utilised our ICT infrastructure, ensuring we were, and continue to be, able to maintain critical and other activities with many staff working from home or having to work differently.

Whilst the pandemic continues, there remains uncertainty of its overall impact, including on the Services' financial position and the medium- and long-term impact on the health and wellbeing of our people, whom we continue to provide extensive support and communications to. We have operated effectively, with new working practices and comparably low COVID-19 sickness levels (which have been monitored regularly to ensure business continuity).

The Service has a wide range of assurance mechanisms in place to identify risks, areas for improvement, and good practice to disseminate. As the 2020/21 end of year performance report noted, number and types of incidents have varied throughout the year, reflecting the pandemic lockdowns and their impact on both commercial and domestic activity, and behaviour. However, overall the number of incidents decreased when compared to last year, and our on-call availability has improved slightly. We have also made positive improvements in our prevention and protection activity (which had to be delivered differently for parts of the year), and in our learning from operational incidents. We continue to monitor, and develop our understanding of, the impact of COVID-19 on our Services, as we move through into recovery.

It is also vital to understand the performance of other areas across the Service, including in terms of people, finances and corporate services. Despite COVID-19, our average sickness went down – which is testament to our staff and the organisational focus on the health and wellbeing of our people. Separately, we have ongoing focus on the representation of our workforce and equality, diversity and inclusion, as part of the People & Organisational Development (POD) framework. In terms of our finances, the COVID-19 pandemic resulted in some additional spend during financial year 2020/21, but there was a strong focus on financial management throughout the year, through various mechanisms, including the island Financial Management Team and the IWFRS leadership team meetings.

Our new Safety Plan, covering both Hampshire and the Isle of Wight, was launched in April 2020 and sets our strategic priorities and specific in-year activity objectives to achieve our

priorities over the five-year period. There was, and continues to be, regular scrutiny of our progress in delivering Safety Plan improvements, with reporting internally, including to the Executive Group, and to the Fire Authority.

Finally, with the new Combined Fire Authority, the activity of the CFA Programme Board, its accountable owners, and workstream leads, and related assurance of this activity has been a crucial part of 2020/21. 2020/21 saw the continued and extensive preparations for the new Combined Fire Authority. In advance of the combination, we built upon the existing partnership and increasingly embedded aligned working practices, integrated services and technology, and continued our organisational focus on policies, procedures and guidance.

## **Governance**

The Isle of Wight Fire and Rescue Service (IWFRS) is a directorate within the IWC who take decisions in delivery of the Fire Service Act 2004. Councilor Dave Stewart is the Community safety and public protection lead and is the policy and strategy lead for IWFRS within the Cabinet; through a strategic partnership arrangement the council, discharges responsibility for running the IWFRS to the Hampshire Fire and Rescue Service (HFRS) Chief Fire Officer, Neil Odin who is accountable to the IWC Chief Executive John Metcalfe for the delivery of the partnership arrangements.

To support this, we have a Scheme of Delegation, Contract Standing Orders and Financial Regulations combined into the IWC's Constitution. The Constitution sets out in a single place and in clear language, how the IWC works with the Service and how it makes decisions.

For more details on our Constitution, please see:

<https://www.iow.gov.uk/Council/transparency/The-Council/Democratic-Services/Constitution1>

To support our Constitution, it is essential for us to have an appropriate and robust governance framework. The framework operates with clear reporting lines and streamlines decision making. It also enables us to monitor the achievement of our priorities and to consider whether they have led to the delivery of appropriate, cost effective and efficient services.

The Isle of Wight Council's local governance framework is designed to be consistent with the CIPFA/SOLACE Delivering Good Governance in Local Government good governance code of practice. The framework summarises the council's internal arrangements that have been put in place to ensure that there is effective governance. The overarching aim of good governance is to ensure that the council always achieves its intended priority outcomes while acting in the public interest.

The details of our framework are presented in our Annual Governance Statement. For more details of our Governance Statement, please see:

<https://www.iow.gov.uk/Council/OtherServices/Financial-Management/Audit-and-Governance>

## **Combined Fire Authority (CFA)**

Significant work has been undertaken to combine the Hampshire Fire and Rescue Authority with the Isle of Wight. This was agreed by both Authorities on 24<sup>th</sup> January 2019 and a

combination order request was subsequently approved by the Home Office. This was then put forward for any parliamentary objections for a period of 40 days (COVID-19 lead to parliamentary delays) which concluded on the 1<sup>st</sup> May 2020 with no objections. With the statutory instrument in place, the combination was able to commence on the 1<sup>st</sup> April 2021.

The combination will enhance public safety, support and enable us to make life safer across the geographical areas and work to reduce risk for members of the public. This is the main driver for the initiative, which builds upon an existing partnership which has already delivered benefits across the communities served by both authorities.

There are many benefits that the creation of a new CFA will bring organisationally, both in terms of operational delivery and for the safety of our public.

The new CFA will be one organisation with a single purpose, *Together we make life safer*. Local accountability of the FRS on the Isle of Wight will transfer from the Isle of Wight Council into a larger Combined Fire Authority. This new governing body will have a single focus on fire specific issues for the Isle of Wight (and the other constituent authority areas), rather than a wider range of complex public services for the Council to consider.

A single organisation with a dedicated focus on public safety is better equipped to provide efficient and effective scrutiny around decision-making on fire and rescue related matters.

A new CFA will also create greater resilience, remove duplication, enhance capacity and ensure continuous improvement, whilst enabling a common approach consistently applied across a wider area. Such an approach will offer improved learning opportunities and greater scope for the sharing of specialisms across the area. This will all support improved public safety.

The business case for the proposal was approved by the Home Secretary, and a Shadow Fire Authority was established from April 2020, with a view to full implementation and 'Go-Live' of the new Combined Fire Authority for the areas of Hampshire, Isle of Wight, Portsmouth and Southampton in April 2021.

Progress towards the new Combined Fire Authority has been overseen, managed and assured by the CFA Programme Board, which includes a wide range of Accountable Owners who were responsible for ensuring progress in preparatory and alignment activity. CFA Programme updates were also regularly provided to the Executive Group for additional assurance, and an external peer review of the Programme was also undertaken – with the recommendations considered by the CFA Programme Board and the Executive Group, with appropriate action taken in response to the review.

## **Safety Plan**

On 1<sup>st</sup> April 2020, a new combined Safety Plan (covering both Hampshire Fire and Rescue Service, and Isle of Wight Fire and Rescue Service) was launched following approval by the Hampshire Fire and Rescue Authority and the Isle of Wight Council.

Our plans and strategies are formed around the large amount of data we collate and analyse. We also review risk regularly, so we can work out how to best protect our communities. This then informed our Strategic Assessment (of risk) which adds context and detail to aid our planning process.

For more details about our Strategic Assessment of Risk please see: [Strategic Assessment of Risk 2019/20 \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/strategic-assessment-of-risk-2019-20)

Using this assessment, we then developed an Integrated Risk Management Plan (IRMP) in 2019/20, which identifies potential dangers that could affect communities and how we can address them. We then used the IRMP combined with the risks to our organisation, to pull together our Safety Plan following public consultation, which will be launched in April 2020.

This has been available on our website since the 1<sup>st</sup> of April 2020:

[Safety Plan - Hampshire & Isle of Wight Fire & Rescue Service. Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/safety-plan)

## **Integrated Risk Management Plan (IRMP)**

To inform our Safety Plan an IRMP was developed in 2019/20. This process involved the new methodology as articulated above and followed a period of consultation with the public and our own teams, with the IRMP public consultation commencing in the autumn of 2019. This IRMP is a joint IRMP with the Isle of Wight Fire & Rescue Service as we establish greater alignment in preparation for the Combined Fire Authority and is the first joint IRMP to be delivered in the country.

We have purposefully set out our IRMP to firstly explain the current landscape and risks within Hampshire and the Isle of Wight in the context of Places and People. We then explain how we plan to mitigate those risks. We call it integrated risk management planning because it brings together a range of ways we can help make you safer from fires and other emergencies. This starts by understanding the communities we serve.

In this plan we reflect on risks in the community which could make the public susceptible to harm. We focus on people and how their individual needs can be best served. We look at these alongside broader issues in our society such as how population changes and climate affect our communities, fires and our landscape. Bringing all these risks together we then use various analytical tools to work out how many fire stations, firefighters and specialist resources (equipment and teams) we need.

We look at what work we can do to prevent fires, road traffic collisions and other emergencies by helping people adopt safer behaviours, and also what we can do to make buildings safer. We consider a number of key components to support our purpose of making Hampshire and Isle of Wight safer and use the following elements to build our risk management approach:

- You, our communities: Analysis of data on age profiles, health indicators and other factors that can impact levels of vulnerability. More information on how we do this is set out in this plan.
- The environment: Buildings in which we live, work, visit and stay. The infrastructure within an area including transport arrangements and our climate and weather which create their own risks and demands on the fire and rescue services.
- Local intelligence: Our staff and teams work and live within our communities and their local knowledge, understanding and information sharing through partnerships is invaluable.
- Community and National Risk Register: Hampshire and Isle of Wight fire and rescue services are a key agency within the Local Resilience Forum. Through that forum a community risk register is established which sets out high level risks or issues that need to be considered and planned for (including large scale events such as music festivals) to ensure our communities are prepared.
- Partners: We work closely with a wide range of partners both centrally at a strategic level and locally.

- Research: Ongoing research locally, nationally and internationally is constantly reviewed, and indeed many of our own staff undertake research, which informs our approach and understanding of risks and issues.
- Learning from each other: We constantly strive to learn from our own experiences and those of others. Lessons learned from incidents are shared nationally and internationally to inform our plans.

To view the IRMP consultation document please see:

[Integrated Risk Management Plan 2019 Consultation \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/Integrated-Risk-Management-Plan-2019-Consultation)

Following the outcomes of the IRMP we have developed the new Safety Plan that not only includes our priorities and commitments as set out in the IRMP but also takes consideration of our organisational risks and outlines our organisational values. This Safety Plan was published on 1<sup>st</sup> April 2020.

## Risk Management

On 19<sup>th</sup> February 2020, a new Risk Management Policy was approved by the Hampshire Fire and Rescue Authority. This new policy drives a risk-based approach through Directorates and Teams to identify both external Community and internal Organisational risks.

We review the risks to our communities and undertake various responding and mitigating activities in accordance with the Fire Service Act 2004 and other associated legislation. These risks to communities, such as that of a fire or road traffic collision, are termed *Community Risk*. We also identify risks to our staff, assets, budgets, operations and change activity, which can have a significant impact on our ability to carry out our core functions and deliver our strategic objectives. This is termed *Internal Risk*.

Considering both the Community Risk and Internal Risk shapes priorities, which drive all the Organisation's activity. Risks are effectively managed by the Organisation through the implementation of various controls, examples being:

Activities grounded in risk assessment, where service delivery decisions are supported by an evidence base.

- Maintenance of risk registers.
- Implementation of risk-based systems and processes, such as internal audit, impact assessments, the change management framework, organisational learning and risk evidenced business cases, policy and procedures.
- Ongoing monitoring of statutory and regulatory obligations.

Where there is legislation in place for the management of specific risks, such as Occupational Health and Safety, this does not relieve the Organisation of its responsibility to comply with that legislation.

Each Directorate is responsible for maintaining a Directorate Risk Register. Any risks deemed to have a significant impact on the delivery of our Safety Plan priorities are escalated up into an Organisational Risk Register agreed by the Executive Group, which is then routinely reported to the Fire Authority.

For more information on our Organisational Risk Register, please refer to Standards & Governance Committee minutes and papers, available at:

## Our Communities

We work together to understand different community needs and deliver accessible, local services which build safer places.

### Prevent & Protect

Our main operational aim is to prevent incidents from occurring and protect people from harm should an incident occur.

In the workplace, this is the responsibility of the business owners, however, to support businesses we deliver key messages to potentially high-risk business premises. We do this by:

- telling businesses what they need to do to comply with fire safety law;
- helping businesses carry out a fire risk assessment;
- helping businesses identify the general fire precautions they need to have in place;
- challenging all or parts of a fire risk assessment where concerns are identified and;
- taking further action if all the risks are not considered.

In 2020/21, we carried out 65 targeted fire safety audits (a decrease of 58% compared to 2019/20 (155) owing to the impact of COVID-19) of business premises owners fire risk assessments and control measures to ensure compliance with the Fire Safety Order 2005. To ensure we maintained our inspection programme during the COVID-19 pandemic we prioritised our high-risk premises.

In addition to this, our teams work to reduce risk on the Isle of Wight to occupants and firefighters by, for example, working alongside a wide group of stakeholders to contribute to building regulation consultations that are received from building control bodies locally and nationally. In 2020/21, we carried out 62 Business Regulation consultations.

To view more information on keeping safe at work please see:

[The workplace - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/)

To help mitigate the risk of fire in homes and the subsequent harm these can cause, our Firefighters, designated Community Safety Officers, Volunteers and partner agencies carry out 'Safe & Well' visits to our targeted risk groups. Recognising that our most vulnerable risk groups align with that of our partners in Health, we have tailored our traditional Home Fire Safety Check to include an intervention on slips, trips and falls as well other potential hazards that may affect our community's wellbeing. Our Safe & Well visits are primarily delivered to individuals who have been referred to us by our partners in Health, however, we also use historic incident data, demographic profiling tools and externally provided data sets to identify those who may benefit from an intervention.

The overall volume of Safe & Well activity reduced by around 200 closed jobs, to around 400, and activity was delivered differently owing to COVID-19. For part of the pandemic, Safe and Well visits were downscaled to just cover safety critical visits to the most vulnerable, supplemented by a significant amount of work and engagement activity including

telephone risk assessments and sourcing referrals by providing information to communities at Basingstoke vaccination centre.

Our Safe & Well Falls Risk Assessment uses National Institute of Health & Care Excellence (NICE) guidelines, go direct to General Practitioners and establishes eligibility for our 'Safety through Education Exercise and Resilience (STEER)' course, by identifying vulnerable people and preventing harm.

Another tool in which we provide home safety advice is through our 'Safe & Sound' survey. This online tool takes individuals through a series of questions to assess potential risks and provide useful information. If an individual is assessed to be at high risk, then a Safe & Well visit may be required.

To view more information on keeping safe at home please see:

[At home - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/at-home)

We also deliver a range of interventions through our Children and Young People Teams:

- Fire Education within schools;
- Princes Trust programme; and
- Range of children and young people initiatives (including fire cadets).

These initiatives seek to deliver fire safety information but also help build confidence and support wider social issues facing young people today.

We also provide interactive safety messages through our fun educational website:

[KidZone and Schools - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/kidzone)

Furthermore, a significant amount of activity has been delivered by our CYP team – despite COVID-19 – through, in part, the use of technology and new methods of delivery. One specific example is Susie the Childminder and the Pandemic book that was launched in July 2020 and is the most downloaded resource on the NFCC StayWise website page.

CYP Schools Education, Cadets, Princes Trust and FireWise continued to deliver face-to-face or virtually. Our ICT capability and systems have been a major factor in the delivery of these programmes. Home learning pages within our KidZone on our website are also being kept up to date with new products for children, parents and teachers.

Additionally, our Arson Task Force take a lead on investigations post incident, to determine the cause of fires. To help secure convictions we have a full time Police Officer working within our team. This enables us to share timely information and effectively support the investigation through to its conclusion. We also have highly trained dogs who are a vital part of the investigation team and play a pivotal role in securing convictions. To prevent fire setters from reoffending we deliver a Fire Setters programme to educate offenders of the potential dangers and damage that can be caused by reckless behaviour.

To view more information on arson reduction, please see:

[Reducing risk of arson - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/reducing-risk-of-arson)

## Respond

We work hard to keep our communities safe through education and safety measures. However, we accept incidents will still occur and in the event of a call to an emergency, we have effective strategies in place to respond to numerous different types of incidents. Our frontline resources and fire appliance are spread across these stations according to the local risk factors. Based throughout the Island we have ten fire stations with a headquarters in Newport.

Newport Fire Station is a whole-time facility which is crewed 24 hours in addition to a retained duty system crew. Ryde Fire Station has a whole-time crew during the day and a retained duty system at night. All other stations have retained duty system personnel.

As well as our frontline fire appliances, we also have a number of specialist capabilities which assist us in dealing with a variety of different incidents. Our specialist capability teams provide us with an enhanced range of equipment, skills and knowledge for dealing with a wide range of unusual and complex incidents. Specialist capabilities in IWFRS include:

- Rescue Tender
- Water Rescue Units
- Animal Rescue Units
- Water Carriers
- Aerial Ladder Platforms
- Land Rovers

In 2020/21, we attended 327 fires, 458 non-fire emergency ('special service call') incidents (such as road traffic collisions) and 650 false alarms. In 2020/21, we have been able to maintain a critical response time below eight minutes despite operating within our degradation plan on various occasions; and we have done this whilst managing peaks of COVID-19 related absence and supporting HIOWLRF partners with a wide range of activities, as outlined earlier in this response. Further information on our performance is outlined in our mid-year and end-of-year performance reports to HFRA, and now HIWFRA.

## Resilience

Emergency services are facing an increased variety of demanding situations. Major incidents caused by natural disasters, industrial accidents and the threat of terror attacks are challenges that we need to prepare for at a national level. These incidents could potentially have an impact on our daily lives. For this reason, there is a need for high levels of preparedness by the emergency services and our communities, including improved ability to operate effectively together.

To support our local communities, we are members of the Local Resilience Forum for Hampshire and the Isle of Wight. The Hampshire and Isle of Wight Local Resilience Forum comprises of local Emergency Service Responders (Police, Fire, Ambulance), Local Authorities, as well as associated businesses, organisations and voluntary sector representatives. Through the Local Resilience Forum, these organisations work together to prepare for, respond to, and recover from emergencies.

For more information on our Local Resilience Forum, please see:

[www.hampshireprepared.co.uk](http://www.hampshireprepared.co.uk)

As well as supporting our communities prepare for widespread incidents through the Local Resilience Forum, we also have an Island Resilience Forum to focus on specific risks that can affect us and our partner agencies on the Island. Through this partnership we have a programme of work, which is achieved through engagement with all internal departments and with our partners across the Island.

For more information on our Island Resilience Forum, please see:

<https://www.iow.gov.uk/council/OtherServices/Emergency-Management/About-the-Emergency-Management-Team>

This work enables the Service to meet its mission critical activities and still respond to the communities of Isle of Wight during periods of disruption and high demand.

## **Collaboration**

We work closely on a day-to-day basis, with our blue light colleagues from other fire and rescue, police and ambulance services. We also have excellent relationships with our colleagues across the Isle of Wight Council as we work together to deliver a shared Corporate Plan. As part of the council all of our support services (e.g. payroll, HR, accountants, and property services) are shared with other council services. We believe that through collaboration we can maximize the benefits of our collective offering to the public.

The Isle of Wight has cross border arrangements with HFRS and other neighbouring Fire and Rescue Services. Being an island means that we need to maintain a high degree of self-sufficiency, however, being able to call upon our neighbours for additional support and operational assets is a critical part of our emergency response plans should a major incident occur. There are standard agreements in place to formalise these arrangements under the Fire Service Act (2004) and the Civil Contingencies Act (2004). These plans include our arrangements with the ferry companies to ensure mutual aid can be reached across the Solent.

In 2015 a 'Delivering Differently in Partnership' agreement was put in place to effectively outsource certain aspects of IWFRS to HFRS, in response to the significant financial challenge facing the IWC. This arrangement included the HFRS Senior Officers leading the Isle of Wight Fire and Rescue Service (IWFRS) as their Chief Officers. This unique partnership arrangement was the first of its kind in the country. We continue to work closely with HFRS to find new ways of delivering services together more efficiently and support them in dealing with large and complex incidents. One of these ways includes handling 999 calls and mobilising IWFRS appliances through HFRS's Control centre. Further alignment will continue under these arrangements until April 2021, when the two Authorities combine.

We also seek to capitalise on our proven ability to reduce deaths and injuries in fires, by applying the same educational and experiential strengths to the road safety agenda as part of a partnership approach. We are proud lead the Isle of Wight Road Safety, on behalf of the IWC and other partner agencies.

For more details please see:

<https://www.iow.gov.uk/Residents/fire-and-rescue-service/Road-Safety/About>

## **Our People**

We look after each other by creating great places to work and promoting the health, wellbeing and safety of our people.

### **Close working between Isle of Wight Council and HFRS People and Organisational Development (POD) Directorate**

Owing to DDiP, as mentioned above in this report, and in advance of the new Combined Fire Authority, there continues to be an ongoing close working relationship between Isle of Wight Council, Isle of Wight Fire and Rescue Service, and Hampshire Fire and Rescue Service in various areas, including our support to our people.

While there have been various people-related Council initiatives and support in place for IWFRS staff, such as the implementation of the 'Believe in Great' (BIG) organisational development plan; and a wide range of internal and external support available to IWFRS staff, such as occupational health provision, an employee assistance programme and mental health first aiders, and COVID-19 specific support. There have also been joint recruitment campaigns for HFRS and IWFRS. This has all been supplemented by HFRS's POD Directorate and its activity, some of which is outlined below. The support the Service provides to our people and their wellbeing was also scrutinised as part of the joint COVID-19 HMICFRS inspection, which had various positive people related conclusions, and can be found here: <https://www.justiceinspectors.gov.uk/hmicfrs/publications/covid-19-inspection-hampshire-and-isle-of-wight-fire-and-rescue-services/>. The report concluded, for example, that:

*“Resources were well managed. The service responded quickly to protect staff and support their wellbeing. Staff told us the service communicated well with them and used technology to help reach the widest staff audiences. The service made extra efforts to understand individual needs of staff (particularly those who are at higher risk from COVID-19) and put in place tailored support.”*

*“The service also made sure all staff had the resources they needed to do their jobs effectively. This included giving personal protective equipment (PPE) to all who needed it, and extra IT (particularly for staff on the Isle of Wight, so they could access Hampshire systems and information ahead of the planned combination in April 2021). The service has used learning from the first phase of the pandemic to inform its future decision making. It has also shared its learning nationally, and with other local and regional organisations.”*

### **People & Organisational Development (POD) Strategy**

In support of the new IRMP and subsequent Safety Plan that was launched on 1<sup>st</sup> April 2020, we have developed a new People & Organisational Development Directorate which is accompanied by a new strategic framework. This strategy encompasses the following areas and has built based on feedback from our staff through various surveys:

- Inclusion and Diversity.
- Culture, Values & Behaviours.
- Health and Wellbeing.
- Workforce transformation and engagement.
- Learning and Development.
- Leadership and Management.

### **Values & Behaviours**

In addition to the launch of the new Safety Plan, we also developed a new set of Values that were published in the Safety Plan. These values were created by our workforce through a series of workshops and a staff survey to find out what matters to them. We worked with an expert partner who facilitated the sessions across both Services and a high proportion of our staff engaged in the process.

Through everyone living the agreed values across Hampshire and the Isle of Wight Fire and Rescue Service, we believe there will be improved trust and leadership, and everyone will feel proud of our Service. In Hampshire and the Isle of Wight, we believe in:

- Showing respect
  - Fairness, honesty and integrity in everything we say and do.
- Supporting others
  - Listening and acting with compassion and empathy
- Everyone playing their part.
  - Recognising the contribution we all make
- Reaching further
  - Inspiring and challenging ourselves and others.

Following an evaluation in 2020/21, we found that our values have been incorporated in many critical activities, such as firefighter recruitment, a newly launched Personal Development Review Programme and leadership training courses delivered through our Learning and Development Team. Further work in this area will be ongoing in 2021/22.

For more information on our Values, please see our Safety Plan:

[Safety Plan - Hampshire & Isle of Wight Fire & Rescue Service, Official website of Hampshire & Isle of Wight Fire & Rescue Service \(hantsfire.gov.uk\)](https://www.hantsfire.gov.uk/safety-plan)

## **Health and Safety**

Our Health & Safety team carried out various activity to support staff during the ongoing COVID-19 pandemic – providing expert advice and support beyond business as usual and project activities.

We have conducted active monitoring across the Service incorporating business as usual safety and COVID-19 management either by MS Teams, phone or in person. Our Health & Safety team has been carrying out a range of activity to support the Service, including, but not limited to:

- making Green Book Health and Safety induction available on Moodle;
- manual handling training has been produced for, and undertaken by, Green Book staff with a wider project covering all departments that have manual handling as part their role;
- there has been a DSE/Agile training/assessment roll out of a new platform to cover all of personnel that may not just work from an office, i.e. working from home, other areas of the Service or on the move;
- Health and Safety policy and procedures has been reviewed and aligned, where possible; and
- A new H&S tool is currently being implemented to further support the Service.

Furthermore, our health and safety risk assessments have been reviewed by our internal auditors who assurance rated our activity as 'Substantial' (the highest audit rating) and an independent peer review by Kent Fire and Rescue Service who provided positive feedback.

## **People Performance**

We strive for excellence through delivering outstanding training and support people to achieve their full potential. Developing a skilled workforce begins with recruitment, training and development programmes, leading into our Maintenance of Competence Scheme. We ensure our staff competencies are regularly assessed and core competencies such as safe working at heights, the use of breathing apparatus and applying incident command are assured at an appropriate competent level.

To ensure all our operational staff are fit to carry out their duties we undertake two fitness assessments every year. This includes an output test and either a multi-stage fitness test/bleep test or a Chester treadmill test.

We also monitor staff sickness through regular reporting and national benchmarking.

We believe having an inclusive, engaged workforce means better outcomes for our communities. We run various engagement activity, including with our staff network groups (FireOUT, FireREACH, FireABLE and FireINSPIRE) to understand and discuss the issues facing our staff, as well as regularly engaging – both formally and informally with representative bodies. The results of these, and other activity, help to shape our people strategy and provide our leaders with crucial insight into how we can better support and equip our teams.

We also carried out a wellbeing survey in the summer of 2020, which received 526 responses across HFRS and IWFRS personnel, with the data analysed and communicated to our staff through various mechanisms. This has helped us identify areas of good practice and areas for further consideration, including what support we signpost and provide to our people. We have followed this up with a pulse staff survey, which received over 300 responses that we are in the process of analysing.

For more detail, please refer to our mid-year and end-of-year performance reports, available via: <https://www.hantsfire.gov.uk/about/transparency/information-we-publish/>

## **Public Value**

We plan over the longer-term to ensure our decisions and actions deliver efficient and effective public services.

## **Financial Management**

Our Medium-Term Financial Plan is regularly updated and reported to the Corporate Management Team and the IWC Cabinet. Progress reports monitor the outcomes of any income generation or cost saving improvements and are used to make appropriate adjustments to future budgets.

In addition to this, it is important that public money is used well and appropriately managed. We do this by using proper accounting practice within our own set of Financial Regulations. This means that when we plan our budget or require additional funds, there are protocols to give appropriate scrutiny on how public money is to be used and to ensure there is clear justification to do so. This includes policies and procedures in place for the prevention of

fraud & corruption and a Register of Interest and a register of Gifts & Hospitality. These robust systems are used for identifying and evaluating all significant financial and operational risks to the Authority on an integrated basis. Performance against this framework is assessed using an Assurance Framework Survey, the recording and investigation of suspected incidents and a review from our Internal Auditors into directorship of external companies that the IWC has made payments to. Based on these controls, no changes have been made to the strategy, which we have assessed to be working appropriately.

For more details please see:

<https://www.iow.gov.uk/Council/OtherServices/Financial-Management/Accounts1>

## **Financial Performance**

Ensuring that funding is appropriately accounted for is vital for all public sector organisations. Our financial performance is reported to the Corporate Management Team and the IWC Cabinet every year.

For more details of our Statement of Accounts, please see:

<https://www.iow.gov.uk/documentlibrary/view/draft-statement-of-accounts-2019-20-subject-to-audit->

## **Transparency**

The Local Government Transparency Code 2014 is designed to ensure greater transparency of local authority data. In compliance with this code, we publish the following public data:

- Expenditure exceeding £500
- Procurement card transactions
- Procurement information
- Contracts register
- Tenders
- Local Authority Land
- Grants to voluntary, community and social enterprise organisations
- Organisation chart
- Trade Union facility time
- Senior salaries
- Constitution
- Pay multiple

We ensure that the publication of any data complies with the Data Protection Act 1998 and future General Data Protection Regulations due to come into effect May 2018.

For more details please see: <https://www.iow.gov.uk/Council/transparency/>

We also facilitate the request for any additional information through a well-managed Freedom of Information request process. For more details on how to make a request for information please see:

<https://www.iow.gov.uk/MyAccount/login.aspx?return=https%3a%2f%2fwww.iow.gov.uk%2fCouncil%2fOtherServices%2fFreedom-of-Information-Requests%2fFOI&serviceType=5>

## High Performance

Our diverse teams are trusted, skilled and feel equipped to deliver a leading fire and rescue service today and into the future.

### Inspection

In July 2017, Her Majesty's Inspectorate of Constabulary's (HMIC) remit was extended to include inspections of fire and rescue services in England. It is now called Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and they were tasked with providing an inspection programme to begin in the financial year 2018/19. To help us prepare for this inspection we employed a Group Manager to operate as our Service Liaison Officer and provided additional support from various teams across the Service.

Our first inspection took place in June 2018. The inspection looked at three overarching pillars which are supported by many diagnostics and more detailed sub-diagnostics. The outcome of the inspection, reported in December 2018, was as follows in terms of ratings:

- Effectiveness – good
- Efficiency – good
- People – requires improvement

The inspection identified many areas of good practice but also made several recommendations for areas that could be improved. There was one 'Cause for concern', which was as follows:

*Isle of Wight Fire and Rescue Service doesn't do enough to be an inclusive employer. We found signs of low morale in the workforce. People have little confidence that they will be treated fairly or that senior leaders have their best interests at heart. By June 2019 the Service should:*

1. *Embed a programme to ensure that inclusion, fairness, equalities and professional development are priorities for the service;*
2. *Ensure that its recruitment activities are open and accessible to all of Hampshire's communities;*
3. *Treat employees according to their needs so they feel valued;*
4. *Ensure that each person's potential can be developed so they can perform to their very best;*
5. *Ensure that the chief officer team leads the programme, promoting the values of the organisation; and*
6. *Ensure that everyone knows how they contribute to the values.*

To see the full report, please see:

<https://www.justiceinspectors.gov.uk/hmicfrs/frs-assessment/frs-2018/isle-of-wight/>

Following the publication of the report in December 2018, we were required to submit an action plan to address the 'Cause for concern' by 30 June 2019. Our action plan, which focused on more than just the 'Cause for concern' is monitored at the Executive Group and the IWC Corporate Scrutiny Committee on a regular basis.

There was a total of 25 actions against 8 diagnostics of the HMICFRS framework. As of March 2020, we have closed all 25 (100%) IWFRS actions with an action plan closure report taken to the Corporate Scrutiny Committee on 7<sup>th</sup> July 2020. Furthermore, in December

2020, we provided the Inspectorate with a range of detailed information on the progress we have made in response to the 2018 inspection and the cause for concern raised.

For example, the new values framework has been created through extensive workforce engagement and is actively supported and promoted by the Chief Fire Officer and the Executive Group. A working group was established and has played a key role in developing, implementing and embedding our values across the Services. Our new values are also core to recruitment, promotion and other processes, and the Safety Plan 2020-25, and also form a fundamental part of the new PDR process. Following a successful pilot which concluded in May 2019, the new Personal Development Review (PDR) process has been developed, and was rolled out in April 2020. In support of this new process, a Personal Development Review (PDR) data capture tool was developed in early 2020, with a refreshed tool launched in March 2021.

The Isle of Wight Council and POD Board also continues to promote and support the health, wellbeing and safety of our employees.

There has been significant investment in supporting the mental health of our employees through access to psychological screening and increased numbers of mental health first aiders. We have also worked with partner agencies to provide support and guidance in respect of menopause and men's health issues, both from a personal and managerial perspective. We undertook a wellbeing survey in the summer of 2020, which we discussed as part of the recent COVID-19 inspection. This had many positive findings, including on staff's views on the support they have received from their line managers, as well as areas for consideration – which are being well-communicated to staff through a series of communications and updates, along with any subsequent activity undertaken in response to the findings.

The next inspection was planned to take place week commencing the 27<sup>th</sup> April 2020, however, due to the unprecedented COVID-19 pandemic, HMICFRS (in liaison with the Home Office) decided to postpone all further inspection activity until further notice. HMICFRS's Service Liaison Lead does, however, continue to review the documentary evidence and data returns that we provided them with earlier in the year and engagement with the Service Liaison Lead continues to take place.

To view the improvement plan, please see:

<https://www.iow.gov.uk/Meetings/committees/Corporate%20Scrutiny%20Committee/9-7-19/PaperC-FireServiceImprovementInspectionPlan.pdf>

## **COVID-19 Inspection**

In addition to the normal inspection programme, the Home Office commissioned HMICFRS to proceed with a COVID-19 inspection of all fire and rescue services and their response to COVID-19 with particular focus on:

- What is working well and what is being learnt
- How the fire sector is responding to COVID-19
- How fire services are dealing with the problems they face
- What changes are likely as a result of the COVID-19 pandemic

The inspection was conducted entirely virtually for two weeks from 26 October 2020. There was also, however, various information we have provided to them in early September in advance of the inspection.

Given our coordinated response, Hampshire Fire and Rescue Service and Isle of Wight Fire and Rescue Service were inspected collectively. Following the completion of inspection activity, the inspectorate generated a findings letter for each fire and rescue service accompanied by a national report.

The letter does not provide a graded judgement such as that provided against the normal inspection programme; but it did include various positive findings about our response to the pandemic – concluding that it was impressed by how the service adapted and responded to the pandemic effectively to fulfil its statutory functions, protect the public and support staff wellbeing.

It also identified, amongst other positive findings that the service had in place up-to-date plans that were sufficient to give an initial response to the pandemic. The service reviewed these plans as it understood more about the risks it faced. It continued to carry out safe and well visits and do fire safety audits (although it did fewer of both face to face). It was proactive in offering support to others. All groups of staff did additional work, especially to support the local ambulance service. The work varied based on local demand across the two service areas and meant that the people of Hampshire and Isle of Wight were better supported through the pandemic.

The inspection also concluded that resources were well managed. It found the service responded quickly to protect staff and support their wellbeing. Staff told HMICFRS the service communicated well with them and used technology to help reach the widest staff audiences. The service made extra efforts to understand individual needs of staff (particularly those who are at higher risk from COVID-19) and put in place tailored support.

The inspection did, however, flag three areas of focus for us, which we will be focusing on throughout 2021/22, partly within our programme of assurance activity:

- 1. determining how we will adopt for the longer-term, the new and innovative ways of working introduced during the pandemic, to secure lasting improvements.*
- 2. making sure all wholetime firefighters are fully productive, while continuing to minimise the risk of them contracting or spreading the virus.*
- 3. evaluate how effective our extra activities have been.*

To see the full COVID-19 Inspection letter, please see:

[COVID-19 inspection: Hampshire and Isle of Wight Fire and Rescue Services - HMICFRS \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/covid-19-inspection-hampshire-and-isle-of-wight-fire-and-rescue-services-hmicfrs/)

## **Fire Standards**

As part of the reforms for fire and rescue services in England, the Fire Standards Board were created to introduce new Standards to the fire sector. The intention being to help drive continual improvement across the services alongside the re-introduction of inspection arrangements. The mission for the new Fire Standards Board is to oversee the development and maintenance of a suite of professional Standards that set out “what good looks like”.

In 2020/21, we saw the launch of 4 new Fire Standards with a further 11 in development. When a new Standard is being developed, we take a proactive approach by engaging with the consultation process. This gives us an early opportunity to review the proposed Standard and begin to assess our own organisation to identify any gaps. Once the Standard has been

approved, we are then able to take appropriate actions to ensure we are compliant against the proposed Standard. This will form a core part of our assurance activity in 2021/22 (and beyond).

For more information of the Fire Standards, please see:

[Fire Standards Board](#)

### **Performance Management**

Our strategic performance is reported to the Executive Group regularly, and to the Hampshire Fire & Rescue Authority committee twice a year, with separate reporting into IWC around various agreed measures, such as our response standard to critical incidents and other areas, fatalities and injuries, and the number of primary and secondary fires and false alarms attended. These measures helped us focus our change activity across all our Service Plan priority areas, and now of Safety Plan priorities.

For more information on our performance reporting, please see:

<https://www.hantsfire.gov.uk/about/transparency/information-we-publish/>

## **Learning & Improving**

We have the support of policy and guidance with the freedom to use our discretion to do the right thing, learning from ourselves and others.

### **Policy, Procedure and Guidance**

In 2020/21, we have worked to further embed a new Policy Framework following a significant review of our Service's policies. Our Policy, Procedure and Guidance (PPG)'s are documents that capture and define the way our organisations operate and how we deliver services and functions.

They ensure our people have the necessary reference tools required to do their job with the information presented and communicated in a way which is simple and easy to use which forms a safe system of work.

- Policies:
  - Are owned by the Service and provide the overarching authority by which the organisation delivers their operations or service's.
  - They are statements of the what and the why, ensuring the Service is compliant with legislation and are non-negotiable.
- Procedures:
  - Are owned by the relevant Directorate and support the policies in place.
  - They are subject to change and continuous improvement and clearly state what individual actions should be taken.
- Guidance:
  - Are owned by the relevant Directorate and provide our people with help and advice on how they can complete tasks.
  - The guidance is more general and can apply to either everyday business or operational incidents.

Other types of procedure or guidance includes:

- National Operational Guidance (NOG).
- Tactical Operational Guidance (TOG).
- Standard Operating Procedures (SOP).
- Additional Hazard Information Sheets (AHIS).

## **National Operational Guidance**

National Operational Guidance is developed through the National Fire Chiefs Council in collaboration with each of the UK Fire and Rescue Services. Their aim is to provide a one-stop shop for good practice operational guidance that can be tailored to local needs. When new guidance becomes available, we assess the gaps in our own current guidance and then work to ensure that we adopt, adapt, and embed these practices in line with the National Fire Standards. Significant ongoing work and assurance activity will continue in 2021/22 in response to National Operational Guidance developments.

This is overseen by our Policy, Planning and Assurance directorate who regularly monitor are progress in policy development to ensure compliance. In addition to adopting any guidance, we also review any National Operational Learning or Joint Operational Learning to ensure we stay at the forefront of the industry. This includes making our own contributions to national learning by submitting our own operational learning to the National Operational Learning Group.

For more information please see:

[Homepage | NFCC CPO \(ukfrs.com\)](https://www.ukfrs.com)

## **Operational Assurance**

Our operational activities are supported by clearly defined policies and procedures. An Operational Assurance team work hard to capture lessons of our effectiveness and look to make improvements where possible. They do this using a number of key assurance mechanisms that test the performance of our operational staff but also test the effectiveness of Service policies and procedures.

One of the assurance mechanisms is Operational Assurance Assessments. This is where a Group Manager will visit a Station and run an operational exercise with the crew to assess their performance and address any areas of concern. Operational Assurance Assessments were due to commence from March 2020 but due to the COVID-19 pandemic these have were put on hold for part of the year, recommencing in October 2020 and then paused again in January 2021, owing to the second wave of the pandemic. The assessments recommenced again in April 2021. These assessments are to ensure standards are being met and procedures being followed appropriately. These mechanisms also provide crews with an opportunity to feedback any improvements that could be made to policies and procedures. All this information is then assessed by the Operational Assurance Team and improvements made where required.

To provide assurance at incidents we use Tactical Advisors, which attend critical incidents to support our crews. The role of the Tactical Advisor is to monitor the decisions being made by the Incident Commander and provide assistance if required. We have a post incident a debrief process, which also includes any significant events that could impact on our service delivery. Feedback is gathered from all those involved and the Operational Assurance Team will analyse any trends. This information is then presented back to the individuals involved to highlight any areas of performance and to discuss potential solutions. This leads to

improvement actions at a policy level as well as the identification of possible risks that may occur again should similar incidents occur in the future.

To further support the debrief process and to widen the potential opportunity for improvements, we launched a new 'Submit Learning' application in 2019/20. This tool enables any member of staff to provide feedback at any time on a number of different platforms including mobile phones and mobile data terminals in appliances. This enables us to capture real time feedback but also allow people to reflect on situations and feedback at a later time. The tool has been designed to gather feedback in other areas across the Service, such as lessons learned from Project delivery or feedback on HR related investigations. This additional development was undertaken in 2020/21.

Our Operational Assurance Team also support multi-agency exercises as part of our contingency planning and business continuity. By assessing the effectiveness of these exercises, we are able to identify ways of working more effectively with our partners and make the necessary plans to ensure that should a major incident occur, we are able to deal with them accordingly.

We also contribute our learning to the National Operational Learning Group. This Group provide National Operational Guidance to support a common approach across fire and rescue services. We provide our technical expertise to help shape this guidance, which is regularly reviewed and widely adopted. For more details on the National Operational Learning Group, please see: <https://www.ukfrs.com/>

## **Audit**

The IWC is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising IWC that these arrangements are in place and operating effectively. Our internal audits are carried out in partnership with Portsmouth City Council (acting for the Isle of Wight Council) who also assist us in the development of future audit plans.

Details of our internal audits are reported through our Audit Committee. This includes the progress of management actions resulting from observations of improvements required, which we monitor closely and also report on internally. Our overall assurance rating for 2020/21 was 'reasonable assurance'. Whilst there were no specific fire and rescue service audits, there were 14 Corporate Services audits and 5 Finance audits, which cover and support all IWC departments.

Moving forward, following the combination, HIWFRS, working with its internal auditors (Southern Internal Audit Partnership, SIAP) will deliver the 2021/22 risk-based audit plan.

For more details please see Internal Auditing Service, available at:

<https://www.iow.gov.uk/council/OtherServices/Audit/Internal-Auditing-Service>

## **Feedback**

We also encourage feedback from our communities to help us improve our performance. Any issues raised are assigned an investigating officer who carries out a comprehensive investigation to determine the cause and recommend any remedial actions. Learning from this feedback is exceptionally important to us and annual reports are discussed at our Executive Group meeting.

For more details regarding feedback, please see:

<https://www.iow.gov.uk/Business/Fire-and-Rescue/Fire-and-Rescue-Service/Contact>

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Purpose: For Noting

## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>26 JULY 2021</b>
Title	<b>TREASURY MANAGEMENT ANNUAL REPORT 2020-21</b>
Report of	<b>TECHNICAL FINANCE MANAGER</b>

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### EXECUTIVE SUMMARY

1. In accordance with the council's Treasury Management Strategy 2020-21, this report presents the annual report on treasury management policies, practices and activities for the year ended 31 March 2021.
2. In November 2020, the committee received the half-year progress report on treasury management activities. This report updates the previous report, and includes additional information required for the annual report.
3. The council's activities have fallen within the boundaries of the prudential indicators set for the year apart from the two indicators detailed below:
  - (a) Due to continuing low interest rates, and the strategy to undertake short-term borrowing, the council has incurred lower than forecast costs of borrowing for the year, contributing positively to the overall result.
  - (b) Due to continuing low interest rates, a prudent investment strategy and reduced surplus funds for investment, the council has attracted returns on its investments that are about on par in comparison to other local authorities who use the same treasury management advisor, Arlingclose Limited.
4. The first of the boundaries that was exceeded was the maximum invested in any individual organisation. In November 2020, due to the level of Covid-19 grant income received, the limits on the maximum amount which could be placed in an individual money market fund were breached on two funds by £2.5 million each. This breach was identified in advance and agreement was obtained from the Director of Finance and Section 151 Officer. It was decided that as the money market funds had a higher credit rating than the council's main bank, Lloyds, then we would transfer the excess funds into two separate money market funds, thus diversifying any additional risk. The limit was exceeded on one occasion for three days.

5. The second boundary that was breached was the overall total of the amount collectively held in all money market funds. The amount invested was greater than the approved limits due to the level of grants received from the government in response to the Covid-19 pandemic. The limits were exceeded on three separate occasions during the year, for a total of 21 days.
6. The committee is asked to note this report, including these two breaches, and highlight any areas which may need to be addressed in the forthcoming year.

## BACKGROUND

7. The council's treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the code), which requires authorities to produce annually prudential indicators and a treasury management strategy statement on the likely financing and investment activity. The code also recommends that councillors are informed of treasury management activities at least twice a year.
8. This report, from a template provided by the council's treasury management advisor, Arlingclose Limited, sets out a summary of the council's treasury management activities during the year to 31 March 2021, and its performance against the prudential indicators that were approved as part of the Treasury Management Strategy.
9. The code of practice defines treasury management as follows:  
*"The management of the council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
10. The code of practice requires that a report be provided on the actual performance of the council against the following prudential indicators at the end of each financial year and that it encompasses:
  - the revenue effect of transactions executed;
  - the risk implications for decisions made;
  - compliance on agreed policies / practices and statutory / regulatory requirements;
  - performance report;
  - compliance with the CIPFA code recommendations;
  - monitoring of treasury management indicators.
11. Detailed information on the council's performance in respect of these items is set out in Appendix 1 to this report.

## STRATEGIC CONTEXT

12. The council's arrangements for treasury management support effective service and project delivery across the authority, in turn supporting the key priorities set out in the [Corporate Plan 2019-22](#).
13. There is a need for regular review of the Treasury Management Strategy, in line with the Corporate Plan and Medium Term Financial Strategy, to ensure the key priorities

of the council continue to be deliverable within the reduced resources available to the council.

### CONSULTATION

14. The annual treasury management report has been considered by senior accountants within the Financial Management team, including the Director of Finance and the Assistant Director of Finance.
15. No external consultation has been undertaken.

### FINANCIAL / BUDGET IMPLICATIONS

16. The council's current treasury management arrangements are conducted by council staff, with support from an external treasury management advisor, Arlingclose Limited, within existing budgets.
17. The Treasury Management Strategy includes the overall management of the council's cash flow and borrowing strategy. With interest rates continuing to be low, it was decided to take a combination of short-term and long-term borrowing in order to balance the requirement for low interest costs and achieving cost certainty.
18. At the November 2020 meeting, the committee received a report which forecast net annual savings from treasury management activities in 2020-21 of £1 million.
19. The total net savings on treasury management activity was £1.0 million for the year ended 31 March 2021, contributed towards the overall financial result of the council.
20. The council earned interest of 0.27 per cent on average investments of £59.0 million. This is on par with the average of other local authorities measured by Arlingclose Limited during 2020-21.

### LEGAL IMPLICATIONS

21. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 explicitly require English authorities to "have regard" to the CIPFA Code of Practice for Treasury Management.
22. Should the council not receive this report, it is in breach of the requirements set out in the code and the council's approved Treasury Management Strategy 2020-21.

### EQUALITY AND DIVERSITY

23. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

24. The annual treasury management report has no implications for any of the protected characteristics.

## RISK MANAGEMENT

25. Treasury management activities have a high level of risk in that they relate to transactions that can amount to several million pounds which are undertaken with external bodies. When the council has surplus monies to invest, there are risks if those organisations to whom it lends default on repayment (counterparty risk). The costs to the council of its treasury management activities are dependent on fluctuating interest rates.
26. The overall strategy of borrowing short-term and avoiding long-term debt carries the risk that, if interest rates suddenly rise, when longer term debt is eventually required, it will cost more (refinancing risk).
27. The council manages the counterparty risk by adopting a treasury management strategy which includes maintaining a limited list of organisations to which it is authorised to lend and restricting the maximum amount to be invested with each organisation, based on advice obtained from its external treasury management advisor, Arlingclose Limited.
28. The refinancing risk is mitigated by maintaining a combination of both short-term and long-term borrowing, which is regularly reviewed, based on interest rate projections provided by Arlingclose Limited.
29. It also operates protocols for maintaining financial controls. The treasury management function is reviewed by the council's internal auditors on a regular basis. The most recent review, a follow-up of 2019-20 exceptions which was completed in 2020-21, provided the highest level of assurance on the operation of these controls.
30. The council is obliged under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. Failure to comply with the code could result in adverse comments being raised by the council's external auditors.
31. The committee's overview of the council's treasury management arrangements plays an important part in the council's overall governance regime. It has an important role to play in the monitoring of treasury management activities, including overview of the risks faced by this function both internally, which are directly controllable through segregation of duties and reporting arrangements, and externally, controllable through the monitoring of counterparties and lending limits, and also regular monitoring of general economic factors.

## EVALUATION

32. The council's treasury management activities for the year ended 31 March 2021 have fallen within the boundaries of the agreed strategy for 2020-21.

## RECOMMENDATION

33. That the committee notes the performance for the year ended 31 March 2021 against the treasury management indicators.

## APPENDICES ATTACHED

34. Appendix 1 – Treasury Management Performance Report 2020/21.

## BACKGROUND PAPERS

35. Treasury Management Strategy 2020-21 (Audit Committee 16 March 2020, Paper H)  
<https://www.iow.gov.uk/Meetings/committees/Audit%20Committee/16-3-20/PAPER-H.pdf>
36. Treasury Management Half-yearly progress report (Audit committee, 23 November 2020, Item 9)  
<https://iow.moderngov.co.uk/documents/s1574/201111%20TM%20Half%20year%20report%20cover%20for%20publication.pdf>

Contact Point Jo Thistlewood, Technical Finance Manager, ☎ 821000  
e-mail [jo.thistlewood@iow.gov.uk](mailto:jo.thistlewood@iow.gov.uk)

CHRIS WARD  
*Director of Finance  
And Section 151 Officer*

COUNCILLOR CHRISTOPHER JARMAN  
*Cabinet Member for Strategic Finance,  
Transformational Change and Resources*

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## Treasury Management Performance Report 2020/21

### Introduction

In February 2011 the council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the council to approve treasury management semi-annual and annual reports.

The council's treasury management strategy for 2020/21 was approved at the audit committee meeting on 15 March 2020. The council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the council's treasury management strategy.

Treasury risk management at the council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full council covering capital expenditure and financing, treasury management and non-treasury investments. The council's Capital Strategy, complying with CIPFA's requirement, was approved by full council on 24 February 2021.

### External Context (provided by Arlingclose Limited)

**Economic background:** The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England held the Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31 March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31 December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have helped protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12-month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (April-June) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (January-March) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46<sup>th</sup> US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

**Financial markets:** Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.

The yield on 2-year US treasuries was 0.16% at the end of the period, up from 0.12% at the beginning of January but down from 0.21% at the start of the financial year. For 10-year treasuries the end of period yield was 1.75%, up from both the beginning of 2021 (0.91%) and the start of the financial year (0.58%).

German bund yields continue to remain negative across most maturities.

**Credit review:** After spiking in March 2020, Credit Default Swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then

impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the council's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

### **Local Context**

On 31 March 2021, the council had net borrowing of £174.4 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	<b>31.03.2021</b>
	<b>Actual £m</b>
<b>Total CFR</b>	409.0
Less Other Debt Liabilities *	(100.0)
<b>Borrowing CFR</b>	<b>309.0</b>
External Borrowing	<b>(242.7)</b>
<b>Internal borrowing</b>	<b>66.3</b>
Less Usable Reserves	(128.1)
Less Working Capital	(6.5)
<b>Net Investments</b>	<b>(68.3)</b>

\* finance leases, PFI liabilities and transferred debt that form part of the council's total debt

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31 March 2021 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.03.2020 Balance £m	Movement £m	31.03.2021 Balance £m	31.03.2021 Rate %
Long-term borrowing	209.3	(11.6)	197.7	3.19%
Short-term borrowing	70.0	(25.0)	45.0	0.43%
<b>Total borrowing</b>	<b>279.3</b>	<b>(36.6)</b>	<b>242.7</b>	<b>2.77%</b>
Short term Investments	67.0	1.3	68.3	0.14%
<b>Total investments</b>	<b>67.0</b>	<b>1.3</b>	<b>68.3</b>	<b>0.14%</b>
<b>Net borrowing</b>	<b>212.3</b>	<b>(37.9)</b>	<b>174.4</b>	<b>3.80%</b>

### **Borrowing Update**

In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26 November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing council can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.

Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that the offending council unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

Competitive market alternatives may be available for authorities, with or without access to the PWLB. However, the financial strength of the individual council and borrowing purpose will be scrutinised by commercial lenders.

The council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

Municipal Bonds Agency (MBA): The MBA revised its standard loan terms and framework agreement. Guarantees for the debt of other borrowers are now proportional and limited and a requirement to make contribution loans in the event of a default by a borrower has been introduced. The agency has issued 5-year floating rate and 40-year fixed rate bonds in 2020, in both instances Lancashire County council is the sole borrower and guarantor. A planned third bond issuance by Warrington Borough council was withdrawn in early December after the reduction in PWLB borrowing rates.

If the council intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.

UK Infrastructure Bank: In his March 2021 budget the Chancellor confirmed that a UK Infrastructure Bank will be set up with £4bn in lending earmarked for local authorities from the summer of 2021. Loans will be available at gilt yield plus 0.60%, 0.20% lower than the PWLB certainty rate. A bidding process to access these loans is likely with a preference to projects likely to help the government meet its Net Zero emissions target. However other “high value and complex economic infrastructure projects” may also be considered.

### **Borrowing strategy**

At 31 March 2021 the council held £242.7 million of loans, (a decrease of £36.6 million), as part of its strategy for funding previous and current years’ capital programmes. Outstanding loans on 31 March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.03.20 Balance £m	Net Movement £m	31.03.21 Balance £m	31.03.21 Weighted Average Rate %	31.03.2021 Weighted Average Maturity (years)
Public Works Loan Board	204.3	(11.6)	192.7	3.28%	15.61
Banks (LOBO)	5.0	-	5.0	4.27%	20.67
Banks (fixed term)	-	-	-		
Local authorities (long-term)	-	-	-		
Local authorities (short-term)	70.0	(25.0)	45.0	0.43%	0.43
<b>Total borrowing</b>	<b>279.3</b>	<b>(36.6)</b>	<b>242.7</b>	<b>2.77%</b>	<b>12.90</b>

The council’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the council’s long-term plans change being a secondary objective.

In keeping with these objectives, no new borrowing was undertaken, while £6 million of PWLB loans and £25 million of local authority short-term loans were allowed to mature without replacement. This strategy enabled the council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

The council continues to hold £5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the council has the option to either accept the new rate or to repay the loan at no additional cost. The bank did not exercise their option during the year.

Towards the end of the year, Arlingclose, the council's treasury advisor determined that there was an opportunity to restructure this loan. The risks and benefits, including restructuring savings, are in the process of being assessed.

### **Other Debt Activity**

During the 2020/21 financial year the council did not raise any additional capital finance for Highway Improvements via Private Finance Initiative. Total debt, other than borrowing, stood at £129.9 million on 31 March 2021, taking total debt to £372.6 million

### **Treasury Investment Activity**

In April 2020, the council received central government funding to support small and medium businesses during the coronavirus pandemic through grant schemes. £62.7 million was received, temporarily invested in short-dated, liquid instruments such as call accounts and Money Market Funds. £51.2 million was disbursed by the end of March, with the balance of £11.5 million being repaid to central government in May 2021.

Between November 2020 and March 2021, further allocations of central government funding to support business were received totalling £37.7 million, of which £27.7 million was disbursed before year end. Since year end, a further £1.6 million in respect of these allocations has been disbursed. It is expected that the undistributed balance will be repaid to central government during the second half of 2021-22 once reconciliation activity is completed.

The council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the council's investment balances ranged between £68.3 and £139 million due to timing differences between income and expenditure. During the year the council maintained balances of up to £10 million in the council's current bank account, in addition to the amounts invested.

The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	<b>31.03.2020 Balance £m</b>	<b>Net Movement £m</b>	<b>31.03.2021 Balance £m</b>	<b>31.03.2021 Income Return %</b>	<b>31.03.2021 Weighted Average Maturity days</b>
Banks & Building societies (unsecured)	10.0	-	10.0	0.12%	1
Covered bonds (secured)	-	-	-		
Govt (incl local authorities)	45.0	(7.0)	38.0	0.19%	93
Isle of Wight Council Pension Fund	8.0	(2.5)	5.5	0.16%	281
Corporate bonds and loans	-	-	-		
Money Market Funds	4.0	10.8	14.8	0.02%	1
Other Pooled Funds	-	-	-		
<b>Total Investments</b>	<b>67.0</b>	<b>1.3</b>	<b>68.3</b>	<b>0.14%</b>	<b>75</b>

Both the CIPFA Code and government guidance require the council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Continued downward pressure on short-dated cash rate brought net returns on sterling low volatility net asset value money market funds (LVNAV MMFs) close to zero even after some managers have temporarily lowered their fees. At this stage net negative returns are not the central case of most Money Market Fund managers over the short-term, and fee waivers should maintain positive net yields, but the possibility cannot be ruled out.

Deposit rates with the Debt Management Account Deposit Facility (DMADF) have continued to fall and are now largely around zero.

The net return on Money Market Funds net of fees, which had fallen after Bank Rate was cut to 0.1% in March, are now at or very close to zero; fund management

companies have temporarily lowered or waived fees to avoid negative net returns.

Given the increasing risk and low returns from short-term unsecured bank investments, the council has continued in the more secure investment of lending to other local as shown in table 4 above. As a result, investment risk was diversified. The 2020/21 average return of 0.14% is higher than the official Bank of England rate of 0.10%.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

**Table 5: Investment Benchmarking – Treasury investments managed in-house**

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in exposure %</b>	<b>Weighted Average Maturity days</b>	<b>Rate of Return %</b>
31.03.2020	3.65	AA-	22%	147	0.79%
30.06.2020	3.81	AA-	29%	44	0.38%
30.09.2020	4.08	AA-	56%	60	0.24%
31.12.2020	4.74	AA-	50%	74	0.16%
31.03.2021	4.71	A+	36%	75	0.14%
<b>Similar LAs</b>	<b>4.66</b>	<b>A+</b>	<b>62%</b>	<b>32</b>	<b>0.12%</b>
<b>All LAs</b>	<b>4.63</b>	<b>A+</b>	<b>56%</b>	<b>14</b>	<b>0.15%</b>

Following the cut in Bank rate from 0.75% to 0.10% in March 2020, the council had expected to receive significantly lower income from its cash and short-dated money market investments, including money market funds in 2020/21, as rates on cash investments are close to zero percent. Income from most of the council's externally managed funds will also be lower than in 2019/20 and earlier years. Whilst the arrival and approval of vaccines against COVID-19 and the removal of Brexit uncertainty that had weighed on UK equities were encouraging developments, dividend and income distribution was dependent on company earnings in a very challenging and uncertain trading environment as well as enforced cuts or deferral required by regulatory authorities

### **Non-Treasury Investments**

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the council as well as other non-financial assets which the council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG) and Welsh Government, in which the definition of

investments is further broadened to also include all such assets held partially for financial return.

The council also held £40.3 million of such investments in

- directly owned property £35.1 million
- shared ownership housing £4.0 million
- loans to local businesses £1.2 million

A full list of the council's non-treasury investments is available in the Isle of Wight Council Statement of Accounts 2020/21

These investments generated £0.9 million of investment income for the council after taking account of direct costs, representing a rate of return of 2.72%

### **Treasury Performance**

The council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below.

**Table 6: Performance**

	<b>Actual £m</b>	<b>Budget £m</b>	<b>Over / Under £m</b>	<b>Actual %</b>	<b>Benchmark %</b>	<b>Over / Under %</b>
Total Investment Income	0.3	0.2	0.1	0.27%	0.15%	0.12%
Total Cost of Borrowing	(7.4)	(8.3)	0.9	2.83%	-	-
<b>GRAND TOTAL</b>	<b>(7.1)</b>	<b>(8.1)</b>	<b>1.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### **Compliance**

The Director of Finance and Section 151 Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

**Table 7: Debt Limits**

	<b>2020/21 Maximum</b>	<b>31.3.2021 Actual</b>	<b>2020/21 Operational Boundary</b>	<b>2020/21 Authorised Limit</b>	<b>Complied?</b>
Borrowing	284.3	242.7	352.0	440.0	✓
PFI and Finance Leases	101.7	100.0	120.0	150.0	✓
<b>Total Debt</b>	<b>386.0</b>	<b>342.7</b>	<b>472.0</b>	<b>590.0</b>	<b>✓</b>

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

**Table 8: Investment Limits**

	<b>2020/21 Maximum</b>	<b>31.03.2021 Actual</b>	<b>2020/21 Limit</b>	<b>Complied?</b>
Any single organisation, except the UK Government <sup>1</sup>	12.5	10.0	12.0	x
Any group of organisations under the same ownership	12.0	-	12.0	✓
Money Market Funds <sup>2</sup>	58.0	14.8	50.0	x

1. The limit was breached due to the receipt of several grants from the government relating to the Covid-19 government packages. The breach was identified in advance and agreement was obtained from the Director of Finance and Section 151 Officer. The limit was exceeded on one occasion for three days.
2. The overall total of the amount collectively held in all money market funds was greater than the approved limits due to the level of grants received from the government in response to the Covid-19 pandemic. The limits were exceeded on three separate occasions during the year, for a total of 21 days.

### **Treasury Management Indicators**

The council measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	<b>31.03.21 Actual</b>	<b>2020/21 Target</b>	<b>Complied ?</b>
Portfolio average credit score	4.71	4.63	x

The council measures the security of its investments using data provided by Arlingclose. The target figure is the average credit score of all Arlingclose clients that take part in the benchmarking exercise.

Although the portfolio average credit score for the year was slightly higher than the target in numeric terms, the average credit rating of the council's investments was A+ for both actual and target.

**Liquidity:** The council maintains detailed cash flow forecasts with a view to keeping minimum surplus cash balances. It addresses liquidity issues by restricting a significant proportion of its investment opportunities to short term and instant access deposits.

	31.03.2021 Actual £m	2020/21 Target £m	Complied?
Total cash available within 3 months	44.3	18.5	✓

**Interest Rate Exposures:** This indicator is set to control the council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest Rate Risk Indicator	31.03.21 Actual £m	2020/21 Limit £m	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-0.2	-0.3	✓
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	0.2	0.3	✓

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

**Maturity Structure of Borrowing:** This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.03.2021 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	21%	50%	0%	✓
12 months and within 24 months	3%	30%	0%	✓
24 months and within 5 years	7%	30%	0%	✓
5 years and within 10 years	19%	75%	0%	✓
10 years and above	51%	95%	0%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2020/21 £m	2021/22 £m	2022/23 £m
Actual principal invested beyond year end	-	-	-
Limit on principal invested beyond year end	35	40	45
Complied?	✓	✓	✓

### **Other**

**CIPFA consultations:** In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee’s recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

In the Prudential Code the key area being addressed is the statement that “local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”. Other proposed changes include the sustainability of capital expenditure in accordance with an council’s corporate objectives, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the “gross debt and the CFR” with the liability benchmark as a graphical prudential indicator.

Proposed changes to the Treasury Management Code include requiring job specifications and “knowledge and skills” schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

**IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

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Purpose: For Decision

## Committee report

### AUDIT COMMITTEE

Date	<b>26 JULY 2021</b>
Title	<b>ANNUAL GOVERNANCE STATEMENT 2020-21</b>
Report of	<b>ASSISTANT CHIEF EXECUTIVE</b>

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### EXECUTIVE SUMMARY

1. This report provides councillors with details of the statutory requirements under the Accounts and Audit Regulations 2015 to undertake an annual review of the effectiveness of the council's system of internal control and the considerations that councillors need to take into account when reviewing the content of the review completed for 2020-21
2. The annual governance statement for 2020-21 is located at Appendix 1, together with Addendum A: The Isle of Wight Council's governance framework.

### BACKGROUND

3. The council follows guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) as to what the annual governance statement should address. The council's leader and chief executive are required to sign the final statement before it is published alongside the annual accounts. When making the statement, it is important that any weaknesses are identified, and corrective actions are also developed to address those weaknesses.

### THE COMMITTEE'S ROLE IN RELATION TO THE ANNUAL GOVERNANCE STATEMENT

4. The Audit Committee plays an important part in the process of developing the council's annual governance statement, which stems from its role and core activities throughout the year, including:
  - its understanding of the robustness of the regime of internal control throughout the council because it receives reports from both internal and external auditors.
  - its review of the strategic and other risks of the council and the annual report it receives on the council's risk management arrangements.
  - receiving regular updates on issues which have been identified previously in reviews of governance.

- receiving reports on the extent of fraud and other irregularity and on the level of whistleblowing activity.
  - receiving reports on procurement and treasury management activity.
  - receiving an annual opinion report on the adequacy of control operating within the council from the council's head of internal audit
  - reviewing the committee's core functions (which is specifically included within the scope of the annual governance statement)
5. The committee is well placed therefore to reach its own assessment of the quality of governance that operates within the council supported by the assessment that has been undertaken by officers.
6. A draft action plan to address the governance issues highlighted thus far that are considered to contribute to further strengthening the council's corporate governance arrangement has begun to be prepared. This will be fully populated once all the necessary considerations of the committee and other sources of information as part of the governance review have been collated in readiness for final consideration by the Audit Committee in September 2021.
7. The purpose of a draft plan being made available to Audit Committee is to allow a period of consideration to the statement in readiness for preparation of the final statement to be concluded and in readiness for publication alongside the annual accounts.

## STRATEGIC CONTEXT

8. Corporate governance has far reaching implications for the effectiveness of the council and as such underpins the effective delivery of all the council's stated priorities. Good governance means the following.
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of intended outcomes.
  - Developing the council's capacity, including the capability of its leadership and the individuals within it.
  - Managing risk and performance through robust internal control and strong public financial management.
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## CONSULTATION

9. Internal consultation has taken place in developing the statement using a self-assessment survey. Internal audit designed the survey to assess the service area knowledge and compliance with all aspects of the governance framework. This was completed by directors and service leads from all areas of the council along with those lead departments who have responsibility for the issues, systems and

processes set out in Appendix 1, the chief internal auditor and the council's Corporate Management Team.

10. Further assurance has been sought from a number of senior staff across the organisation to assess, measure and provide an informed view of the council's governance arrangements and progress against the 2019/20 action plan for consideration by members of the Audit Committee.

#### FINANCIAL / BUDGET IMPLICATIONS

11. There are no direct financial implications of the council reviewing its governance arrangements and publishing the annual governance statement itself. However, action plans to address any weaknesses identified could involve extra cost and may in some circumstances be significant. Conversely action plans could also lead to financial savings being secured. It is considered that all the activities set out in the action plan contained within the annual governance statement can be achieved from within existing resources.

#### LEGAL IMPLICATIONS

12. The council is required by the Accounts and Audit Regulations 2015 to:

- carry out a review of the effectiveness of its system of internal control.
- have the findings of the review considered by a committee or by members of the authority as a whole.
- approve an annual governance statement on the results of the review in advance of the approval of the statement of accounts.
- ensure that the statement accompanies the council's statement of accounts (when published).

#### EQUALITY AND DIVERSITY

13. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation, and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership. While the review of governance and the statement will cover equality and diversity, and how the council meets its legal obligations in that regard, it is considered that there are no direct implications for the development of the statement itself.

#### OPTIONS

14. Option 1 – To agree the content of the draft annual governance statement 2020-21.
15. Option 2 – To note the content of the annual governance statement and make recommendations for further matters to be considered in the preparation of the final statement in readiness for publication alongside the annual accounts

16. RISK MANAGEMENT

It is a legal requirement under the Accounts and Audit Regulations 2015 to undertake a review of the effectiveness of the council's corporate governance arrangements and to seek approval of the resulting statement from a committee to enable its publication alongside the council's statement of accounts. Failure to approve the statement, with or without any proposed amendments will mean the council is in breach of its statutory duty.

17. The key risk associated with the council's proposed governance statement is that it does not accurately reflect that the corporate governance arrangements are consistent with the national code of practice and that full consideration has been given to afford the assurance to the committee. This could result in significant weaknesses going unreported and, critically, unaddressed. However, a significant amount of work has been undertaken to assess and review evidence available and which has been subject to senior management review and the process of assurance declarations and oversight by councillors (especially from the Audit Committee) helps to counter this risk.

RECOMMENDATION

18. Option 1 – To agree the content of the annual governance statement 2020-21

APPENDICES ATTACHED

19. Appendix 1 – Annual Governance Statement 2020-21

Contact Point: Debbie Downer, Strategic Manager Organisational Intelligence  
☎ 821000 EXT: 6555 e-mail [Debbie.downer@iow.gov.uk](mailto:Debbie.downer@iow.gov.uk)

WENDY PERERA  
*Assistant Chief Executive*

CHRIS JARMAN  
*Cabinet Member for Strategic Finance,  
Transformational Change & Resources*



Isle of Wight Council

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# Annual Governance Statement

2020-21

DRAFT

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## 1. Introduction

Governance within an organisation in its simplest form is about who has authority to act, who can take decisions and how the organisation is kept accountable for the decisions it makes. These basic principles are translated into processes that facilitate the making and implementing of decisions. This is not about making “correct” decisions but about having processes in place that assist with making the best possible decisions and ultimately better outcomes being secured. It can be said that good decision making processes and therefore good governance share several characteristics which include:

- **Good governance is accountable** – local government has an obligation to report, explain and be answerable for the consequences of decisions it has made on behalf of the communities it represents.
- **Good governance is transparent** – people should be able to follow and understand the decision-making process. This means that they will be able to clearly see how and why a decision was made, what information, advice and consultation was considered together with any risks identified, mitigating actions and legislative requirements (where relevant) were taken into account.
- **Good governance follows the rule of law** – which means that decisions are consistent with relevant legislation or common law and are within the powers of the council to act.
- **Good governance is responsive** – local government should always seek to serve the needs of all its communities and the priorities identified by them (as reflected in the council’s business plan), while balancing competing interests in a timely, appropriate and responsive manner.
- **Good governance is equitable and inclusive** – a community’s wellbeing stems from all of its councillors feeling that their interests have been considered by the council in its decision making process. This means that all groups, particularly the most vulnerable, should have opportunities to participate in the process.
- **Good governance is effective and efficient** – local government should implement decisions and follow processes that make the best use of available resources and time to ensure the best possible outcomes are secured against its agreed priorities.
- **Good governance is participatory** – anyone affected by or interested in a decision should have the opportunity to participate in the process for making that decision. This might be by being provided with information, asked for their opinion or given the opportunity to make recommendations to be taken into consideration.

In order to evaluate good governance in practice, there is a statutory requirement under the Accounts and Audit (England) Regulations for every local authority to prepare and publish an annual governance statement. This provides councillors of the public with an open assessment of how effective the council’s governance arrangements are considered to be against a code of corporate governance entitled “Delivering Good Governance in Local Government (2015)”. This document is published by CIPFA/SOLACE as recognised national lead bodies for public services.

The code takes into account the characteristics of good governance set out above and translates them into specific core activities, including how a council:

- Upholds high standards of conduct and behaviour
- Engages with local people and other stakeholders to ensure robust public accountability
- Creates and implements a vision for the local area
- Determines the interventions necessary to optimise the achievement of agreed outcomes
- Develops the capacity and capability of councillors and officers to be effective
- Takes informed and transparent decisions that are subject to effective scrutiny and risk management
- Has councillors and officers that work together to achieve a common purpose

This document therefore provides:

- An overview of the Isle of Wight Council's governance arrangements in place against the core activities set out in the code of corporate governance and characteristics of good governance set out above, underpinned by an honest self-assessment of their effectiveness for the period 2020/21
- An action plan for the coming year to address any identified areas of concern,
- A report on progress made against those areas highlighted for improvement in its 2019/20 annual governance statement.
- Analysis and feedback from the new self-assessment survey undertaken by the council's internal audit team.

In its preparation, the statement contained within this document, covers the council's significant corporate systems, processes and controls that are designed to ensure that:

- Laws and regulations are complied with
- Council policies are implemented in practice
- Required processes are adhered to
- High quality services are delivered efficiently and effectively
- The council's values and ethical standards are met
- Performance and financial statements and other published information are accurate and reliable
- Human, financial and other resources are managed efficiently and effectively

## **2. The Council's responsibilities**

As a public body, the council is responsible for carrying out its business in line with the law and proper standards and ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. There is also a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way the council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness. To do this, there

must be in place a robust set of arrangements for the governance of its affairs and in facilitating the effective delivery of its functions, including arrangements for the management of risk and for dealing with any issues that may arise from them.

### **3. The purpose of a governance framework**

To assist with the delivery of good governance, each council has a local governance framework that brings together all the relevant legislative requirements, governance principles and activities (as described above), corporate strategies and policies, business systems, management processes together with an operating culture and set of values upon which business is conducted. The quality of these arrangements underpins the level of trust in public services and is fundamental to the delivery of the council's statutory and democratic obligations. A governance framework therefore allows the council to be clear about how it discharges its responsibilities.

A system of 'internal control', designed to give assurance of operational effectiveness, is a significant part of operating the council's governance framework and is also designed to assist with the management of risks to a tolerable level. However, it is important to note that it is not possible to eliminate all risks and can only serve to demonstrate reasonable assurance of effectiveness. The management of risk is an ongoing process designed to identify and prioritise the risks associated with the achievement of the council's key priorities, policies, aims and objectives, to evaluate the likelihood of those risks occurring and to manage their impact should they happen.

### **4. The Isle of Wight Council's governance framework**

The Isle of Wight Council's local governance framework is designed to be consistent with the CIPFA/SOLACE Delivering Good Governance in Local Government good governance code of practice. The framework summarises the council's internal arrangements that have been put in place to ensure that there is effective governance and includes hyperlinks to supporting documentation and can be found at Appendix A to this document.

The overarching aim of good governance is to ensure that the council achieves its intended priority outcomes while acting in the public interest at all times. The following text provides a high level overview of the key elements of the structures and processes in practice that form an essential part of the council's governance framework against the code of practice and each of the governance indicators and their descriptors of what good governance should look like.

Strategic partnerships are becoming an increasingly important element of the council's corporate growth strategies helping pool knowledge and resources to deliver better outcomes for the island population and its visitors. Whether this be by direct service provision in partnership, by alternative innovative service delivery mechanisms or simply by exerting influence to deliver better social value outcomes as well as value for money. The governance framework is taken into account when considering significant partnerships approaches and the governance arrangements

for the partnerships developed and reviewed to ensure they meet the requirements of the specific partnership whether that be, for example:

- a company;
- a contractual arrangement;
- a joint committee;
- a grant arrangement; or
- an agreement under National Health Services Act 2006

The local delivery arrangements are identifying strategic issues and opportunities to challenge some of the current approaches to delivery and investment. We are seeking to better align planned investment expenditure to key corporate priorities to accelerate improvement opportunities.

**Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law:**

The council's constitution sets out how it conducts its business, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the council to determine. The constitution is divided into 6 main parts, with a number of sub sections that set out the basic rules governing the council's business with more detailed procedures and codes of practice provided in support of their delivery. The constitution is updated at least annually, usually at Annual Council and may be updated more frequently if there are changes in any legislation affecting the contents of the constitution.

- There is a code of conduct for councillors and council staff which set out the expected behaviour and standards to be adhered to.
- The Monitoring Officer is a statutory function and ensures that the council, its officers and councillors maintain the highest possible standards of conduct in all they do. The designated Monitoring Officer for the Isle of Wight Council is the Assistant Director of Corporate Services and holds responsibility for monitoring and reviewing the operation of the council's constitution, ensuring compliance with established policies, procedures, laws and regulations and for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or Cabinet.
- The council is committed to achieving the highest possible standards of openness and accountability. It has in place a "whistleblowing policy" which reflects the legal framework and obligation to enable staff or those delivering services on behalf of the council, without recrimination, to raise concerns about conduct that may be unlawful, of financial malpractice, presents a danger to the public or the environment, affects the general welfare of the public or integrity of public services. The policy sets out how to report a concern and what action to take together with details of how concerns will be investigated and the protections afforded to whistle-

blowers as well as the provision of access to an independent “hotline” reporting facility. Reported concerns are reviewed annually by the Audit Committee.

- As part of the council’s commitment to the safeguarding of public funds, there is an “anti-fraud and anti-corruption” policy and strategy that sets out the process to be followed where there is suspicion of financial irregularity.
- The Section 151 Officer is a statutory function that requires an officer who must be appropriately qualified to be responsible for the financial administration of the council. The designated Section 151 officer for the Isle of Wight Council is the Director of Finance.
- There is a complaints procedure for dealing with any complaints related to the delivery of council services which is available on the council’s website. If complainants remain dissatisfied, they have the right to refer the matter to the Local Government and Social Care Ombudsman (LGSCO) and complainants are informed of this right. The monitoring and learning gained from complaints is reported through the council’s performance report to Cabinet. In accordance with legislation there are also separate procedures in place for complaints relating to Children’s services and Adult Social Care. Complaints about councillors are dealt with under the member’s code of conduct.

**Principle 2: Ensuring openness and comprehensive stakeholder engagement:**

- The council recognises that effective community engagement is an essential contribution to strong corporate governance. A variety of ways to engage with its communities and stakeholders are utilised to assist. The “how the council works” section of the council’s website provides access to the published forward plan which provides indication of future reports that are to be considered together with agendas and minutes of all public committees. This ensures that people know what decisions the council is planning to take as well as the decisions taken. It provides access to a facility for making general complaints about council services and about councillors where their conduct is in question. The process to follow is set out clearly. There is also a facility for e-petitions to be launched and submitted on matters that are important to local people.
- The “your council” section of the council’s website provides information on latest news and updates on council services; consultations where residents and stakeholders can voice their opinions and assist with shaping service delivery together with a range of information that is available for the public scrutiny in accordance with the code of recommended practice for local authorities on data transparency.
- There is a strong focus on youth participation and the “youth council” provides opportunity for young people to influence how services are delivered, highlight issues that need to be reviewed and to help shape public services for our communities.

- The council operates a scrutiny committee whose remit is to review and challenge the policy decisions that are taken by Cabinet. Scrutiny is supported by three policy and scrutiny panels (adult social care & health; children's and regeneration, planning, housing and environment) who provide assistance to Cabinet in the development of council policy together with a review of any matter relating to these specific service areas. They assess how the council is performing and see whether they are providing the best possible, cost effective services for the Island's communities. In addition, there is an Audit Committee whose specific remit is to review the council's financial and non-financial performance as well as to receive reports that deal with issues that are essential for good governance. Each committee has its own terms of reference.

**Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits:**

- The council's corporate plan is the key strategic document that sets out its vision and ambitions for the Island. The plan sets out the priorities, the outcomes that are expected to be achieved, what it will do to deliver them and what measures it will use to monitor progress against their successful achievement. The corporate plan is underpinned by a number of business plans prepared by directors that include the operational detail for core business that must be delivered, plans for improvement, development or change, financial planning, key risks and their management/mitigation as performance measures and monitoring arrangements.
- Quarterly reporting on progress against the delivery of agreed priorities and outcomes is undertaken to Cabinet and which is also available to the scrutiny committee for review.
- Central to the delivery of the corporate plan is the council's medium term financial strategy by playing a pivotal role in translating ambitions into action. The strategy focuses on determining the overall financial position for the council and takes into account any major issues affecting the council's finances. It forms the basis for developing the overall budget and any contingencies that need to be put in place for any unavoidable service pressures that may arise and the impact of COVID-19.
- All committee reports require an assessment of the carbon impact of the options considered. As part of the call over process the Council's Principal Officer (Environment) is given sight of all papers for comment.

**Principle 4: Determining the interventions necessary to optimise the achievement of intended outcomes:**

- Underpinning the delivery of the corporate plan are a series of business plans that translate the council's priorities and outcomes expected to be achieved into operational service delivery activities. Each of these business plans has a suite of performance measures that enable critical delivery requirements to be tracked and monitored. To allow the transition of the council's priorities into their most granular

form, the council also operates a “personal performance management framework” through which staff and managers agree individual performance objectives that play an important part in achieving the overall desired outcomes. These objectives are also supported by any relevant learning and development required to successfully achieve them. Monitoring of progress is undertaken on a number of levels, from strategic quarterly performance reporting to Cabinet, to service boards that measure performance against agreed business plans to regular 1:1s between managers and staff to review operational and day to day business performance.

- The council also has a robust decision making framework in place that requires all reports to be subject to the corporate “call over” clearance process prior to publication. All reports follow a standard template that provides the decision maker with all the relevant information and advice necessary to make an informed decision. Reports provide background information; details of the issue under consideration and includes options open to the decision maker together with the pros and cons of each of those options in order to provide a recommended course of action if required. Professional advice in respect of any considerations of a legal, financial, equality and risk are clearly set out as is any consultation that has been undertaken to assist with the decision.
- The council’s Scrutiny committee scrutinises items on the council’s forward plan and acts in the capacity of critical friend to the Cabinet prior to decisions being taken. Scrutiny meetings are held in public where councillors of the public have the opportunity to ask questions or submit questions in writing to the committee.

**Principle 5: Developing the council’s capacity, including the capability of its leadership and the individuals within it:**

- The council operates a robust interview and selection process to ensure that offers of appointment are based upon securing the right level of skills and experience to fulfil the role. If working with children and/or vulnerable adults the necessary clearance checks are undertaken prior to appointment. There is a corporate induction programme that welcomes new staff into the council, assisting with understanding of the council’s priorities and ambitions as well as the prevailing culture and expected standards of behaviour. It provides a wide range of information on how the council operates and the key policies that new starters need to be aware of.
- There is a corporate core learning and development programme that sets out a number of required activities for new staff to complete and for existing staff to receive by way of updates. There is also a core learning and development programme for managers designed to ensure they are fully conversant with their people management responsibilities. These learning programmes have been included in the council’s Learning Hub which enables staff to undertake and record training events, and managers to access reports on training uptake.

- There is a full complement of appointments to the corporate management team, all of whom are appropriately qualified and experienced in their field and capable of providing strong, resilient and stable corporate leadership. The council has entered into a number of strategic partnerships to enable the capacity of a small unitary council to be maximised to its full potential. Strategic partnerships include the management of the council's children's services and public health with Hampshire County Council; Portsmouth City Council for the provision of a Director of Finance and Section 151 Officer and Chief Internal Auditor roles; and the arrangements for the Combined Fire Authority have been transferred to the Hampshire Fire & Rescue Authority.
- There are a number of learning and development programmes in place for aspiring leaders and managers that aims to improve the council's future succession planning arrangements and which also seeks to facilitate engagement and empowerment of future talent in the development of the council's critical business priorities and intended outcomes. The Council's successful approach to the use of the Apprenticeship Levy has led to an increase in existing staff accessing development programmes which assist with succession planning.
- Newly elected councillors are provided with a comprehensive induction programme that assists with full understanding of their roles and responsibilities, political management and decision making, financial management, health and safety, information governance, safeguarding and code of conduct.
- Councillors are provided with a regular calendar of events that aims to provide a wide range of on-going learning and development in specific areas of council activity, legislative changes and personal skill development. Access to the local government association leadership academy is afforded to cabinet councillors and aspiring cabinet councillors and other relevant external or on-line learning opportunities are made available to enable specific portfolio or areas of interest to be developed.

**Principle 6: Managing risk and performance through robust internal control and strong public financial management:**

- The council has in place frameworks for risk and performance management alongside the strategy and policy that sets out the framework arrangements and responsibilities for the successful delivery of agreed priorities and intended outcomes. The policy is intended to assist council staff at all levels in applying sound risk management and performance management principles and practice across their areas of responsibility. Risks and performance are monitored and reported to corporate management team and review is undertaken by the overview and scrutiny committee.
- The council has two major, long term commercial contracts in place for highways and waste service delivery both of which have their own contract management

team and member and delivery boards to maintain oversight and formal monitoring of performance.

- The council's financial management arrangements conform to the governance requirements of the CIPFA "statement on the role of the Chief Financial Officer in local government (2010)". The Chief Financial Officer is professionally qualified; is a member of the corporate management team; has input into all major decisions; advises Cabinet on financial matters and is responsible for ensuring that budgets are agreed in advance, are robust and that the finance function is fit for purpose. The Chief Financial Officer is the Director of Finance and Section 151 Officer.
- The council's assurance arrangements also conform to the governance requirements of the CIPFA "statement on the role of the Head of Internal Audit in public service organisations (2010)". The head of internal audit is professionally qualified and leads on the review and adequacy of the council's internal control environment. Where necessary, to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to the Chief Executive, Section 151 officer; Monitoring Officer and Councillors, especially those who serve on committees charged with governance.

**Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability:**

- The council's constitution sets out how decisions are made and makes specific reference to decision making by Full Council, Cabinet and other established committees. There is also a scheme of delegations that describes the limits of responsibilities that can be delegated to the Chief Executive and chief officers (and who in turn may delegate further as appropriate).

The council is committed to openness and transparency and now publishes a significant amount of data and information in order to increase its accountability to residents. There are dedicated transparency pages on the council's website that provides access to the council's spend transactions month by month; statement of accounts; performance monitoring; councillor allowances and declarations of interest; budget consultation outcomes; workforce data and pay policy setting out the council's terms and conditions of employment; trade union facility time; councillors questions and contracts to name but a few.

- The council publishes a forward plan of all key decisions which are proposed to be taken and other decisions where practicable to assist in providing public transparency and confidence in decision making. All committee agendas and minutes of constituted committees are also published on the council's website and in accordance with publication timescales.

All reports requiring a decision are considered by appropriately professionally qualified legal and finance staff prior to publication and all advice is made public within the report template. The council must also ensure that it meets its duties and

obligations under the Equality Act 2010 and any proposals for changes to service delivery, projects or policies are have regard to equality when being considered to better understand whether they impact on people who are protected under the Act and to assist with informed decision making

## **5. The Impact of the Covid-19 Pandemic on Governance**

CIPFA Application of the Good Governance Framework 2020/21 guidance concerns the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework).

The impact of the Covid-19 pandemic has been taken into account when conducting the annual review for 2020/21, both identifying changes that have resulted from the pandemic and identifying the impact on effectiveness of arrangements in practice.

The Isle of Wight Council has had to adapt its governance arrangements during 2020/21 as a result of the impact of Covid-19 in a range of ways most critical were:

- Adaptations were implemented through the silver and gold command groups to reflect new ways of working and emergency arrangements
- Changes to 'business as usual' activities, including cessation or reduced frequency or scale of activities was agreed through the command structures.
- Longer-term changes to priorities, programmes, strategies and plans as a result of the impact of the pandemic on the organisation and the local area were agreed through Gold command and with the leader of the council and the cabinet.
- Changes to council meetings and decision making arrangements were put on hold for April and May, recommenced virtually as of 1 June 2020. Key decisions made at Gold level would not have involved all councillors or given opportunity for all councillors to be involved, even within groups.
- Funding challenges were supported through the administration of the available grants and resulted in a balanced budget.

These arrangements were communicated through the senior management team, command structures and the Corporate Management Team to the Leader, Cabinet Councillors and were critical to ensuring effective decision making was undertaken in an inclusive, open way and each decision recorded effectively through the cell resources.

## **6. Assessment of the longer term disruption and consequences arising from the coronavirus pandemic:**

Some existing projects and programmes that were put on hold have restarted with the inevitable delays planned into future project timescales.

New priorities and objectives were introduced with the council services being directed to critical service areas. Systems and processes were brought in to support the job role changes and the staff affected.

New risks were identified and the existing risk in relation to pandemic was reviewed and the activities required to mitigate the risk were escalated through Gold Command as necessary.

As part of the recovery programme there have been significant de-briefing sessions for the command groups, directors and cabinet councillors. This has provided a full report of the lessons learned and will be used to develop future pandemic and response plans

The internal audit team performed specific Covid Assurance work across systems and grants. The audit plan for 2021/22 has been prioritised to those areas most affected by the covid response activity to ensure adequate assurance of systems and processes in the longer term.

## **7. Financial Management Code 2019:**

2020/21 is a 'shadow' year for the introduction and implementation of the Financial Management Code 2019.

A key goal of the Financial Management Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. For this reason, the implementation of the Code in the shadow year remains a critical task. There are clear links between the Financial Management Code and the Governance Framework.

A significant amount of the Code is part of the council's current activity. In order to provide the required evidence of compliance the Section 151 Officer will undertake a review to assess the level of compliance of the council's current systems and processes against the new Financial Management Code during 2021/22. Where there are outstanding matters or areas for improvement, these will be included in the future action plan.

## **8. The annual review of effectiveness**

The council is required to undertake, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The outcomes of the review are considered by the Corporate Management Team and Audit Committee (who approve the final statement). Once approved, the annual governance statement is published alongside the council's statement of accounts.

In reviewing the council's governance framework and in order to complete this assurance statement, there are a number of assurances drawn from the following sources:

- Full council, Cabinet and other key decision making committee outcomes

- Outcomes from Scrutiny committees and Audit Committee
- The Monitoring Officer, Section 151 Officer and Chief Executive
- Corporate service departments
- Internal audit reports
- Internal audit annual opinion
- Internal audit governance self-assessment survey
- Risk, performance, and financial reports
- The strategic diversity board
- The strategic health and safety board
- Customer complaints and feedback
- Freedom of Information requests
- Data protection and information governance issues
- External audit reports
- External inspections and peer reviews
- Benchmarking activity
- Evaluation of progress against previously identified governance issues

This all supports the completion of a self-assessment statement which covers the key processes and systems that comprise the council's governance arrangements and is intended to identify any areas where improvement or further development is required.

## 9. Governance issues – Part One - Progress Against the 2019/2020 Self-Assessment

The completion of the self-assessment for 2019-20 did not highlight any significant governance failures. However, the following issues were identified as areas where improvements could be made:

	<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>	<b>Progress to Date</b>
1	Compliance with financial framework. Audits completed throughout the year identified gaps in process that whilst are not significant show a pattern that there are some operational areas that require addressing.	Follow up audits will revisit the areas to be actioned and will be reported through the Audit Committee and CMT.	Improvement in the compliance with the financial framework will be evidenced in the audit refreshes.	<p>There are fewer examples of non-compliance in the audits. However, it is clear that the further away from the corporate centre the service operates the less likely they are to comply with central requirements and there is a lack of visible of compliance or non-compliance.</p> <p>15 audits still showed small pockets of non-compliance, less examples from last year. It is not just compliance with contract or financial regulations.</p> <p>Internal Audit are currently performing some analyses work in relation to Financial Rules and their robustness. This work will be reported back to the s151 officer to determine next steps.</p>
2	The required action identified in audits undertaken remedy issues raised within the audit are not undertaken in a timely manner within the agreed timescales.	Directors will monitor compliance with audit report timescales to ensure deadlines are not exceeded.	Action timescales agreed in reports will be met.	<p>The audit follow up process has improved these areas of activity. 28 follow up were performed with 68 percent of those reviews showing a positive improvement. Resulting in the overall assurance levels for individual audits also improving.</p> <p>The follow up process will continue for the year 2021/2022 where regular follow up work will be</p>

	<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>	<b>Progress to Date</b>
				performed and reported to CMT. This should enable us to evidence sustained compliance with timescales required to mitigate risk exposure.

**Governance issues – Part Two: Action Plan from the 2020/2021 self assessment:**

Over the course of 2020/21 Internal Audit has completed 54 reviews, this figure includes 15 full audits and 28 follow up audits. The process and discussions utilised in those follow up visits evidenced there has been good movement on the timeliness of compliance with actions required to mitigate identified risks.

The Internal Audit Team also undertook assurance work across 11 Grants all of which have satisfied the terms and conditions of the grants,

No audits have resulted in no assurance and the number of areas rated as limited assurance is consistent between 2019/20 and 2020/21.

While audits continue to identify some noncompliance with the council’s financial and governance expectations, these are less common than in previous years and are limited to services more remote from the corporate centre.

During 2021/22 the council will be rolling out a suite of financial training through its online training hub, which will both promote awareness and support improved compliance with corporate expectations.

Implementation rates for actions agreed in audit reports has improved, with the majority of follow-up audits able to improve overall assurance ratings. Internal Audit has been able to close 77 percent of individual actions followed up during 2020/21.

Internal Audit will continue its programme of follow-up reviews during 2021/22, including second follow-ups where all actions are not closed at the point of first follow-up in 2020/21.

Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance. As a result of the findings summarised above and detailed in the annual report the audit opinion for 2020/21 remains as **reasonable assurance**.

	<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>	<b>Lead Officer</b>
	<p>Lack of consistent compliance with policy process legislation, further complicated by the ability to provide this assurance with the work from anywhere model.</p> <p><i>Examples of audits where this has been identified are: Digital / CCTV / Schools / Insurance / accounts receivable / accounts payable / SARS etc.</i></p>	<p>Follow up audits will revisit the areas to be actioned and will be reported through the Audit Committee and CMT.</p>	<p>Reduction in the number of cases and areas reported as not complying with appropriate policy and process.</p>	<p>Claire Shand</p>
	<p>Introduction of the CiPFA Financial Management Code</p>	<p>Review of activity and compliance with the new code. Identification of changes needed to address gaps or limitations in compliance with the FM Code.</p>	<p>IWC financial policies and processes continue to meet the standards required by the CIPFA Financial Code.</p>	<p>Chris Ward</p>
	<p>Compliance with Risk Management Framework at service level needs to be tested</p>	<p>Relaunch of the council's risk management framework and internal risk management system.</p> <p>Risk Management Audit</p> <p>AGS self-assessment survey and sample testing</p>	<p>Service risks are reported effectively to all service boards and escalated where necessary.</p> <p>Services utilise the council's risk management system</p>	<p>Wendy Perera</p>

	<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>	<b>Lead Officer</b>
	Compliance with the council's performance management framework and links to the corporate plan	<p>Refresh of directorate service plans and team plans to identify key areas of performance linked back to the refreshed corporate plan priorities.</p> <p>Refresh of data book metrics and measures reported to the corporate management team and through the quarterly performance monitoring reporting to cabinet.</p>	<p>Service plans reflecting the corporate priorities, feeding into team plans and down to individual performance plans.</p> <p>Effective reporting of performance against each of the corporate plan outcomes.</p>	John Metcalfe
	Post-election there will be a need to support the audit committee in the delivery of its duty.	<p>Training and development support to new councillors</p> <p>Completion of the self-assessment tool for successful audit committees through CIPFA</p>	<p>Induction plans in place and completed by all councillors</p> <p>Assurance that the audit committee have been supported to understand and undertake their roles on the committee effectively.</p>	Claire Shand

### Summary

The annual assessment and review process of the council's corporate governance arrangements has identified several issues that could further enhance the current arrangements. As a result, the Isle of Wight Council will take steps to address the above identified issues to secure further assurance in the areas of most concern identified above.

**Signed on behalf of Isle of Wight Council:**

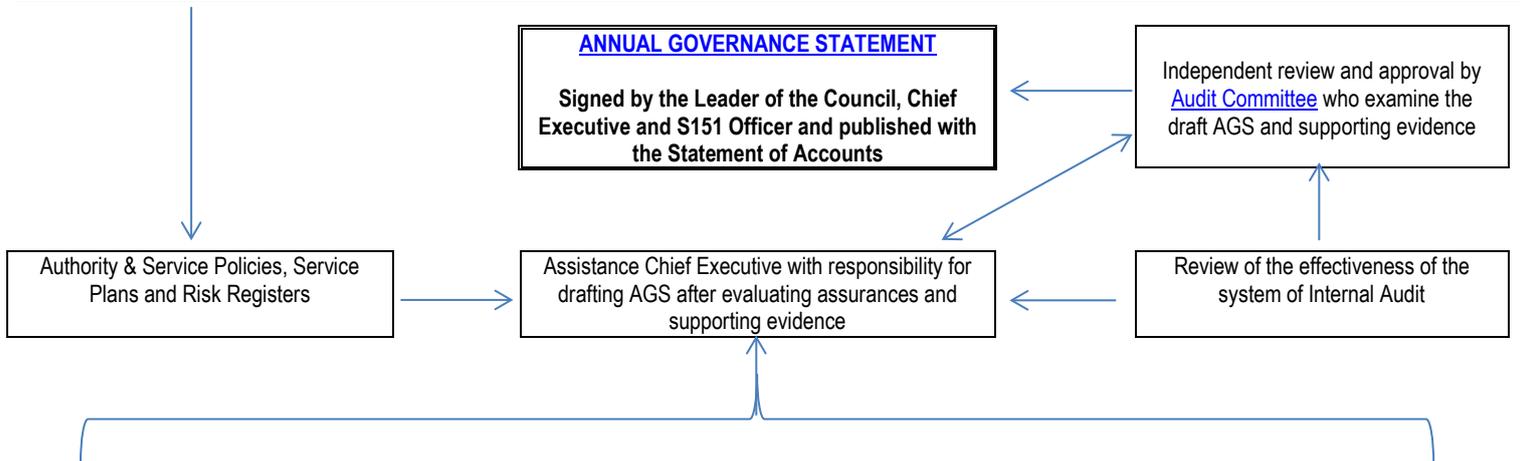
**John Metcalfe  
Chief Executive**

**Councillor Lora Peacey-Wilcox  
Leader of the Council**

**DRAFT**

## IWC GOVERNANCE FRAMEWORK

<b>Documentation</b>		
<ul style="list-style-type: none"> <li>• <a href="#">Corporate Plan 2019 to 2022</a></li> <li>• <a href="#">Service Business Plans</a></li> <li>• <a href="#">Performance Management Framework</a></li> <li>• <a href="#">Risk Management Framework</a></li> <li>• <a href="#">Programme Management Framework</a></li> <li>• <a href="#">Project Management Framework</a></li> <li>• <a href="#">Access to Information Policy</a></li> <li>• <a href="#">Forward Plan</a></li> <li>• <a href="#">IWC Terms and Conditions /Contracts of Employment</a></li> <li>• <a href="#">Pay Policy</a></li> <li>• <a href="#">Capability Policy</a></li> <li>• <a href="#">Disciplinary Policy</a></li> <li>• <a href="#">Gifts and hospitality Guidance for staff and members</a></li> <li>• <a href="#">Member code of Conduct</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Anti-Money Laundering Policy</a></li> <li>• <a href="#">Behaviour Framework</a></li> <li>• <a href="#">Counter Fraud and Corruption Strategy</a></li> <li>• <a href="#">Data Protection Policy</a></li> <li>• <a href="#">Privacy Impact Assessment</a></li> <li>• <a href="#">Employee Code of Conduct</a></li> <li>• <a href="#">Recruitment Policy &amp; Procedure</a></li> <li>• <a href="#">Equality Policy Statement &amp; Guidance</a></li> <li>• <a href="#">Procurement Strategy</a></li> <li>• <a href="#">Whistleblowing Policy</a></li> <li>• <a href="#">Protective marking Policy</a></li> <li>• <a href="#">Portable File Storage Policy</a></li> <li>• <a href="#">Equality Impact Assessment Guidance</a></li> <li>• <a href="#">Constitution</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Medium Term Financial Plan</a></li> <li>• <a href="#">Treasury Management Strategy</a></li> <li>• <a href="#">Charging Policy</a></li> <li>• <a href="#">Complaints Policy</a></li> <li>• <a href="#">Contract Standing Orders</a></li> <li>• <a href="#">Corporate Retention Policy</a></li> <li>• <a href="#">Financial Regulations</a></li> <li>• <a href="#">Information Security Policy</a></li> <li>• <a href="#">Pension Fund Governance Policy</a></li> <li>• <a href="#">Workforce Plan</a></li> <li>• <a href="#">Electronic Communications Policy</a></li> <li>• <a href="#">ICT Security Policy</a></li> <li>• <a href="#">Social Media Policy</a></li> <li>• <a href="#">Town &amp; Parish Council Protocol</a></li> </ul>



<b><u>Performance Management &amp; Data Quality</u></b>	<b><u>Risk Management</u></b>	<b><u>Information Governance</u></b>	<b><u>Legal and Regulatory Assurance</u></b>	<b><u>Members Assurance</u></b>
<ul style="list-style-type: none"> <li>• Service Board Reports</li> <li>• <a href="#">Quarterly Performance Reports</a></li> <li>• Benchmarking Clubs</li> <li>• Personal Performance Management Reviews</li> <li>• Job descriptions</li> <li>• Corporate Induction</li> <li>• Corporate Management Team Schedule of Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Service Risk Registers</li> <li>• <a href="#">Strategic Risk Register</a></li> <li>• Project Risk and Issues Logs</li> <li>• Service Board Reports</li> <li>• Training</li> </ul>	<ul style="list-style-type: none"> <li>• Training Programme</li> <li>• Department Information Guardian Meetings</li> <li>• Data Sharing Agreements</li> <li>• Information Governance Group</li> <li>• Information Security Group</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sections of Committee Reports</a></li> <li>• Legal Advice</li> <li>• Equality Impact Assessments</li> <li>• <a href="#">Transparency reports</a></li> <li>• <a href="#">Register of interests</a></li> <li>• <a href="#">Whistleblowing reports</a></li> <li>• <a href="#">Call over processes</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Scrutiny Committee</a></li> <li>• <a href="#">Cabinet Committee</a></li> <li>• <a href="#">Audit Committee</a></li> <li>• <a href="#">Appeals Committee</a></li> <li>• <a href="#">Member Induction</a></li> <li>• <a href="#">Member training programme</a></li> <li>• <a href="#">Corporate management team/Cabinet Meetings</a></li> <li>• <a href="#">Health and Wellbeing Board</a></li> </ul>
<b><u>Assurance by Directors/Heads of Service</u></b>	<b><u>Other Sources of Assurance (including third party)</u></b>	<b><u>Financial Management</u></b>	<b><u>Internal Audit</u></b>	<b><u>External Audit</u></b>
<ul style="list-style-type: none"> <li>• <a href="#">Peer Reviews</a></li> <li>• Benchmarking club membership/reports</li> <li>• Corporate Management Team meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory body Inspections</li> <li>• <a href="#">Ombudsman Reports</a></li> <li>• Equality &amp; Diversity Board</li> <li>• Staff Equality Group</li> <li>• Health and Safety Board</li> <li>• Vine Staff Newsletter</li> <li>• Manager's briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Programme</li> <li>• Service Board Reports</li> <li>• Treasury Management</li> <li>• Statement of Accounts</li> <li>• Statutory Returns</li> <li>• Outturn Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Plan</li> <li>• <a href="#">Periodic reporting to Audit Committee</a></li> <li>• <a href="#">Risk-based audit plans</a></li> </ul>	<ul style="list-style-type: none"> <li>• Annual Plan</li> <li>• <a href="#">Annual Audit and Inspection Letter</a></li> </ul>