Notice of Meeting

Audit & Governance Committee

Date & time	Place	Contact	Acting Chief Executive
Monday, 22 January 2018 at **10.30 am**	Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN	Joss Butler Room 122, County Hall Tel 020 8541 9702 joss.butler@surreycc.gov.uk	Julie Fisher We're on Twitter: @SCCdemocracy

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email joss.butler@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Democratic Services on 020 8541 9122.

Members
Mr David Harmer (Chairman), Mr Keith Witham (Vice-Chairman), Mr Edward Hawkins, Mr Ernest Mallett MBE, Dr Peter Szanto and Mrs Fiona White

Ex Officio:
Mr David Hodge CBE (Leader of the Council), Mr John Furey (Deputy Leader, Cabinet Member for Economic Prosperity), Mr Peter Martin (Chairman of the Council) and Mr Tony Samuels (Vice-Chairman of the Council)

AGENDA

1   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2   MINUTES OF THE PREVIOUS MEETING [4 DECEMBER 2017]   (Pages 1 - 8)

To agree the minutes as a true record of the meeting.

3   DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter
  (i)   Any disclosable pecuniary interests and / or

  (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:
  - Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest

  - As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)

  - Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

4   QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:
1. The deadline for Member's questions is 12.00pm four working days before the meeting (*16 January 2018)*.
2. The deadline for public questions is seven days before the meeting (*15 January 2018)*.
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5   RECOMMENDATIONS TRACKER   (Pages 9 - 14)

To review the Committee's recommendations tracker.

6   REFERRAL OF COUNTY COUNCIL MOTION   (Pages 15 - 16)

To debate a County Council Motion which was referred to the Audit and Governance Committee for consideration.

| 7 | **BUSINESS CONTINUITY** | |

To outline the Council's assurance process for business continuity plans in and information on the robustness of these plans based on any practical testing.

| 8 | **TREASURY STRATEGY** | |

This report sets out the council's treasury management strategy for 2017/18, as required to ensure compliance with CIPFA's Code if Practice for Treasury management.

| 9 | **LEADERSHIP RISK REGISTER** | |

The purpose of this report is to present the Leadership risk register as at 31 December 2017 and update the Committee on any changes made since the last meeting to enable the Committee to keep the Council's strategic risks under review.

| 10 | **COMPLETED INTERNAL AUDIT REPORTS** | |

The purpose of this report is to inform Members of the Internal Audit reports that have been completed since this Committee last considered a Completed Internal Audit Reports item in December 2017 - as attached at Annex A.

| 11 | **DATE OF NEXT MEETING** |

The next meeting of Audit & Governance Committee will be on 12 April 2018.

Julie Fisher
Acting Chief Executive
Published: 11 January 2018

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Thank you for your co-operation

MINUTES of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.30 am on 4 December 2017 at Committee Room C, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

Mr David Harmer (Chairman)*
Mr Keith Witham (Vice-Chairman)*
Mr Edward Hawkins*
Mr Ernest Mallett MBE*
Dr Peter Szanto*
Mrs Fiona White*

Present = *

63/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were none.

64/17 MINUTES OF THE PREVIOUS MEETING - 25 SEPTEMBER 2017 [Item 2]

The Minutes were approved as an accurate record of the previous meeting.

65/17 DECLARATIONS OF INTEREST [Item 3]

There were none.

66/17 QUESTIONS AND PETITIONS [Item 4]

There were none.

67/17 RECOMMENDATIONS TRACKER AND BULLETIN [Item 5]

Declarations of interest:
None

Key points raised during the discussion:

1. With reference to Recommendation A11/17, the Committee were informed that HR had agreed to include an additional column in the whistleblowing report to detail outcomes.
2. With reference to Recommendation A5/17, it was noted that the Communications Team had agreed to develop a campaign to discourage fraud within the County Council. Officers highlighted this was scheduled for the New Year.
3. Members noted the formatting corrections needed in Recommendation A6/17.

4. The Committee noted the Audit and Governance Committee Bulletin.

Action/Further information to note:

None.

RESOLVED:

That the Audit and Governance Committee noted the report.

68/17 2016/17 AUDIT FINDINGS REPORT FOR S. E. BUSINESS SERVICES LTD, SURREY CHOICES LTD & HALSEY GARTON LTD [Item 6]

Declarations of interest:

None

Witnesses:

Ciaran McLaughlin, Grant Thornton
Thomas Slaughter, Grant Thornton
Susan Smyth, Head of Strategic Finance, Surrey County Council

Key points raised during the discussion:

S. E. Business Service LTD.

1. Representatives from Grant Thornton confirmed that there had been no significant issues found during the Audit. There was one adjustment to the group tax relief claim. The draft accounts had reflected the draft tax position so this had been updated in the final accounts to reflect the final tax position for the year.
2. The Committee asked for clarification on who directed the outlined companies where it was confirmed that it was senior officers of the County Council. It was noted that the day-to-day operation of each company was the responsibility of the Directors (of each company) and the Shareholder Board was responsible for taking decisions on behalf of the Council that were more strategic in nature.
3. It was confirmed that S. E. Business Services LTD was 100% owned by Surrey County Council (SCC) therefore all profits went to the Council.

Surrey Choices

4. Representatives from Grant Thornton stated that they had previously raised concern over some of the company's processes but following the recent audit had confirmed they were now satisfied. One audit adjustment had been identified which was regarding the deferred tax charge for the period which affected the reported financial position; discussions were currently being had with management around what adjustment was required. It was noted that this would continue to be monitored and would be followed up on in the New Year.
5. Members raised concern over the write-off of debt by Surrey Choices that was outlined in the report. Following further discussion it was

agreed for the Chairman to meet with the Chairman of the Overview and Budget Scrutiny Committee in order to pass on the concerns of the Committee.

6. Members queried the reasoning behind setting up the Local Authority Trading Company (LATC) as it meant the Council would be taxed. Officers stated that one of the reasons was to allow for greater use of personal budgets.

7. On page 83 of the report, Members queried the figure which stated that the average life expectancy assumptions used by the actuaries for males was 67.5 years and 69.6 years for women. It was noted that there had been an error in the disclosure note but that the calculation was correct.

Halsey Garton LTD

8. A section of the report was discussed which stated that the company was free to determine when to sell a property asset, therefore it was unlikely that there would be a realised loss since assets would generally only be sold when it was beneficial to do so. When referring to this some Members saw it as unwise to state that it would be unlikely to lead to a loss as it was believed this should not be assumed. Following further discussion officers reaffirmed that it would be very unlikely.

Actions/ further information to be provided:

A1/17 - For the Chairman to speak informally to the Chairman of the Overview and Budget Scrutiny Committee to raise concerns over the debt of Surrey Choices.

Resolved:

The Audit & Governance Committee considered the contents of the 2016/17 Audit Findings Report for S. E. Business Services Ltd, Surrey Choices Ltd & Halsey Garton Ltd.

69/17 EXTERNAL AUDIT UPDATE REPORT [Item 7]

Declarations of interest:

None

Witnesses:

Thomas Slaughter, Grant Thornton

Key points raised during the discussion:

1. A representative from Grant Thornton stated that an audit plan would be issued in the New Year for 2017/18.
2. The Committee noted the report.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance committee noted the external auditor's progress report.

70/17 TREASURY MANAGEMENT HALF YEAR REPORT 2017/18 [Item 8]

Declarations of interest:

None

Witnesses:

Nicola O'Connor, Finance Manager

Key points raised during the discussion:

1. Officers introduced the report which summarised the Council's treasury management activity during the first half of 2017/18. It was highlighted that Members had recently attended a training session on Treasury Management at the Council.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance Committee noted the content of the Treasury Management Half Year Report for 2017/18.

71/17 INTERNAL AUDIT HALF YEARLY REPORT 2017/18 [Item 9]

Declarations of interest:

None

Witnesses:

David John, Audit Performance Manager

Key points raised during the discussion:

1. Officers introduced the report which summarised the work of Internal Audit during the first six months of 2017/18. Annex D was highlighted as it was asking the Committee to support the proposal to use South West Audit Partnership (SWAP) to complete an external assessment of Orbis Internal Audit, which was in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).
2. Members referred to page 209, Annex B of the report and asked for clarification on where is stated 'Members'. Officers confirmed that this was members of the pension scheme and not specifically Members of the Council.

Page 4 of 8

3. In regards to the Review of Pension Administration Audit actions (Annex B), Officers highlighted that Complaints Management would no longer sit outside the service and would continue to be monitored.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance Committee agreed to:

a. Note the revised Orbis-Internal Audit Key Performance Indicators
b. Support the proposal to use the South West Audit Partnership (SWAP) to complete an external assessment of Orbis Internal Audit in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS)
c. Approve the draft Reporting and Escalation Policy

There were no matters to be referred to Cabinet and/or the County Council

The Committee did not identify any new or emerging risks for inclusion in the Internal Audit Plan

72/17 HALF-YEAR IRREGULARITIES REPORT [Item 10]

Declarations of interest:

None

Witnesses:

David John, Audit Performance Manager

Key points raised during the discussion:

1. Officers introduced the report which outlined irregularity investigations and proactive counter fraud work undertaken by internal audit in the first half of this financial year. Officers referred to paragraph 11 of the report which outlined investigated irregularities by directorate and showed the 39% had originated from the Deputy Chief Executives Office. It was noted that this was because a large number of common fraud areas were located in this directorate, such as the Blue Badge fraud.
2. Members of the Committee thanked Reem Burton, Lead Auditor, for her contribution to the Direct Payments case which was outlined in the report.
3. Members raised concern with Paragraph 5.1 of the Anti-Money Laundering Policy (Annex B, Appendix C) as there could be some risk with accepting any currency when accepting cash payments. Officers agreed to remove the wording 'in any currency' from the policy.

Actions/ further information to be provided:

A13/17 - For Officers to remove the wording 'In any Currency' from paragraph 5.1 of the Anti-Money Laundering Policy.

Resolved:

The Audit and Governance committee agreed to:

a. Note the contents of this report; and
b. Approve the updated Counter Fraud Strategy and Framework, attached at Annex B of the report.

73/17 COMPLETED INTERNAL AUDIT REPORTS [Item 11]

Declarations of interest:

None

Witnesses:

David John, Audit Performance Manager

Key points raised during the discussion:

1. Officers introduced the report which outlined the internal audit reports that had been completed since September 2017.
2. Members sought clarification on the purpose of the Buying Solutions Team which was mentioned on page 260 of the report. Officers confirmed that its purpose was to facilitate the procurement of services within the Council.
3. Members discussed the Unaccompanied Asylum Seeking Children (UASC) audit report and drew attention to the fact that 14 of 15 tested UASC records had not met the 20 day health assessment timescale deadline. Members raised concern with this and stated that the service needs to set sensible and achievable timescales.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance Committee noted the report.

74/17 HALF YEAR RISK MANAGEMENT REPORT [Item 12]

Declarations of interest:

None

Witnesses:

Nicola O'Connor, Finance Manager

Key points raised during the discussion:

Page 6 of 8

1. Officers introduced the report where it was noted that the half year risk management report enabled the Committee to meet its responsibilities for monitoring the development and operation of the Council's risk management arrangements.
2. On page 274 of the report, it was agreed to add the word 'property' within point 6, under 'Process in place', in annex B the report. Therefore stating 'Information management in CSF, health and social care integration and *property* assets'.
3. Concern was raised over the lack of optimisation of vacant properties within the County. Officers confirmed that an audit report relating to this was underway and would be available in the New Year. Upon further discussion it was agreed to request a briefing from Property Services in order to outline further details.
4. Members discussed the tests carried out on business continuity plans within the Council and queried their extensively. Upon further discussion, it was recommended that a report be brought to the Committee, to update Members of business continuity plans at the Council and their robustness following practical testing.

Actions/ further information to be provided:

A14/17 - For a briefing to be circulated to the Audit and Governance Committee outlining the optimisation of vacant properties within the county.

A15/17 - For the Audit and Governance Committee to receive a report outlining the testing of Business Continuity plans.

Resolved:

The Audit and Governance Committee:

a. Considered the contents of the report and confirmed it was satisfied with the risk management arrangements.
b. Reviewed the Leadership Risk Register and determined whether there were any matters that it wishes to draw to the attention of the Chief Executive, Cabinet, Cabinet Member or appropriate Select Committee.

75/17 GOVERNANCE UPDATE REPORT [Item 13]

Declarations of interest:

None

Witnesses:

Nicola O'Connor, Finance Manager

Key points raised during the discussion:

1. Officers introduced the report which purpose was to provide an update on the Council's governance arrangements during the first six months of 2017/18.

2. Members noted that the Council's reported overspend for December would be available for consideration at the Audit and Governance Committee meeting in January 2018.

Actions/ further information to be provided:

None.

Resolved:

The Audit and Governance Committee:

a. Confirmed it was satisfied with the ongoing governance work
b. Did not agree for any concerns to be referred to the Cabinet or to the relevant Cabinet Member.

76/17 DATE OF NEXT MEETING [Item 14]

The date of the meeting was noted as 22 January 2018.

Meeting ended at: 12.15 pm

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Chairman

Audit & Governance Committee
22 January 2017

Recommendations Tracker

PURPOSE OF REPORT:

For Members to consider and comment on the Committee's recommendations tracker.

INTRODUCTION:

A recommendations tracker recording actions and recommendations from previous meetings is attached as Annex A, and the Committee is asked to review progress on the items listed.

RECOMMENDATION:

The Committee is asked to monitor progress on the implementation of recommendations from previous meetings in Annex A.

REPORT CONTACT: Joss Butler, Democratic Services Assistant
                                    020 8541 9702 joss.butler@surreycc.gov.uk

Sources/background papers: None

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Audit & Governance Committee Recommendations Tracking

Recommendations (ACTIONS)

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A1/17	20/02/17	Audit for Surrey Choices	Committee to invite Penelope Fell, MD of Surrey Choices/Shareholder Board to next meeting of A&G	Chairman	July 2017 – That the Committee will see how the new Overview and Budget Scrutiny Committee will be dealing with this matter going forward. November 2017 – The Chairman of the Overview and Budget Scrutiny Committee has planned to take an item on the performance of the Shareholder Board (and the LATCs) in 2018. A&G Committee to be updated following this. **December 2018 - The Chairman agreed to speak informally to the Chairman of the Overview and Budget Scrutiny Committee to raise concerns over the debt of Surrey Choices.**
A8/16 (Merged A20/15 A43/15 -Dec 2016)	28/05/1507/12/15	Completed Internal Audit Reports Internal Audit Half Year Report 2015/16	• record keeping for accounts relating to individuals' care charges • outstanding financial assessments.	Chairman	Members from Audit & Governance Committee were invited to attend the Social Care Services Board on 26 October to take part in discussions on this item. Denis Fuller and Tim Hall attended as did Saj Hussain who is a member of SCSB. January 2017 – Committee agreed to keep on the tracker for the new committee. May 2017 – An audit is currently taking place so depending on outcome committee may wish to delete this item from the tracker. June 2017 – Committee requested this be kept on tracker until the audit report had been seen.

Annex A

Audit & Governance Committee Recommendations Tracking

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A13/17	04/12/17	Half-Year Irregularities Report	For Officers to remove the wording 'In any Currency' from paragraph 5.1 of the Anti-Money Laundering Policy.	Lead Auditor	**December 2017 – the wording had been removed from paragraph 5.1 of the Anti-Money Laundering Policy.**
A14/17	04/12/17	Half Year Risk Management	For a briefing to be circulated to the Audit and Governance Committee outlining the optimisation of vacant properties within the county.		
A15/17	04/12/17	Half Year Risk Management	For the Audit and Governance Committee to receive a report outlining the testing of Business Continuity plans.	Chairman	**December 2017 - A report would be brought to the Committee in January 2018.**

Audit & Governance Committee Recommendations Tracking

COMPLETED RECOMMENDATIONS/REFERRALS/ACTIONS – TO BE DELETED

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update
A11/17	25/09/17	Recommendations tracker and bulletin	Circulate the link to the full gifts & hospitality report to Committee Members Suggest the inclusion of an additional column in the whistleblowing report to detail outcomes	Committee Assistant Committee Assistant, HR Business Services and Programmes Manager	A copy of the full gifts & hospitality register for 2016/17 was circulated to Committee Members electronically on 6 October 2017. Feedback provided to the HR Business Services and Programmes Manager who will liaise with the Whistleblowing policy owner to progress this. **The Committee were informed that HR had agreed to include an additional column in the whistleblowing report to detail outcomes.**
A5/17	13/6/2017	IA Irregularity & Special Investigations	1. That the Lead Auditor speak with the Communication Team regarding publicity. 2. That in future reports the Lead Auditor includes a pie-chart breakdown of the 'proven' cases. 3. That the Lead Auditor arrange for a Fraud Seminar for members.	Lead Auditor	1. A meeting with the Communications team has been scheduled for late September and outcomes will be shared with the committee as appropriate. 2. This will be introduced in the "Half-Year summary of Internal Audit irregularity investigations and counter fraud measures" which will be presented to the committee in December. 3. A Fraud Seminar has been scheduled for Committee Members on 19 February 2018. **The Communications Team have agreed to develop a campaign to discourage fraud within the County Council. This was scheduled for the New Year.**

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SURREY
COUNTY COUNCIL

Audit and Governance Committee

Referral of County Council Motion

Purpose of the report: To debate a County Council Motion which was referred to the Audit and Governance Committee for consideration.

Introduction:

1. At the 5 December 2017 County Council meeting it was agreed that an original motion put forward by Andrew Povey would be referred to the Audit and Governance Committee for consideration.

2. The Motion is as follows-

   That the wording of the Financial Framework for Members' Allocations contained in Part 5 of the Council's Constitution, be modified in the section "What we cannot consider", point 7, to replace the word "core" with the word "statutory".

3. It was agreed by the Chairman of the Audit and Governance Committee that this motion would be debated at the Board's meeting on 22 January 2018. Andrew Povey has been invited to the meeting along with relevant officers from the service.

Recommendations:

That the Audit and Governance Committee debate the referred County Council Motion from Andrew Povey and report back to County Council at its next meeting.

Next steps:

Any outcomes regarding the motion will be reported to the next County Council meeting.

Report contact: Joss Butler. Democratic Services Assistant

Contact details: joss.butler@surreycc.gov.uk

Sources/background papers:

None.

SURREY
COUNTY COUNCIL

Audit & Governance Committee
22 January 2018

Business Continuity

Purpose of the report:

To outline the Council's assurance process for business continuity plans in and information on the robustness of these plans based on any practical testing

Recommendations:

It is recommended that the Audit & Governance Committee note and discuss the contents of the report and consider the appropriate timescale for future reporting.

Introduction:

1. Surrey County Council has the duty to provide various services to the communities of Surrey and other partner organisations. Many of these duties are set by legislation and other duties come from common law. Many have a direct impact on the health and quality of life of the residents of Surrey.

2. The Civil Contingencies Act 2004 places a duty on Surrey County Council to ensure critical services are resilient in order to respond to disruptive events.

3. The purpose of this policy is to ensure the following objectives are met:

    *   That Surrey County Council has a planning process in place that encompasses anticipation, assessment, prevention and preparation, so that we are ready to deal with rapid increased demands for services caused by emergencies.

    *   That Surrey County Council responds to these increased acute demands for service efficiently and effectively,

- That Surrey County Council will have a business continuity process in place to enable critical services to be maintained in the face of a serious and / or widespread disruptive incident, including disruption to services during an emergency,

- That Surrey County Council will have in place business recovery plans to ensure a rapid return to normal or a new normal.

- That Surrey County Council maintains a training and exercising programme for staff to ensure effective implementation of these procedures.

4. The routine member scrutiny of the duties of outlined above is through the Corporate Service Select Committee. This report is submitted to the Audit and Governance Committee to outline the business continuity arrangements to the members of this committee.

5. Surrey Fire and Rescue Service (SFRS) is a category one responder in its own right under the Civil Contingencies Act 2004 and have specific arrangements in place for business continuity management. SFRS is accredited to the business continuity standard ISO22301 and is audited annually by the British Standard Institute which provides its assurance on the robustness of its plans.

Business Continuity Management

6. The Surrey County Council Resilience Policy outlines the business continuity processes the Council has in place to enable critical services to be maintained in the face of a serious and / or widespread disruptive incident, including disruption to services during an emergency.

7. This policy is regularly reviewed and signed off by the Strategic Director Environment & Infrastructure.

8. The Surrey County Council Corporate Incident Management Plan is maintained by the Emergency Management Team and explains how the Council will respond to a business continuity incident.

9. The Corporate Incident Management Plan details the roles and responsibilities for all staff and identifies the priority of the council's services. Appendix A contains the agreed list for your reference.

10. Each Service completes a Business Impact Analysis (BIA) to identify their critical activities these are then categorised 1 being the least critical and 5 as the most critical. The level of criticality of an activity is dependent on the impact of the loss of the activity and how quickly the activity needs to restart. The BIA then looks at the staff and equipment requirements to carry out these activities.

11. The service Business Continuity Plan (BCP) details how a service will respond to an incident and how they will continue to provide their critical activities.

12. The Councils business continuity management system has been designed to align to the business continuity standard ISO22301. It was decided that accreditation to the standard for the council was cost prohibitive.

13. The Emergency Management Team is currently working with colleagues in East Sussex and Brighton & Hove to explore how best to manage Orbis services business continuity.

Assurance Process

14. Each Service is required to ensure their service BIA and BCPs are fit for purpose. Priority 1 services should review their arrangements at least on a 6 monthly basis and Priority 2 and 3 services should review their arrangements at least annually. The service BIAs and BCPs should also be checked to ensure the arrangements are still effective prior to known disruptions e.g. planned IT outages, service restructures and scheduled sporting events and after business continuity exercises, any significant incidents or changes that have had a large impact on the service e.g. an alteration to the service risk profile.

15. Any services with category 5 (recovery required within 1 hour) and 4 (recovery required within 12 hours) critical activities should ensure the key contact details included in the BCP relevant for these activities are tested on a 6 monthly basis, or following a significant change to the service e.g. a restructure.

16. Any services with category 5 or 4 critical activities should ensure they are validated on an annual basis.

17. The head of service is responsible for ensuring that service BCPs are up to date. Each service nominates a Council Risk & Resilience Forum representative who normally undertakes this work on behalf of the service head.

18. The Council Risk and Resilience Forum (CRRF) is chaired by the Emergency Management Team and meets quarterly to review business continuity arrangements and review the status of services plans.

19. The status of service plans are taken to the Statutory Responsibilities Network every six months to give strategic oversight to the status of service BIAs and BCPs.

20. Business Continuity is assessed as part of the Councils Audit programme. The last audit was in January 2015 and the actions following the audit have been completed.

Testing & Exercising

21. The service status table Appendix 2 show the dates of the exercises that have been undertaken by services. Additionally 2 of the CRRF meetings are used as workshops to help review service BCPs.

22. The Corporate Incident Management Plan has been used to respond to the recent move to critical and data breach incidents. There have been debriefs following these incidents and the learning has been fed into the next review of the plan

Financial and value for money implications

23. The current Emergency Management Team (EMT) budget is set out below.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Funding:				
Contribution and contract income	-42	-63	-84	-106
Total funding	**-42**	**-63**	**-84**	**-106**
Expenditure:				
Employment	487	496	504	512
Non employment	57	57	58	59
Total expenditure	544	553	562	571
Net budget	**502**	**489**	**477**	**465**

24. The Emergency Management Team budget covers 3 main areas,

- Business Continuity Planning

- Emergency Planning and Response

- Planning for Major Planned Events

25. In line with the Corporate Policy there is an expectation that services will identify resources within service plans and budgets to support their Service Level Business Continuity arrangements.

Equalities and Diversity Implications

26. Service disruption and emergencies tend to impact harder on disadvantaged groups within our communities who in turn may rely more heavily on Council provided services – effective Emergency Preparedness and Business Continuity Planning is therefore essential to their continued wellbeing. Compliance with the requirements of the Civil Contingencies Act 2004 will assist disadvantaged groups.

Risk Management Implications

27. Business Continuity arrangements address some of the operational risks identified through the risk management process. Where risk management is concerned with minimizing the probability of and destruction caused by negative events. Business Continuity, as the name implies, must cope with interruptions at the operational level. Recognizing that there are inherent imperfections in systems, people, facilities and general operational

functions. The essence of Business Continuity Management System is to negate or reduce the impacts of potential service disruption on the critical services of the organization.

28. Focusing upon incident-specific, site-specific analysis of potential causes of interruptions, risk managers seek to preclude incidents from occurring. If elimination of the risk is not possible, then through the Business Continuity arrangements, the focus moves to minimizing the results of the negative event and protecting the delivery of services deemed as critical to residents and our communities.

Next steps:

Continue to work with East Sussex & Brighton & Hove City Council to ensure that Orbis services have the appropriate business continuity plans in place and that they are validated through testing and exercising.

Continue to work with SCC services to ensure their plans are regularly updated and exercised.

Report contact: Ian Good, Head of Emergency Management, Emergency Management Team

Contact details: 020 8541 9160
                        ian.good@surreycc.gov.uk

Sources/background papers:

- All background papers used in the writing of the report (eg previous reports/minutes, letters, legislation), should be listed, as required by the Local Government (Access to Information) Act 1985.
- A copy of any background papers which have not previously been published should be supplied to Democratic Services with your draft report.

Appendix 1 Service Priority List

Priority One Services	
Adult Social Care and Public Health	Adult Social Care Mental Health Service Delivery
Children's, Schools and Families	Children's and Safeguarding Service
Deputy Chief Executive's Office	Communications Customer Services Information Management & Technology Property Services
Environment & Infrastructure	Emergency Management Team Highways Surrey Fire & Rescue Service Travel & Transport Group
Legal, Democratic & Cultural Services	Coroner Registration and Nationality Service

Priority Two Services	
Children's, Schools and Families	Schools and Learning Services for Young People
Communities	Trading Standards
Deputy Chief Executive's Office	Business Operations HR & Organisational Development
Legal, Democratic & Cultural Services	Community Learning & Skills Legal Services

Priority Three Services	
Adult Social Care and Public Health	Public Health
Children's, Schools and Families	Family Services Resources (Children's, Schools and Families)
Communities	Community Safety Team and Community Partnership Team Directorate Support
Deputy Chief Executive's Office	Finance Policy and Performance Procurement and Commissioning
Environment & Infrastructure	Environment - Countryside Group Environment - Place & Sustainability Environment - Planning and Development Group E&I Directorate Programme Group Waste Operations & Development Group
Legal, Democratic & Cultural Services	Democratic Services Heritage Library Services Surrey Arts

Appendix 2 Service Business Continuity Status

	Service Area	BIA Due	BCP Due	BCP Training/Exercise
Priority Area 1	IMT	15.04.17	15.04.17	12.11.15
	Property	25.10.18	25.10.18	
	Emergency Management	25.07.18	25.07.18	16.06.17
	Strategic Transport	02.11.18	02.11.18	
	Highways	30.11.18	08.11.18	
	Registration & Nationality	19.10.18	19.10.18	
	Coroner	02.11.17	02.11.17	
	Fire & Rescue	01.10.18	01.10.18	
	Communications	14.12.18	14.12.18	Feb-16
	Children & Safeguarding	01.05.18	01.05.18	16.06.16
	Adult Social Care	13.03.17	30.08.18	14.03.17
	Mental Health	30.10.18	20.10.17	17.05.16
	Customer Services	22.07.18	22.07.18	14.09.16
	Service Delivery	31.08.18	31.08.18	26.06.17
Priority Area 2	Trading Standards	01.04.17	01.04.17	
	Business Operations	11.10.18	11.10.18	
	HR & OD	06.10.18	06.10.18	
	Services for Young People	25.10.17	25.10.17	
	Legal Services	10.10.17	10.10.17	10.10.17
	Schools & Learning	31.08.17	31.08.17	
	Communtiy Learning and Skills	19.10.17	19.10.17	
Priority Area 3	Support Services Customer and Communities	21.10.17	n/a	
	Strategy & Performance	18.07.18	18.07.18	
	Library Services	20.11.17	20.11.17	
	Democratic Services	29.09.17	29.09.17	Jun-16
	Surrey Heritage	01.11.18	01.11.18	14.11.17
	Surrey Arts	15.11.17	15.11.17	
	Community Safety/Partnership	15.11.17	15.11.17	
	Waste Group	02.11.18	02.11.18	
	Countryside Group	02.11.18	02.11.18	
	Planning Group	02.11.18	02.11.18	
	Public Health	20.04.18	20.04.18	09.10.17
	Procurement	13.10.18	13.10.18	14.11.17
	Finance	09.06.18	09.06.18	
	Family Services	24.03.18	24.03.18	

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A councillor's guide to civil emergencies

Guidance

Contents

Foreword

Recent flooding events in the north of England have once again highlighted the important role of councils in responding to and recovering from civil emergencies. In the case of these forecastable weather related emergencies, thanks to good planning and some advanced warning, councils and their local resilience forum (LRF) partners were able to take some pre-planned actions, such as erecting flood barriers, distributing sand bags and warning the public. This undoubtedly went some way to reducing the overall impact of these devastating floods.

But not all emergencies can be foreseen in this way. How many would have anticipated the fatal air accident on the Shoreham by-pass in summer 2015 and the impact it would have, or, despite the ever present risk of terrorism, the 2005 bombings in London or indeed the atrocities in Paris and Brussels?

As councillors we need to ask ourselves and our officers, 'how well prepared are we to face the unexpected?'

If we are properly prepared, we should be able to cope with whatever might be thrown at us. Councils that work closely within the framework of their LRF to identify and update risks and plan for emergencies will have taken a big step towards ensuring they are ready, but this can't just be left to the experts.

As councillors and community leaders we have an important part to play not just through being involved in responding to and recovering from an emergency, but also through being engaged in the essential planning and preparation needed to ensure resilience and readiness. We have a responsibility to ensure that those charged with supporting our community in the event of an emergency won't get caught out. If the worst happens, we, as elected representatives, are fundamental to ensuring the backing of the public for whatever needs to be done to return to normal. By asking the right questions and ensuring the interests of our constituents are properly represented, we can make a significant contribution to ensuring the overall resilience of our communities.

I welcome the publication of this guide and commend it to you. I hope you will find it useful and encourage you to question how well prepared you personally and your councils are should disaster strike. The questions at the back the guide provide a good starting point for senior elected leaders and portfolio holders, and colleagues sitting on scrutiny committees, to examine the overall preparedness of their council and partners.

My key message would be, please don't leave it to the last minute or until it really is too late.

Councillor Simon Blackburn
Chair, LGA Safer and Stronger Communities Board

Introduction

A **civil emergency** is defined in the Civil Contingencies Act 2004 as:

"an event or situation which threatens serious damage to human welfare in a place in the United Kingdom, the environment of a place in the UK, or war or terrorism which threatens serious damage to the security of the UK".

Civil emergencies take many forms and advance planning and preparation is vital. Because of the increasing frequency of severe weather related events, flooding, snow, etc and the overall emphasis on climate change, there is a risk of too much focus on preparing for extreme weather with insufficient thought being applied to preparing for other emergencies such as:

- a major explosion and fire (eg Buncefield 2005)

- major disruption to the transport infrastructure (eg the Shoreham air crash 2015)

- a nuclear related incident (eg Windscale fire 1957; Fukushima, Japan 2011; Chernobyl, Ukraine 1986; Three Mile Island, USA 1979)

- a significant chemical accident (eg Bhopal, India 1984; Flixborough 1974)

- terrorism (eg London bombings 2005; Paris 2015)

- health related (eg Flu pandemic 2009).

Plans developed by a local resilience forum (LRF) will be based on a risk assessment, but while risk must be assessed and plans made accordingly, it would be imprudent to rule anything out completely.

Grade II listed Elland Bridge, Calder Valley, which was seriously damaged by flood water in 2015's Storm Eva

The principles for preparing for, responding to, and recovering from a civil emergency are much the same whatever the emergency. With civil protection arrangements needing to be fully integrated across all responders; the first principle is anticipation and assessment of risk and the last, effective response and recovery arrangements. This is otherwise known as integrated emergency management; a holistic approach to preventing and managing emergencies.

The following six activities are fundamental to this approach:

Integrated emergency management	Emergency preparedness	Emergency recovery and response
Anticipation	✓	
Assessment	✓	
Prevention	✓	
Preparation	✓	
Response		✓
Recovery management		✓

The bottom line is that if a council and its partners can get the broad principles right they will be in a good position to cope with whatever might come their way.

Flooded roads in Muchelney, Somerset 2014

Case studies

Storm Eva
Leeds City Council

On 26 and 27 December 2015 Storm Eva caused unprecedented flooding in Leeds. 519 businesses and 1,732 residential properties as well as bridges and council buildings damaged by the floods.

Leeds City Council's emergency control centre was activated and the local authority worked with emergency services, the Environment Agency (EA), Yorkshire Water and the army as part of the response. This included clean up, road signage, community engagement, communications (ie updating the website, handling hundreds of media enquiries), responding to enquiries via a flood email address and telephone helpline and deployment of sand bags to key sites.

The local authority along with community groups and volunteers used press and social media to engage more than a thousand volunteers to work on the clean up across the city, supported by over 100 council officers. Councillors met with those affected, galvanising volunteers and helping with the clean up. Greg Clarke, Secretary of State for Communities and Local Government, HRH Duke of York and Flood Minister for Yorkshire, Robert Goodwill MP all visited Leeds to raise awareness locally and nationally of the impact of the flood.

The West Yorkshire Resilience Forum, which is jointly chaired by the police, fire service and the council, met to ensure there is an effective framework for partnership working to deal with the recovery issues. Leeds City Council is playing a key role in this and has established an officer group to support the recovery arrangements set out in the Leeds Strategic Recovery Plan.

Shoreham Bypass air crash
Adur District Council

On 22 August 2015, a vintage jet aircraft crashed onto vehicles on the A27 during a display at the Shoreham Airshow, killing 11 people and injuring 16 others.

The aircraft broke into four parts on impact, destroying several cars. Fuel escaping from the fuel tanks ignited in a large fireball and plume of smoke immediately following the impact.

Following the crash, the A27 was closed in both directions, stranding those attending the airshow. People were initially able to leave the site only on foot, as the main access from the car parks to the A27 was closed.

Initially the role of Adur and Worthing Councils was to support the emergency services and West Sussex County Council as the tier one and two responders whilst keeping council services running as normal. Council officers also established a stand-alone website for a virtual book of condolence and together with West Sussex County Council opened a charitable fund to support victims of the accident, to be administered by the Sussex Community Foundation, a registered charity.

Storm Eva
Calderdale Metropolitan Borough Council

On Boxing Day 2015 Storm Eva reached Calderdale, causing flooding across 20 miles of the Calder Valley. Some 2,000 homes and 1,000 businesses flooded and large areas were without power for several days.

Calderdale Metropolitan Borough Council is the Lead Local Flood Authority (LLFA) and implemented emergency plans in partnership with the emergency services, Environment Agency, Canal and River Trust, Yorkshire Water, Northern Powergrid and local community groups.

Within hours local volunteers, with council support, had set up hubs in Todmorden, Hebden Bridge, Mytholmroyd, Sowerby Bridge and Elland, which quickly became the heart of each community, providing food, warmth, advice and support to the devastated communities.

Calderdale has local flood groups, with dedicated flood wardens and community based flood stores, which allowed the clean-up to get underway as soon as the floodwater had gone.

The council coordinated the collection and removal of tonnes of waste and debris from across the valley and provided skips for residents and businesses. The highways team inspected the street lights, traffic lights and over 100 bridges in the flood affected areas, including 85 underwater inspections. Grants were allocated to residents and businesses to contribute to the cost of the clean-up and to help make properties more resilient against future flooding.

The scale of the flooding and the subsequent damage to the highways network meant the council's priority quickly became focused on raising sufficient funding from regional organisations and central government to support the recovery.

The extent of the damage to infrastructure means that the repair work is still on-going, but most businesses have now re-opened and residents are returning home as life begins to return to normal across the Calder Valley.

Burnham Area Rescue Boat, Somerset 2014

Councils' legal obligations and their role in civil resilience

The Civil Contingencies Act 2004 is the legal framework that sets out the roles and responsibilities of emergency responders in England and Wales. The Act provides a basic framework defining what tasks should be performed and how cooperation should be conducted.

It defines two levels of responder:

- Category 1 – These are organisations which are likely to be at the core of the response to most emergencies. As such, they are subject to the full range of civil protection duties in the Act. All principal councils are Category 1 responders along with the emergency services, health services, and the Environment Agency.

- Category 2 – These are cooperating responders, who are less likely to be involved in the heart of multi-agency planning work, but will be heavily involved in preparing for incidents affecting their sectors. The Act requires them to cooperate and share information with other Category 1 and 2 responders.

All Category 1 responders are subject to the full set of civil protection duties in the Act, which are outlined in **Appendix 1** to this guide.

The type of emergencies to which a local authority would have a duty to respond will be set out in the local community risk register.

Local resilience forums (LRFs)

In England and Wales, LRFs, which are multi-agency partnerships made up of representatives of Category 1 and 2 responders plus the military, are responsible for identifying and planning for the civil resilience risks for the local police force area.

Local authorities should have a key role in the LRF, including being involved in the development of the community risk register and contributing to local multi-agency response planning. They should also participate regularly in local multi-agency training and exercises, which are a good way to provide assurance on local level preparedness.

Councillors can support this work and also ensure that LRFs are aware of the particular issues in their communities.

Lead local flood authorities (LLFAs)

LLFAs are county councils and unitary authorities, which have duties (outlined at **Appendix 2**) under the Flood Water Management Act 2010. The Act aims to provide better, more sustainable management of flood risk for people, homes and businesses, help safeguard community groups from unaffordable rises in surface water drainage charges, and protect water supplies to the consumer.

Providing emotional and practical support to the public in a civil emergency

In addition to what they are required to do under the Civil Contingencies Act, councils also need to bear in mind the following when responding to and recovering from a civil emergency:

• Under the Local Government Act 2000, councils are responsible for ensuring the economic, social and environmental wellbeing of their community. This means that in the event of a civil emergency, as well as taking a leadership role in recovering from the emergency, they have a responsibility to coordinate the provision of welfare support and lead the establishment of key humanitarian assistance facilities.

"Leeds, along with several other areas, witnessed the devastating impact of Storm Eva on local businesses and residents. There is no doubt local government proved to be best placed to react to the crisis. The multi-agency response of council officers, public services and emergency services was exceptional, but it was the hundreds of volunteers who gave up their time to do anything they could to help that was particularly striking. That greatly speeded up the clean-up process especially and helped the areas worst affected to begin to recover and get back on their feet as quickly as possible."

Councillor Judith Blake
Leader, Leeds City Council

• Under the homelessness legislation councils have a duty to secure suitable accommodation for people until a settled home becomes available. This means that in the event of an emergency, they have a responsibility for providing temporary shelter in the first instance and subsequently temporary accommodation in an extended emergency. Councils, registered social landlords and housing trusts have a duty to cooperate in providing assistance on request, where a housing authority asks for help with meeting its homelessness function.

What can councils do to provide practical and emotional support?

Experience from councils that have had to face the challenges of a civil emergency has shown that keeping communications teams part of the strategic decision-making process and the close involvement of the voluntary sector, were key to enabling them to provide practical and emotional support whilst also fulfilling their statutory duties and are therefore worth considering:

• Effective use of communications:

  ◦ agree the key messages with your communications team before you engage in any communications (eg face to face, social media, local and national press) and ensure that you and other responders clearly and consistently repeat these and any further updates in all future communications

  ◦ ensure that the front page of the council website clearly directs residents and press to up to date information regarding the emergency with clear signposts of where to go for further information if needed and relevant contact details for any other organisations

  ◦ use a variety of channels to communicate the key messages to as wide an audience as possible based on your knowledge of what works best

Page 34

for your residents. Social media is a good way of communicating with lots of people at the same time, but consider that harder to reach residents such as the elderly may need more direct contact such as public meetings, councillors and officers in key locations to relay information and leaflet/ newsletter drops

  ◦ ensure that regular updates are disseminated to all staff via intranet/ line managers and that front line staff are briefed to deliver key messages to residents.

• Setting up a dedicated resource centre/one stop shop with other service providers, particularly the voluntary sector and dedicated case workers.

• Providing access to telephones, computers and help with correspondence.

• Establishing a sub group to coordinate voluntary sector activities.

• Establishing an aftercare group as a sub group of the recovery coordination group (see **Appendix 3**) to provide emotional support to victims, including responders. While this group might be initiated by the council, it could be constituted almost entirely by the voluntary sector who could take over full responsibility for it in due course. Amongst other things it could:

  ◦ establish community support groups for people who want to talk about the incident

  ◦ establish community self-help groups supported by the council and other agencies such as the Environment Agency

  ◦ plan social events to bring displaced communities together.

  ◦ provide a care and counselling service.

• Making arrangements for the receipt and distribution of donations of cash, clothing, furniture, etc. This role could be undertaken by the voluntary sector.

"The flooding we experienced on Boxing Day 2015 was unprecedented. We were badly hit by floods in 2012. At the time these were also described as unprecedented, but it is clear that what was previously a once in 100 years event, or even once in every 50 years, is now happening with much greater frequency. Many homes and small businesses have been flooded several times over the past few years and I know that it has been a struggle.

Council staff, communities and volunteers supported each other during the clean-up operation and established community hubs in the five towns affected by floods. The council dealt with dangerous, flood damaged structures, cleared tonnes of debris and silt and provided assistance packages to householders and local businesses."

Councillor Tim Swift
Leader, Calderdale Council

Management and coordination of civil emergencies

Emergencies involve a large number of agencies, which need to cooperate and support each other. Procedures and capabilities need to be well integrated for response and recovery work to be effective.

There is a generic national framework for managing emergency response and recovery that is applicable irrespective of the size, nature or cause of an emergency, but remains flexible enough to be adapted to the needs of particular circumstances. This framework identifies the various tiers of single-agency and multi-agency management in emergency response and recovery, and defines the relationships between them. It provides a common framework within which individual agencies can develop their own response and recovery plans and procedures.

Levels of coordination

There are three levels of multi-agency coordination:

- **strategic** – often referred to as Gold

- **tactical** – often referred to as Silver

- **operational** – often referred to as Bronze.

The roles, responsibilities and management of each level is outlined at **Appendix 3** to the guide.

Funding the response and recovery to civil emergencies

Response – The Government operates a scheme of emergency financial assistance to help local authorities to cover costs they incur as a result of work related only to the response phase of emergencies. It is known as the Bellwin Scheme and may be activated by ministers in any case where an emergency involving destruction of, or danger to life or property occurs, and, as a result, one or more councils incur expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among inhabitants. It is important to note that the Bellwin scheme doesn't cover precautionary actions or the recovery from an emergency, is subject to an expenditure threshold, which is published annually, and only applies in England. In Wales it is known as the Emergency Financial Assistance Scheme and is administered by the Welsh Government.

Recovery – Councils are expected to make arrangements to bear the costs of recovery in all but the most exceptional circumstances. The Government is clear that it is up to councils to assess their own risk and put in place the right mix of insurance, self-insurance, and reserves. In the event of an exceptional emergency however, individual departments, eg Department for Communities and Local Government (DCLG), Department for Education (DfE), Department for Environment Food and Rural Affairs (Defra) and Department for Transport (DfT) will consider providing financial support for various aspects of the recovery effort. It should be noted that departments will not pay out for recovery costs that are insurable – with the exception of damage to roads. There will be no automatic entitlement to financial assistance even if arrangements are activated. Councils will have to demonstrate need against criteria laid down by the department running a particular scheme. Also the Government will not normally pay out against costs relating to areas where there is already an established government spending programme, or where existing programme spend can be re-prioritised.

"In the longer term, it's vital to plan on a much larger, more comprehensive scale, if we are to minimise future flooding and strengthen the resilience of our communities. We are now working with our partners to consider how we manage our uplands; whether we need to extend our flood alleviation schemes; how we can 'flood proof' homes and businesses and ensure that essential infrastructure such as electrical sub stations are sited away from potential flood spots, so that our communities can bounce back more quickly once the water recedes."

Councillor Tim Swift
Leader, Calderdale Council

A vehicle is removed from the River Calder in Hebden Bridge, having been swept into the river during Storm Eva flooding

Role of leaders and portfolio holders in civil emergencies

As senior politicians, the leader and fellow portfolio holders are the public face of the council and as such have an important role in both ensuring community resilience and responding to a civic emergency. While it is not the role of a councillor to get involved in the delivery of resilience or the strategic, tactical or operational coordination and delivery of response or recovery, they have an important role in providing a political lead on the way in which decisions are made.

Political leadership

As senior political leaders your central role will be:

- involvement in making key policy decisions and possibly having to consider recommendations from either the strategic coordination group or the recovery coordination group (see **Appendix 3**) on strategic choices

- possibly making representation to government for additional resources and financial assistance

- promoting joint working with parish, city and district authorities

- liaising with other elected representatives (MPs, MEPs, other local authority representatives, etc)

- representing your community in the strategic community recovery committee where relevant

- ensuring recovery issues are mainstreamed into normal functions

- minimising reputational risk to the authority and defending decisions

- ensuring lessons are identified and addressed, (for example, by updating recovery plans), and shared with others who may find them useful.

Media and communications

When an emergency happens residents often look to local and national media channels for the latest information which is why your communications team play a crucial part in emergency planning, response and recovery, and must be involved in emergency planning at a strategic level.

When many parts of the country flooded in the winter of 2014, council communications teams were at the forefront, sharing information between Members, officers, councils, their partners and the press through community events, traditional print communications and social media. It is therefore essential that your communications team are effectively supported to carry out their role and there are examples where the LGA has been able to help with this through communications advice such media responses and digital media support.

Maintaining good relations with the media will be more important than ever during and after an emergency. You will need to agree key messages with your communications team and working closely with them to be ready to:

- support the communication effort and assist with getting messages to the community, for example by giving interviews to the local and national press, holding public meetings where necessary and engaging with residents on social media, taking care to be consistent with the key information agreed with the communications team

- assist with VIP visits, ensuring that they are sensitive to the needs of the community

- support and assist those affected in how they engage with media interest.

"One of the most important learnings from the tragic events at the Shoreham Air Show was the need to ensure that communications were regular and consistent – whether between Members and officers, the council and its partners, or the council and the media. If clear, concise and accurate information hadn't been available when it was needed, the potential for causing additional distress in the community could have been enormous.

It was imperative that our messages were aligned with and interview candidates were aware of what was being said by other agencies, so that we could put on a united front during the response phase. We had to balance the needs of our local community with the desire for information from national agencies (who didn't understand local nuance) so that lines of communication and action remained clear.

I was initially taken aback by the media appetite for information – we received requests for interviews from across the country within hours of the tragedy unfolding, and these kept coming throughout the days and weeks that followed. It was incredibly important to have agreed a number of Members, who could field media interview requests, in advance with our Communications Team – this ensured that there was clarity and consistency for our community in who they were receiving messages from."

Councillor Neil Parkin
Leader, Adur District Council

Preparing for emergencies

Councils should hold a set of fully developed, tested and up-to-date plans covering a range of different scenarios based on locally identified risk to enable them to play a full and effective part in the response to an emergency.

Ensuring corporate resilience
As with any issue, assurance that the council is ready in all respects to deal with an emergency can be sought simply by asking senior officers a series of questions and ensuring you get comprehensive and substantial answers backed up by relevant documentation where appropriate. Some suggested questions are at **Appendix 4** to the guide.

In seeking assurance that the council has done all it can to prevent or reduce the impact of an unplanned event, and can continue to deliver services and support vulnerable members of the community, it is also important to seek reassurance that the council's own **business continuity plans** are sufficiently robust to enable it to continue to operate after disaster has struck. In this respect, it is worth noting that since 2008, there have been at least two major fires that have completely gutted council offices; Melton District Council in 2008 and South Oxfordshire District Council in 2015. Luckily both councils had business continuity plans that enabled them to continue to provide services with only minimal disruption. Would your council be able to do the same?

As senior political leaders, you can:

- discuss with the chief executive and senior officers the main risks to your communities so you can promote and support key actions, which will increase resilience

- work with your communications team to ensure you are familiar with both the internal and external communications channels and processes in an emergency and your role within this

- support the work of your LRF in planning for emergencies and helping them to be aware of the particular needs of discrete groups and issues within communities

- through your role as a community leader, promote awareness and understanding among the general public of the roles and responsibilities of the wide range of agencies that can be involved in managing risk and responding to an emergency so that communities are reassured and have a better idea of who to turn to in the event of concerns arising or emergencies occurring

- seek assurance that the council not only has developed in conjunction with partners on the LRF sufficient plans, but also tests those plans and trains personnel by participating in regular exercises

- encourage all councillors to participate in training and exercises so they are prepared to respond to an emergency and get involved in recovery from it

- understand the functions, ways of working, priorities and constraints of other organisations and in particular, if possible and appropriate, build personal relationships with key personnel, which will facilitate effective working during a crisis

- explore with your chief executive and senior officers whether contracts with suppliers include clear provisions requiring comprehensive plans for continuing service provision in the event of a civil emergency and for assisting with the response to and recovery from an emergency as appropriate and required; for example:

  ◦ care providers should be expected to have across-the-board arrangements for continuity of care in the event of an emergency, including provisions to evacuate care homes and how these provisions would work

  ◦ street cleaning and waste collection contracts should include provision for vehicles and equipment to be used in support of response to and recovery from an emergency

- help raise awareness amongst the communities you serve about the risks posed by climate change and other issues.

"It was clear that previous training initiatives were helping our staff deal with a difficult situation 'on the ground', supporting the first and second tier response agencies while keeping our own services running as normal. Regular training, even on desktop exercises, is very important in helping staff and councillors think about the issues they may have to face and, should the worst happen, vital to give them the skills they need to make critical decisions."

Councillor Neil Parkin
Leader, Adur District Council

In preparing for an emergency, it is important for councils to consider and plan for the roles of officers and councillors during both response and recovery. Experience has shown that where their respective roles have not been clearly established prior to an emergency, or where agreed roles are exceeded or disregarded, the coherence of the council's position is undermined.

Ensuring personal resilience
Resilience is not just about assets and services, personal resilience is important too. Unless everyone has thought through and is clear about their role both during a crisis and during the recovery phase, there is a risk that when disaster strikes, they will be on the back foot from the beginning. Participation in training and the exercising of plans will help with this.

Page 40

Responding to an emergency

Response

Responding to an emergency is a multi-agency activity, during which a council is responsible for:

- providing immediate shelter and welfare for survivors not requiring medical support and their families and friends via evacuation, rest, humanitarian and other centres to meet their immediate to short term needs

- providing medium to longer-term welfare support of survivors (eg social services support and financial assistance which may be generated from appeal funds and also provide help-lines which should answer the public's questions as a one stop shop)(see advice on pages 4-6 on the provision of emotional and welfare support)

- communicate relevant updates to public for information and reassurance

- providing investigating and enforcement officers under the provision of the Food and Environment Protection Act 1985 as requested by Defra

- facilitating the inspection of dangerous structures to ensure that they are safe for emergency personnel to enter

- cleaning up of pollution and facilitating the remediation and reoccupation of sites or areas affected by an emergency

- liaising with the coroner's office to provide emergency mortuary capacity in the event that existing mortuary provision is exceeded

- coordinating the activities of the various voluntary sector agencies involved, and spontaneous volunteers

- providing public health advice and support

- may provide catering facilities, toilets and rest rooms for use by all agencies in one place, for the welfare of emergency response personnel in the event of a protracted emergency; this will depend on the circumstances and available premises.

Senior political leaders will have two main roles during the response phase:

- A corporate role:

  ◦ Ensuring that the council continues to deliver services and provide support to the most vulnerable in the community and to those driven out of their homes.

  ◦ In conjunction with the council's communications team, being a public face for the council in interactions with the media and the wider community; it will be particularly important to take care to avoid issuing contradictory or unconfirmed information to the media and the public. Do this by clearly and consistently repeating the key messages agreed with the communications team in all of your communications, even in social media and face to face interactions with residents.

  ◦ In conjunction with the council's media team keep onsite and remote staff informed by ensuring internal communications are updated in line with external communications.

  ◦ Ensuring that the council is fully and effectively cooperating with all relevant partners, not least the voluntary sector and making best use of all the support offered by the wider general public.

  ◦ A role as a ward councillor, which is outlined in the next section.

"The role of social media was vital in such a time of crisis as it helped us greatly not only get up-to-the-minute updates on problem areas affected, but also to monitor all of the key agencies and to work together to help circulate all essential information to try and keep people informed and safe. It also enabled us to make sure that we could correct any rumours or misinformation, so that everyone could see the factual position coming from official sources."

Tom Riordan
Chief Executive, Leeds City Council

7 Recovering from an emergency

Recovery

Recovery is defined as the process of rebuilding, restoring and rehabilitating the community following an emergency. Ideally it should begin from the moment the emergency begins and will initially run alongside the response phase. It is more than simply the replacement of what has been destroyed and the rehabilitation of those affected. It is a complex social and developmental process rather than just a remedial process.

It will be multi-faceted and long running involving many more agencies and participants than the response phase. It will certainly be more costly in terms of resources, and it will undoubtedly be subject to close scrutiny from the community and the media. Having begun at the earliest opportunity it should continue until the disruption has been rectified, demands on services have returned to normal levels, and the needs of those affected (directly and indirectly) have been met. It could last months or even years and will normally be led by the council, usually with the chief executive or appropriate strategic director taking the chair of the recovery coordination group.

During recovery councils will also have a large part to play in addressing community needs via drop-in centres and organising anniversaries and memorials as part of the recovery effort.

Senior political leaders will want to be assured that:

- resources and agencies are being effectively deployed and cooperating coherently and well together

- council services and operations return to normal at the earliest opportunity

- communities that have been disrupted by the emergency, and in particular the vulnerable members of the community, receive the long term local support they need once the emergency is no longer

national news and central government has shifted its attention elsewhere

- the community are being kept well informed of plans and progress

- local voluntary sector organisations and the community are fully involved in the recovery process

- a recovery strategy has been developed, supported by a concise, balanced, affordable recovery action plan that can be quickly implemented, involves all agencies, and fits the needs of the emergency

- an impact assessment has been started early with councillors playing a central role in identifying problems and vulnerabilities in their community, which may require priority attention, and feeding those problems and vulnerabilities back to the relevant recovery group; the impact assessment is likely to develop over time from a pretty rough and ready assessment, probably covering the more immediate needs of people, to a more refined assessment of longer-term humanitarian needs and economic development

- lessons learnt from the emergency are being compiled, widely shared and acted upon; follow up actions might include revision of plans, further training, strengthening of liaison with other agencies, etc

- thorough debriefs are being planned and carried out to capture issues identified, recommendations to be implemented, and planning assumptions to be reviewed

- that the community (including businesses) is involved at all stages of recovery; elected members can play a key role in this, chairing public (and business) debrief meetings; they can also be useful for door-knocking rounds, bringing back issues that the community has identified, and providing a trusted point of contact for those with concerns

- information and media management of the recovery process is coordinated by the communications team

- frequent internal communications keep all onsite and remote staff updated with key messages
- effective protocols for political involvement and liaison (parish, district/county/unitary and parliamentary) are established.

2014 flooding in Burrowbridge, Somerset

The wider role of councillors in a civil emergency

Resilience

In planning and preparing for civil emergencies all councillors can play a key role by:

- promoting and encouraging the preparation of community plans

- using their local knowledge to identify local groups and partners who may be able to play a role in recovery

- promoting self-resilience within the community and managing residents' expectations

- actively engaging with community members involved in community resilience work more widely

- ensuring they are familiar with the communications team emergency plans and processes

- scrutinising emergency plans and holding officers to account for the thorough preparation and updating of the plans in conjunction with partners on the Local Resilience Forum (See **Appendix 5** for some suggested questions).

Councillors should wherever possible contribute to the planning process, undertake training and participate in exercises to ensure that they are familiar with what will be expected in an emergency.

Response

During the response to an emergency, councillors, whose wards have been impacted by the emergency have a key role in:

- providing community leadership in their own wards

- being there to identify the needs of individuals and the wider community and feeding them into to the appropriate part of response organisation via officers representing the council

- signposting members of the public towards the right agency to get the support they need

- communicating information to the public and media as required by the communications team

- supporting and assisting those affected in how they engage with the media.

Recovery

As community representatives and figureheads in their local community, councillors for the affected community have an important role to play in assisting with the recovery process. Although they have a limited role in the operational response phase, the role of councillors is vital to rebuilding, restoring, rehabilitating and reassuring the communities affected and speaking on their behalf.

Roles in which ward councillors can play a part include:

- Listening to the community – as a councillor and local figurehead, you have a key role as the voice of the community and can therefore:

  ◦ be the eyes and ears 'on the ground' by providing a focus for and listening to community concerns

  ◦ gather the views and concerns of the

community, and feed them into the recovery process, through the recovery coordinating group's (RCG) community recovery committee

- ○ provide support and reassurance to the local community, by listening or visiting those affected and acting as a community champion and supporter.

- Using local knowledge – as a member of the community, councillors have unique access to the thoughts, opinions and information relating to their local community. As such, they can play a part in using:

  - ○ local awareness of the thoughts and feelings of the community to identify problems and vulnerabilities the community may have and which may require priority attention and feeding them back to the relevant recovery sub-group

  - ○ local knowledge to provide information on local resources, skills and personalities to the relevant recovery sub-group, in particular local community groups which can also be an important source of help and specialist advice. Working closely with community groups, councillors will also be valuable in knowing how and who is active within a community.

- Providing support to those working on recovery through:

  - ○ providing encouragement and support to recovery teams working within the community

  - ○ working with the communications team to communicate key messages, from the RCG and its sub-groups, to to local and national press and to disseminate credible advice and information back to the community, keeping community members involved, including potentially assisting in debrief sessions with the community and managing community expectations along with the wider council

  - ○ actively engaging with community members involved in the recovery efforts.

- Political leadership:

  - ○ scrutiny – getting buy-in and closure at political level, including sign off for funding

  - ○ presenting the case for your community to the strategic community recovery committee where relevant.

Emergency response on A27 following the Shoreham air crash, 2015

Appendices

Appendix 1

Councils' responsibilities under the Civil Contingencies Act 2004

All principal councils (metropolitan districts, shire counties, shire districts and shire unitaries) are Category 1 or 'core' responders under the Act. As such, they are, alongside the emergency services, some health bodies and the Environment Agency, subject to the full set of civil protection duties in the Act and are required to:

- assess the risk of emergencies occurring and use this to inform contingency planning

- put in place emergency plans

- put in place business continuity management arrangements

- put communications arrangements in place to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency

- share information with other local responders to enhance coordination

- cooperate with other local responders to enhance coordination and efficiency

- provide advice and assistance to businesses and voluntary organisations about business continuity management (local authorities only).

As a Category 1 responder, a council must perform its duties under the Act where:

- the emergency would be likely to seriously obstruct its ability to perform its functions

- it would consider it necessary or desirable to act to prevent, reduce, control, or mitigate the emergency's effects, or otherwise take action; and would be unable to act without changing the deployment of its resources or acquiring additional resources.

Local responders work to a common national framework, but make their own decisions in the light of local circumstances and priorities about what planning arrangements are appropriate in their areas to deliver their duties under the Act.

Appendix 2

County and unitary councils' duties under the Flood Water Management Act 2010 (FWMA)

Under the FWMA, lead local flood authorities (LLFAs) (all county and unitary councils) are required to:

- prepare and maintain a strategy for local flood risk management in their areas, coordinating views and activity with other local bodies and communities through public consultation and scrutiny, and delivery planning

- maintain a register of assets – these are physical features that have a significant effect on flooding in their area

- investigate significant local flooding incidents and publish the results of such investigations

- establish approval bodies for the design, building and operation of sustainable drainage systems (SuDS)

- issue consents for altering, removing or replacing certain structures or features on ordinary watercourses

- play a lead role in emergency planning and recovery after a flood event.

LLFAs also have a new duty to determine which risk management authorities have relevant powers to investigate flood incidents to help understand how they happened, and whether those authorities have or intend to exercise their powers.

LLFAs and the Environment Agency will need to work closely together to ensure that the plans they are making both locally and nationally link up. An essential part of managing local flood risk will be taking account of new development in any plans or strategies.

If a flood happens, all councils as 'Category 1 responders' must have plans in place not only to respond to flooding emergencies, but also to control or reduce the impact of a flooding emergency.

By working in partnership with communities, LLFAs can raise awareness of flood and coastal erosion risks. Local flood action groups (and other organisations that represent those living and working in areas at risk of flooding) will be useful and trusted channels for sharing up-to-date information, guidance and support direct with the community.

LLFAs should encourage local communities to participate in local flood risk management. Depending on local circumstances, this could include developing and sharing good practice in risk management, training community volunteers so that they can raise awareness of flood risk in their community, and helping the community to prepare flood action plans. LLFAs must also consult local communities about its local flood risk management strategy.

7

Appendix 3

Levels of coordination

The generic national framework for managing emergency response and recovery identifies three tiers of multi-agency management and defines the relationship between them. The three levels are:

Strategic

Sometimes colloquially referred to as Gold, its purpose is to:

- consider the emergency in its wider context

- determine longer-term and wider impacts and risks with strategic implications

- define and communicate the overarching strategy and objectives for the emergency response

- establish the framework, policy and parameters for lower level tiers

- monitor the context, risks, impacts and progress towards defined objectives.

A multi-agency **strategic coordination group** (SCG) will be established where an emergency:

- has an especially significant impact

- has substantial resource implications

- involves a large number of organisations

- is expected to last for an extended duration.

An SCG does not have the collective authority to issue commands or executive orders to individual responder agencies. Each organisation will exercise control of its own operations in the normal way. Because of the nature of this group and the need for a council representative to be empowered to make executive decisions, councils will usually be represented by either the chief executive or appropriate strategic director.

The group will be chaired by an appropriate agency depending on the nature of the emergency. The police are particularly likely to chair the group if there is an immediate threat to human life, unless for example it is a major fire, when the chief fire officer would be the likely chair.

For emergencies with significant recovery implications, it would be normal to establish a **recovery coordinating group** (RCG) to take on the role of the SCG once the response phase of the emergency is over. In most cases it would be chaired by the local council chief executive or a strategic director.

Tactical

Sometimes colloquially referred to as Silver, the **tactical coordination group** (TCG) will be formed from senior operational officers from relevant agencies. A council will usually be represented at the assistant director/ head of service level. The group's role is to jointly conduct the overall multi-agency management of the incident:

- determine priorities for allocating available resources

- plan and coordinate how and when tasks will be undertaken

- obtain additional resources if required

- assess significant risks and use this to inform tasking of operational commanders

- ensure the health and safety of the public and personnel.

Operational

Sometimes colloquially referred to as Bronze, this is the level at which the management of the immediate hands-on work is undertaken at the site(s) of the emergency. While individual agencies retain command authority over their own resources and personnel deployed at the scene, each agency must liaise and coordinate with all other agencies involved, ensuring a coherent and integrated effort. It's the role of the operational commanders to implement the tactical commander's plan within their functional area of responsibility.

Appendix 4

Possible questions for leaders/portfolio holders to ask/check on

How engaged is the council in the LRF?

Are there sufficient officers at each level appropriately trained to participate in multi-agency coordinating groups?

Are all senior staff aware of what the council roles and responsibilities are in local resilience forum multi-agency emergency plans and is the council ready to deliver them?

Have arrangements been made to enable close working with other councils within the LRF in the event of an emergency (eg information sharing, shared communications plan, joint spokespeople, etc)?

Does the LRF have an up-to-date risk register and does it fully reflect risks faced by the council and incorporate climate change risks? Is it sufficiently detailed and comprehensive, written in plain English and understandable to the general public? Is it readily available to the public?

Are there sufficient plans for preventing emergencies; and reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases?

Do the emergency plans fully reflect the identified risks?

Do plans clearly identify vulnerable groups or businesses that are at particular risk?

When were business continuity plans last checked, updated and tested?

Is there a flood risk management strategy in place with adequate systems and resources to implement it?

Is there sufficient up-to-date information on the website to enable residents to contact the council in an emergency during a normal working day and out of hours and does the website make clear to residents what they can expect from the council in a local civil emergency?

When was the website last updated? Is it fully up-to-date and does it fully reflect current arrangements and points of contact?

Does the council have arrangements to generate the resource to respond to calls from residents about short or no notice emergencies out of working hours, particularly during the holidays, eg over Christmas and the New Year?

Are senior members of staff suitably trained in the implementation of the LRF's emergency plans and ready to respond in the event of an emergency?

Are emergency contact numbers for all key personnel, including councillors, available and up-to-date?

Are councillors aware of their role in responding to an emergency and have they had a recent up-to-date communications brief on emergencies to enable them to fulfil their community leadership role and be well informed for any media contact?

Are up-to-date and fit for purpose emergency and business continuity plans in place and are they coherent with local resilience forum plans?

Have lessons learnt from previous emergencies across the country been identified and plans modified accordingly?

Appendix 5

Possible questions for scrutiny committees to consider

How well is the council cooperating with other key organisations like the Environment Agency and the emergency services?

Have risks to council buildings and facilities (eg schools, leisure centres, libraries, residential care homes, day centres, etc) been properly identified and are mitigations and fall back plans in place?

Is the council conducting active horizon scanning for new risks and working with the LRF to regularly update the risk register?

Is the risk register sufficiently detailed and comprehensive, written in plain English and easily understandable by the general public?

Is the council aware of the impact emergencies could have on local businesses and the local economy and does it have plans to mitigate the impact?

Does the council have the wherewithal to be able to give advice to the commercial and voluntary sectors in the event of an emergency?

Do plans include measures for preventing emergencies and for mitigating the impact of emergencies when they arise?

Do plans reflect lessons learnt from previous emergencies across the country?

Have climate risks and opportunities been built into local growth plans?

Has training been provided to councillors and has training offered been taken up?

What assurance is there that the council has developed and practiced appropriate emergency and business continuity plans and are they coherent with the local resilience forum plans?

When were the council's business continuity plans last tested and how frequently are such tests planned to be carried out?

When was the last time the council participated in an exercise and when is the next exercise planned?

When were response arrangements last reviewed to ensure that newly elected members and staff are fully briefed?

What arrangements does the council have for scaling up the staff resource to not only support the response, but also maintain the delivery of front line services?

Which officers have been appropriately trained to participate in coordination groups and is this sufficient to ensure that the council can participate fully in responding to and recovering from emergencies?

Useful references

Local authorities' preparedness for civil emergencies: A good practice guide
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/368617/
Oct_2014_LA_preparedness_for_emergencies_guide.Final.pdf

Preparation and planning for emergencies:
responsibilities of responder agencies and others
https://www.gov.uk/guidance/preparation-and-planning-for-emergencies-responsibilities-of-
responder-agencies-and-others

Emergency preparedness
https://www.gov.uk/government/publications/emergency-preparedness

Emergency Response and Recovery:
Non statutory guidance accompanying the Civil Contingencies Act 2004
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253488/
Emergency_Response_and_Recovery_5th_edition_October_2013.pdf

LGA Guide for communicating during extreme weather
http://www.local.gov.uk/documents/10180/6869714/L15-506+Extreme+Weather+Communicatio
ns+Guidance_02.pdf/8e4f3c03-dea8-4d8c-b83b-1412990625e3

LGA Councillor briefing pack – Resilient communities:
Ensuring your community is resilient to the impacts of extreme weather
http://www.local.gov.uk/documents/10180/6869714/L15-77+CL+Resilient+c_WEB.PDF/
a0abfcae-a4db-42ce-abae-55c82d1d7bea

Flood risk management: information for flood risk management authorities,
asset owners and local authorities
https://www.gov.uk/guidance/flood-risk-management-information-for-flood-risk-management-
authorities-asset-owners-and-local-authorities

Managing flood risk: roles and responsibilities
http://www.local.gov.uk/local-flood-risk-management/-/journal_content/56/10180/3572186/
ARTICLE

Flood investigation report: section 19. Flood and water management act (2010) Upper
Calder Valley - 22 June 2012 flood incident
www.calderdale.gov.uk/environment/flooding/flood-investigation-06-12.pdf

Storm Eva - recovery plan
http://democracy.leeds.gov.uk/documents/s141257/EB%20Storm%20Eva%20Recovery%20
Cover%20Report%2020120116.pdf

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We consider requests on an individual basis.

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Surrey County Council
Corporate Resilience Policy
2016

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Document Control

Owner	Trevor Pugh, Strategic Director, Environment & Infrastructure		
Custodian	Ian Good, Head of Emergency Management		
Author	Alan Morris, Deputy Head of Emergency Management		
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2.0			

Authorising signature:

Trevor Pugh
Strategic Director, Environment & Infrastructure   **January 2016**

This Policy was signed off by the Strategic Director, Environment & Infrastructure in January 2016. A signed copy is held by the Emergency Management Team in Room 194, County Hall.

Distribution

The Corporate Resilience Policy is published on the County Council intranet (S::Net) Emergency Management section and public website so that all persons working for or on behalf of the organisation have access to this document.

Page 2

7

Table of Contents

7

1.0   Introduction, purpose and objectives

1.1   Surrey County Council has the duty to provide various services to the communities of Surrey and other partner organisations**.** Many of these duties are set by legislation and other duties come from common law. Many have a direct impact on the health and quality of life of the residents of Surrey.

1.2   The Civil Contingencies Act 2004 places a duty on Surrey County Council to ensure critical services are resilient in order to respond to disruptive events.

1.3   The purpose of this policy is to ensure the following objectives are met:

(a) That Surrey County Council has a planning process in place that encompasses **anticipation**, **assessment**, **prevention** and **preparation**, so that we are ready to deal with rapid increased demands for services caused by emergencies.

(b) That Surrey County Council **responds** to these increased demands for service efficiently and effectively,

(c) That Surrey County Council will have a **business continuity** process in place to enable critical services to be maintained in the face of a serious and / or widespread disruptive incident, including disruption to services during an emergency,

(d) That Surrey County Council will have in place business **recovery** plans to ensure a rapid return to normal or a new normal.

(e) That Surrey County Council maintains a training and exercising programme for staff to ensure effective implementation of this policy.

1.4   The Chief Executive will ensure on behalf of the Council that the provisions of this Policy are fulfilled.

1.5   This Policy will be reviewed annually and be amended to take into account new legal requirements, non-statutory guidance from central government and revisions and implementation of relevant British Standards and International Standards.

1.6   This Policy also covers other statutory Emergency Planning functions the County Council has, as outlined in the following legislation and regulations.

(a)   Local Government Act 1972, Section 138
(b)   Reservoir Act 1975
(c)   Notification of Installations Handling Hazardous Substance (NIHHS) Regulations 1982
(d)   The Pipelines Safety Regulations 1996
(e)   The Control of Major Accident Hazards (COMAH) Regulations 1999
(f)   The Radiation (Emergency Preparedness & Public Information) Regulations (REPPIR) 2001
(g)   The Flood and Water Management Act 2010
(h)   Health and Social Care Act 2012

2.0   Scope

2.1   This policy applies to all activities for which the Council has direct responsibility. Surrey County Council will also seek to promote this policy with all partners, stakeholders and

7

contractors. Surrey Fire and Rescue Service is a category one responder under the Civil Contingencies Act 2004 and have specific arrangements in place for business continuity management. In the case of School governing bodies for we will promote practices and procedures, which are consistent with this policy.

3.0 Commitment and Intention

3.1 The Council accepts its responsibilities for the provision of services to the residents of Surrey and acknowledges that many of these services are critical to health and quality of life within Surrey.

3.2 The Council is committed to ensuring critical services will continue to be delivered and that increased demand for services due to emergencies are met. In meeting this commitment services and activities will be prioritised and reviewed periodically through business impact analysis.

3.3 The Council will comply with the Civil Contingencies Act 2004, regulations and statutory guidance.

3.4 The Council will adopt and promote best practice for emergency management and business continuity, including minimising the impact of emergencies on the Council and the communities of Surrey.

3.5 The Council will regularly assess its business continuity arrangements through internal audit and peer review. It will seek to align itself against International Standard ISO 22301:2012.

3.6 The Council will provide information, training and exercising for employees to help them understand their role in the resilience processes of the County Council.

3.7 The Council is committed to the effective management of contracts and their performance to ensure suppliers have business continuity arrangements in place.

3.8 The Council is committed to working with all staff to develop and implement emergency management and business continuity measures that ensure the Council is able to deal with disruptive events.

4.0 Roles and Responsibilities

4.1 Elected Members

4.1.1 Elected members are seen as crucial in the scrutiny of the Civil Contingencies Act 2004 duties in line with the expectation of the wider community of Surrey.

7

4.1.2   Elected members will monitor the overall preparedness and resilience of the Council and its compliance with relevant legislation. The Cabinet Member for Localities and Community Wellbeing has the responsibility for leading member activity on this issue. The Cabinet will:

(a)   Receive annual reports on preparedness and resilience,
(b)   Ensure that adequate resources are available to discharge the Council's preparedness and resilience commitments.
(c)   Promote emergency management and business continuity within the Council.

4.1.3   The Council Overview Board will receive reports on this work and scrutinise the response of the Council to its Category 1 responsibilities under the Civil Contingencies Act 2004.

4.2   Chief Executive Officer (CEO)

4.2.1   The Chief Executive of Surrey County Council has the overall responsibility for achieving this Corporate Resilience Policy and accounts to the elected members for the operations of the County Council complying with all Civil Contingencies legislation and standards.

4.2.2   The Chief Executive is responsible for ensuring that all statutory requirements are adhered to, and for reviewing the effectiveness of this policy. The Chief Executive will:

(a)   Ensure strategic representation at the Surrey Local Resilience Forum.
(b)   Ensure members of the Councils Leadership Team demonstrate commitment to the Corporate Resilience Policy.
(c)   Delegate the Strategic Director, Environment & Infrastructure to be accountable for the Corporate Resilience Policy.
(d)   Ensure appropriate priority is given to emergency management and business continuity in County Council strategic planning.
(e)   Ensure that emergency management and business continuity performance is reviewed annually and at other times when necessary.

4.2.3   Ensure that the emergency response and business continuity arrangements are included in the business planning process, other strategic plans and job descriptions as appropriate.

4.3   Strategic Directors and Directors

4.3.1   Strategic Directors and Directors are responsible for ensuring adequate emergency management and business continuity arrangements are in place for their Directorates.

4.3.2   The role of Strategic Directors and Directors is to:
(a)   Promote emergency management and business continuity.
(b)   Ensure the Corporate Resilience Policy procedures and its associated guidance is followed.
(c)   Ensure that emergency management and business continuity responsibilities within their Directorate are properly assigned and fulfilled with the support of the Emergency Management Team.

7

(d)   Ensure resources are made available to fulfil the Council's commitment to emergency management and business continuity in their Directorate.

(e)   Ensure emergency preparedness and business continuity is adequately reflected in service business plans and risk registers.

(f)   Sign off the documented list of key services, the business impact analysis, risk assessments and business continuity plans to ensure that they are reviewed at least annually.

(g)   Ensure that service specific risks relating to the risk of service disruption through either an external risk impact on the communities of Surrey or an internal business continuity crisis are reflected in the directorate and service risk registers as per the Risk Management Strategy and Corporate Governance.

4.4   Deputy Directors / Assistant Directors / Heads of Service

4.4.1   Heads of Service are responsible for the provision of emergency management and business continuity arrangements in their Service. The Emergency Management Team will assist them with this activity. Services need to ensure that they are prepared to deal with an increase in demand for services resulting from an emergency and to deal with disruptive events that will impact on the performance of their unit. This should be reflected in the performance management processes.

4.4.2   The role of each deputy director / assistant director / head of service is to:

(a)   Promote emergency management and business continuity within their service, encouraging activities that develop the resilience of their service.

(b)   Ensure emergency management and business continuity responsibilities within the service are properly assigned and fulfilled, and that job descriptions reflect these responsibilities.

(c)   Ensure all staff in their Service are aware of current emergency management and business continuity issues that may impact on the service.

(d)   With the help of the Emergency Management Team ensure that staff are trained and systems are tested.

(e)   Ensure that service business continuity arrangements are tested and exercised periodically, documented, and learning fed back into plans and arrangements.

(f)   Participate in, and sign-off, Service Business Impact Analysis, Service Business Continuity Plan and risk assessments to assist in the development of an annual plan to address emergency management and business continuity issues, including resourcing.

(g)   Appoint a service Council Risk and Resilience Forum representative to lead on Emergency Planning and Business Continuity and represent the service at the Council Risk and Resilience Forum.

(h)   Activate emergency and business continuity plans they are responsible for as necessary.

(i)   Support the Head of Emergency Management in his role of corporate coordinator in responding to emergencies or business continuity events.

(j)   Support all Strategic Directors and other Heads of Service with appropriate planning and deployment of staff and resources in an emergency.

(k)   Ensure that Business Continuity and Emergency Planning activities are reflected in Service Delivery Plans.

7

(l)   Ensure service risk registers have due regard for both internal and external risks, which have the potential to cause disruption to critical services.

(m)   Ensure services adhere to Council Risk Management Strategy and Corporate Governance.

4.5   Director of Finance

4.5.1   The Director of Finance is central to monitoring the success of the Business Continuity Management System. The Director of Finance shall ensure internal audits are conducted at planned intervals to determine:

(a)   The Council conforms to planned arrangements for Emergency Management and Business Continuity.

(b)   The Emergency Management and Business Continuity programme is properly implemented and maintained.

(c)   Is effective in meeting the Corporate Resilience Policy.

4.6   Head of Emergency Management

4.6.1   The Head of Emergency Management will:

(a)   Advise and brief the Council's Leadership Team to assure the achievement of the Council's Emergency Management and Business Continuity commitment.

(b)   Maintain the County Council's Corporate Resilience Policy, and ensure that the most up-to-date version is available to all staff.

(c)   Develop Corporate Emergency and Business Continuity Plans that outline corporate response procedures.

(d)   Develop and manage the emergency planning process.

(e)   Through the Emergency Management Team provide professional and specialist advice, support and guidance to Cabinet Members, Council Risk & Resilience Forum representatives, Heads of Service and other managers and supervisors.

(f)   Ensure that the corporate training programme makes adequate provision for the development of emergency management and business continuity skills.

(g)   Maintain adequate records, which reflect staff training and skills.

(h)   Ensure that adequate arrangements are made for consultation with staff, including representatives and unions.

(i)   Liaise with nominated Emergency Management and Business Continuity representatives from service units.

(j)   Undertake performance measurement in emergency management and business continuity.

(k)   Represent the Chief Executive in Local Resilience Forum inter-agency groups, regional and national activities.

(l)   Be responsible for the activation of the County Council Corporate Incident Management Plan.

(m)   On behalf of the Chief Executive, coordinate the corporate response of Surrey County Council to emergencies and business continuity events.

(n)   Ensure appropriate emergency planning and business continuity resources are in place to support the Strategic Director, Adult Social Care and Public Health in discharging responsibilities under the Health and Social Care Act 2012 including the Surrey Local Health Resilience Partnership.

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4.7   The Risk and Governance Manager

4.7.1   The Risk and Governance Manager will ensure that the identification, control and treatment of risks that could affect the Council's Resilience are assessed and included on the corporate risk register as appropriate. They will also be responsible for ensuring that where appropriate treatment plans are in place for identified risk as per the Risk Management Strategy and Corporate Governance.

4.8   Managers and Supervisors

4.8.1   Managers and Supervisors will be responsible for the implementation of the Corporate Resilience Policy. Their role is to:
(a)   Promote emergency management and business continuity within their service through regular engagement with their nominated Council Risk & Resilience Forum Representative
(b)   Activate emergency and business continuity plans they are responsible for as necessary.
(c)   Ensure staff are trained to the necessary competence
(d)   Ensure that plans are regularly tested, documented and learning fed back into arrangements and plans.

4.9   Individual Employees

4.9.1   Individual employees must:
(a)   Be aware of the emergency and business continuity responsibilities of the County Council, their service group, unit and team.
(b)   Understand their role within an emergency and business continuity response.
(c)   Undertake appropriate training through the corporate training programme and with the Emergency Management Team.

5.0   Continual Improvement

5.1   The County Council will continually improve the effectiveness of the BCMS through training, workshops, exercising and review of incidents.

6.0   Consultation

6.1   Consultation with Unions and staff representatives

6.1.1   The Council has a duty to consult with staff on any matters that effect health, safety and welfare at work. In areas where this policy and supporting corporate codes, plans, procedures and guidance impact on health safety and welfare there will be full consultation conducted within the normal service unit arrangements. Corporately, consultation will be carried out with unions and representatives of staff.

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SURREY
COUNTY COUNCIL

Audit & Governance Committee
22 January 2018

Treasury Management Strategy 2018/19

Purpose of the report:
This report sets out the council's treasury management strategy for 2018/19, as required to ensure compliance with CIPFA's Code if Practice for Treasury management.

Recommendations:

The committee is asked to approve the content of the Treasury Management Strategy for 2018/19 before it is presented to County Council on 6 February.

Treasury Management Strategy 2018/19:

1. Treasury management is defined as 'the management of the organisation's cash flows, banking, money market and capital market transactions, the effective management of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks"[i].

2. The Council's Treasury Management Strategy is shown as Annex 1, with associated Appendices.

3. This strategy is based on existing requirements and guidance. In September 2017, CIPFA issued a consultation document on proposed changes to both The Prudential Code for Capital Finance in Local Authorities and the Code of Practice for Treasury Management in Public Services. The results of these consultations and revised documents are yet to be published. There may be a need to make changes or additions to the attached strategy as a result of these revised publications. Any required amendments will be reported to this Committee.

Implications:

Financial and value for money implications
4. The impact of this strategy on the interest paid and interest receivable budgets are included within paragraph 74 of annex 1 and have also been factored into the Medium Term Financial planning for 2018/19.

Page 1 of 2

Equalities and Diversity Implications

5. There are no direct equalities implications of this report.

Risk Management Implications

6. The Authority measures and manages its exposures to treasury management risks using indicators outlined in paragraphs 57-64 of annex 1.

Next Steps:

7. As the budget setting process is yet to be finalised, further changes to the figures contained in this report may be required. The final Treasury Management Strategy for 2018/19 will be presented to County Council on 6 February for approval and any changes required before then will be agreed in advance of the Council meeting with the Chair of this Committee.

8. The Treasury Team will monitor borrowing and cash investments and will continue to update this Committee as appropriate.

9. A half-year monitoring report and full-year report for 2018/19 will be presented to this committee.

Report contact: Nikki O'Connor, Finance Manager (Assets & Accounting)

Contact Details: Nicola.oconnor@surreycc.gov.uk   020 8541 9263

Sources/Background Papers: CIPFA Code of Practice for Treasury Management in the Public Services (Revised)

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[i] CIPFA Code of Practice for Treasury Management in the Public Services.

Page 2 of 2

Treasury Management Strategy Statement 2018/19

Introduction

1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. CIPFA consulted on changes to the Code in 2017, but has yet to publish a revised Code.

2. In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

3. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

4. The Council borrows 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 are therefore central to the Authority's treasury management strategy.

5. **Revised strategy:** In accordance with the CLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance.

External Context

6. **Economic background:** The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

7. Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports and subsequently rose to 3.1% in December. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

8. In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to

1

8

taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

9. **Credit outlook:** High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

10. Bail-in legislation, which ensures that large investors, including local authorities, will rescue failing banks instead of Central Government in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

11. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

12. **Interest rate forecast:** The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%**.** The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

13. Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingcose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

14. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

15. For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.25%, and that new short-term loans will be borrowed at an average rate of 0.55%.

Local Context

16. On 31st December 2017, the Authority held £649m of borrowing and £31m of investments. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

2

Table 1: Balance sheet summary and forecast

|	31.3.17 Actual £m	31.3.18 Estimate £m	31.3.19 Forecast £m	31.3.20 Forecast £m	31.3.21 Forecast £m
General Fund CFR	1,063	1,183	1,245	1,255	1,240
Less: Other debt liabilities *	-154	-185	-188	-180	-171
Borrowing CFR	**909**	**998**	**1,057**	**1,075**	**1,069**
Less: External borrowing (long term) **	-397	-397	-397	-397	-397
Internal borrowing – based on projected available levels of reserves, balances and working capital	-372	-398	-401	-459	-470
Projected additional borrowing requirement (short term)	**140**	**203**	**259**	**219**	**202**

  * finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt
  ** shows only loans to which the Authority is committed and excludes optional refinancing

17. 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. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Internal borrowing allows the Council to utilise its internal cash balances (ie working capital and usable reserves) which are not required in the short to medium term in order to reduce risk and keep interest costs low.

18. The Authority has an increasing CFR to the 31 March 2020 due to the proposed capital programme and approved investment strategy projects. The maximisation of internal borrowing leads to a borrowing requirement above the Council's ability to utilise its internal resources to fund this capital expenditure. It will therefore be required to externally borrow up to an additional £259m over the forecast period.

19. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2018/19.

20. To assist with its long-term treasury management strategy, the Authority and its advisers have created a liability benchmark, which forecasts the Authority's need to borrow over a 50 year period. Following on from the medium-term forecasts in table 1 above, the benchmark assumes:

    - capital expenditure funded by borrowing as per the proposed capital programme and an ongoing recurring programme of £15m per annum funded by borrowing.
    - only approved projects under the investment strategy are currently included.
    - minimum revenue provision on new capital expenditure based on the existing MRP policy.
    - income, expenditure and reserves based on proposed/approved use over the MTFP period and based on 2.5% inflation thereafter.

3

8

21. Based on the assumptions above, the graph below shows that the net borrowing requirement of the Council is relatively short term. Although the borrowing required to support the investment strategy is only based on currently approved schemes. The Council's projected levels of reserves, provisions, working capital and other available balances are shown as the gap between the CFR and net borrowing lines and these continue to support the Council's ability to internally borrow to reduce interest costs. The Council has a significant amount on long term debt which it is committed to and for which there are no significant repayments until the 2050's.

Graph 1: Liability Benchmark

Liability Benchmark - Surrey County Council
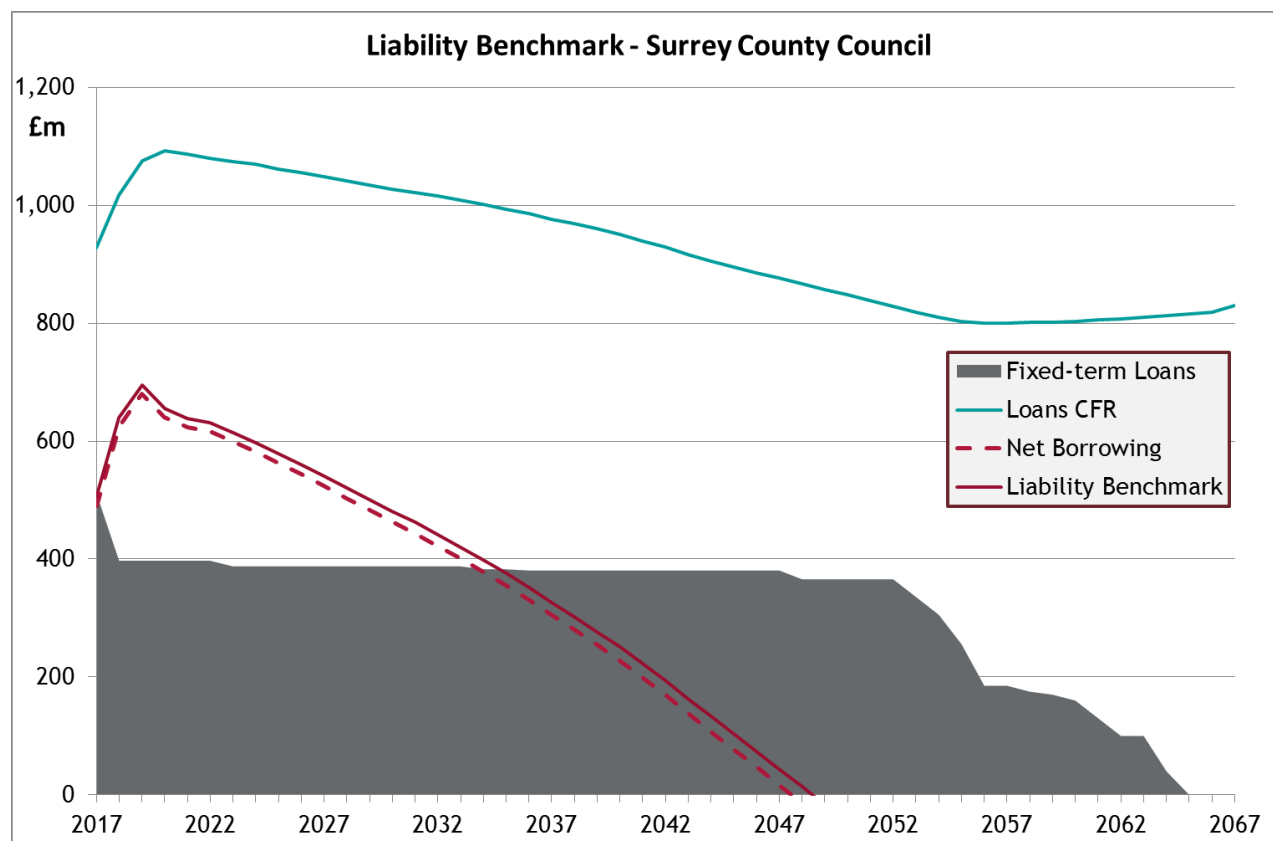
Borrowing Strategy

22. The Authority held £644m of loans as at the end of December 2017, an increase of £107m since the 31 March 2017. This increase related to short term borrowing. No additional long term borrowing has been taken out. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £656m in 2018/19. The Authority may also choose to borrow additional sums in response to changes in the economic climate in order to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1,055 million.

23. **Objectives:** The Authority's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

4

24. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

25. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis to determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

26. Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

27. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

28. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

    - Public Works Loan Board (PWLB) and any successor body
    - UK local authorities and other public bodies.
    - any institution approved for investments (see below)
    - any other bank or building society authorised to operate in the UK
    - UK public and private sector pension funds (except Surrey Pension Fund)
    - capital market bond investors
    - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

29. The Authority has previously raised the majority of its long-term borrowing from the PWLB. For short term borrowing the Council has, and will continue to use other sources of finance, such as loans from other local authorities, pension funds and other public bodies as these are often available at more favourable rates. These short term loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

30. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

    - operating and finance leases
    - hire purchase
    - Private Finance Initiative
    - sale and leaseback

5

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31. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

32. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

33. The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. The Authority's investment balance has ranged between £5m and £143m to date this financial year, with an average balance of £72m. Due to the continuation of the strategy to maximise internal borrowing and use short term borrowing to manage cash flow shortfalls, low levels of cash and investments are expected to continue in the forthcoming year.

34. **Objectives:** Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority'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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

35. **Negative interest rates:** If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

36. **Strategy:** Due to the continuation of the strategy to maximise internal borrowing and use short term borrowing to manage cash flow shortfalls, investment levels are expected to remain low during 2018/19. The majority of the Authority's surplus cash continues to be invested in money market funds and short-term unsecured bank deposits. Money Market Funds offer same-day liquidity, very low or no volatility and also ensure diversification to

6

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reduce the security risk of holding the majority of cash deposits with a limited number of UK banks.

37. While the Council's investment balances remain low (less than £100m), Money Market Funds and short term bank deposits will be utilised, with a cash limit per counterparty/fund of £25m. Cash will always be split over at least 2 funds with different managers to ensure that liquid funds are always available and risk of default is minimised. If the economic situation changes, which results in a decision to undertake additional borrowing, resulting in higher cash balances, other investment counterparties may be considered and the counterparty limits set out below would apply.

38. **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks Secured	Government*
UK Central Government	n/a	n/a	£ Unlimited 50 years
AAA	£10m 5 years	£20m 20 years	£20m 50 years
AA+	£10m 5 years	£20m 10 years	£20m 25 years
AA	£10m 4 years	£20m 5 years	£20m 15 years
AA-	£10m 3 years	£20m 4 years	£20m 10 years
A+	£10m 2 years	£20m 3 years	£10m 5 years
A	£10m 13 months	£20m 2 years	£10m 5 years
A-	£10m 6 months	£20m 13 months	£10m 5 years
None	£1m 6 months	n/a	£20m 25 years
Pooled funds	£25m per fund		

*UK Local Authorities

This table must be read in conjunction with the notes below

39. **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely

7

8

based on credit ratings, and all other relevant factors including external advice will be taken into account.

40. **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

41. **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

42. **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

43. **Pooled funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

44. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

45. **Operational bank accounts:** The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and therefore the aim is to keep balances below £1m. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

46. **Risk assessment and credit ratings**: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an

8

entity has its credit rating downgraded so that it fails to meet any of the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

47. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

48. **Other information on the security of investments**: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

49. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

50. **Specified investments**: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

51. The Authority defines "high credit quality" organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a

9

sovereign rating of [AA+] or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher.

52. **Non-specified investments**: Any investment not meeting the definition of a specified investment is classed as non-specified. For treasury purposes, the Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares, or in bodies or schemes not of high credit quality. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement. The limit on long-term investments and on total non-specified investments is £40m.

53. **Investment limits**: The Authority's revenue reserves, available to cover investment losses, are forecast to be £63m on 31st March 2018. In order that no more than approximately 30% of this balance will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £20 million and limit for any one pooled fund will be £25 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	up to £20m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	up to £20m per group
Any group of pooled funds under the same management	up to £25m per manager
Money Market Funds	up to £100m in total
Unsecured investments with building societies	up to £10m in total

54. **Liquidity management**: The Authority uses cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

Non-Treasury Investments

55. Although not classed as treasury management activities and therefore not currently covered by the CIPFA Code or the CLG Guidance, the Authority may purchase property and make loans for investment purposes and may also make loans and investments for service purposes, for example as equity investments and loans to the Authority's subsidiaries.

56. Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

10

Treasury Management Indicators

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

58. **Security**: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average default rates of its investment portfolio. This is calculated by taking the historic risk of default rate, weighted by the size of each investment, and calculating a portfolio average. Unrated investments are assigned a score based on their perceived risk.

	Maximum exposure
Portfolio average historic risk of default rate	0.05%

59. **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice. The target for the total sum borrowed in the past 3 months without prior notice is £150m.

60. **Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2018/19	**2019/20**	**2020/21**
Upper limit on fixed interest rate exposure	£1,245m	£1,255m	£1,240m
Upper limit on variable interest rate exposure	£400m	£400m	£400m

61. Fixed rate borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

62. **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	**Lower**
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

63. 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.

11

8

64. **Principal sums invested for periods longer than 364 days:** The purpose of this indicator is to control the Authority'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 will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£40m	£20m	£10m

Other Items

65. There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

66. **Policy on the use of financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

67. The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

68. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

69. **Investment training:** The needs of the Authority's treasury management staff for training in investment management are assessed regularly as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

70. Officers continue to keep abreast of developments via the CIPFA treasury management forum, local authority networks and regular newsletters and meetings with Arlingclose. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

71. **Investment advisers:** The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

12

72. **Investment of money borrowed in advance of need**: The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

73. The total amount borrowed will not exceed the authorised borrowing limit of £1,218 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

Financial Implications

74. The budget for investment income in 2018/19 is less than £100k, due to the expected low investment balances caused by the maximisation of internal borrowing and the Council needing to short term borrow for cash flow purposes almost continually throughout 2018/19. The budget is based on an average investment portfolio of £20 million at an interest rate of 0.25%. The budget for debt interest paid in 2018/19 is £17.6 million, based on actual interest due on the Council's long term borrowing portfolio of £16.4m and an average short term debt portfolio of £200 million at an average interest rate of 0.6%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

75. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

13

8

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2017

Underlying assumptions:

- In a 7-2 vote, the Monetary Policy Committee (MPC) increased Bank rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes reemphasised that nay prospective increases in Bank rate would be expected to be at a gradual pace and to a limited extent.

- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.

- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.

- Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages, despite both savings rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.

- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's financial position.

- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.

- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.

- Geo-political risks remain elevated and help to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectation they themselves created. Further expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.

14

- Our central cast for Bank Rate is 0.5% over the medium term. The risk to the forecast are broadly balanced on both sides.

- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.19**
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	**-0.15**
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.22**
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	**-0.20**
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	**0.27**
Arlingclose Central Case	**0.70**	**0.70**	**0.70**	**0.70**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.77**
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.15	**-0.26**
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	**0.75**	**0.75**	**0.80**	**0.80**	**0.80**	**0.85**	**0.90**	**0.90**	**0.95**	**0.95**	**1.00**	**1.05**	**1.10**	**0.89**
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	**-0.33**
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.30**	**1.30**	**1.35**	**1.40**	**1.45**	**1.50**	**1.55**	**1.55**	**1.36**
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	**-0.33**
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	**1.85**	**1.85**	**1.85**	**1.85**	**1.85**	**1.90**	**1.90**	**1.95**	**1.95**	**2.00**	**2.05**	**2.05**	**2.05**	**1.93**
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.38**
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.75**	**1.80**	**1.85**	**1.90**	**1.95**	**1.95**	**1.95**	**1.95**	**1.82**
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.39**

15

8

Appendix B – Existing Investment & Debt Portfolio Position

	31 Dec 17 Actual Portfolio £m	31 Dec 17 Weighted Average Rate %
External borrowing:		
Public Works Loan Board	387	4.0%
Long term commercial loan	10	5.0%
Local authorities loans	232	0.5%
Surrey Police & Crime Commissioner	20	0.17%
Total external borrowing	**649**	
Treasury investments:		
Money Market Funds	-31	-0.17%
Total treasury investments	**-31**	
Net debt	**618**	

16

SURREY
COUNTY COUNCIL

Audit & Governance Committee
22 January 2018

Leadership Risk Register

Purpose of the report:

The purpose of this report is to present the Leadership risk register as at 31 December 2017 and update the Committee on any changes made since the last meeting to enable the Committee to keep the Council's strategic risks under review.

Recommendations:

It is recommended that the committee:

1. Review the Leadership risk register; and

2. Determine whether there are any matters that they wish to draw to the attention of the Chief Executive, Cabinet, specific Cabinet Member or relevant Select Committee.

Leadership risk register:

1. The Leadership risk register (Annex 1) is owned by the Chief Executive and shows the Council's key strategic risks. The register is regularly reviewed by strategic risk leads from across the Council, senior management and Members.

2. Since it was last presented to the committee in December 2017, the risk register has been reviewed by the Strategic Risk Forum[1] (chaired by the Director of Finance) and the Statutory Responsibilities Network[2].

Changes to the Leadership risk register

3. The key changes to the risks are:

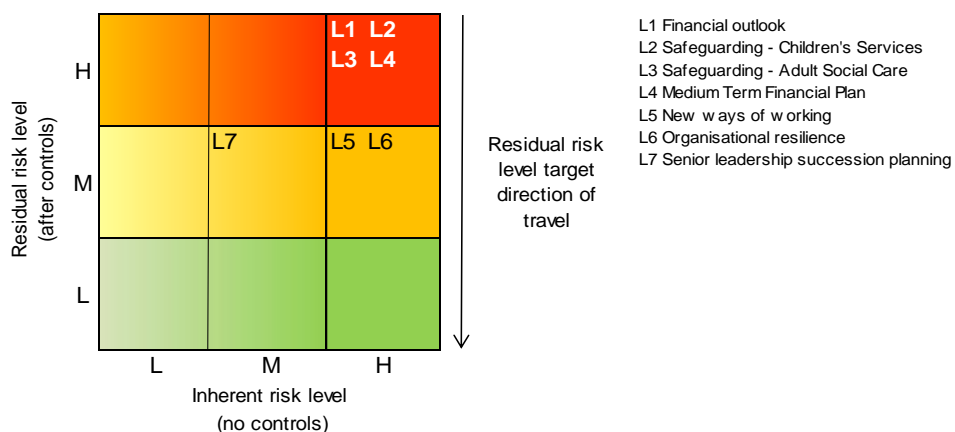   *   **Risk L1 (Financial Outlook) :** Deleted reference to the use of external expertise.

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[1] Strategic Risk Forum membership – Director of Finance (Chair), strategic risk leads, Chief Internal Auditor, Head of Emergency Management, Risk and Governance Manager.
[2] Statutory Responsibilities Network membership – Chief Executive (Chair), statutory officers for Social Care and Public Health, Education, Fire, Director of Finance, Director of Legal, Democratic and Cultural Services, Chief Internal Auditor.

- **Risk L2 (Safeguarding – Children's Services) :** Minor wording change relating to 'other' scrutiny functions.
- **Risk L3 (Safeguarding – Adult Social Care) :** New 'process' bullet point relating to further scrutiny.
- **Risk L4 (Medium Term Financial Plan) :** Removed reference to CEDR focus on 3 main priorities, added references to Members development programme and Chief Executive induction.
- **Risk L5 (New ways of working) :** Removed reference to monitoring progress and risks against transformation programmes and added reference nurturing strategic partnerships.
- **Risk L6 (Organisational resilience) :** Added references to robust management networks and mutual aid arrangements across SE7 in the event of an emergency situation.
- **Risk L7 (Senior Leadership succession) :** Deleted reference to Senior leadership appraisal and minor amendment to wordings relating to the appointment of the new Chief Executive.
- **'Movement of risk' and 'Risks recently removed from the register' tables :** Relevant information will in future be contained within the body of the covering report, facilitating greater detail. Therefore this information will no longer be included in a table format at the foot of the Leadership risk register.

Residual risk level

4. The Leadership risk register includes both the inherent and residual risk levels for each risk. Inherent risk is the level of risk before any control activities are applied. The residual risk level takes into account the controls that are already in place, detailed on the risk register as both 'processes in place' and 'controls.'

5. There are currently seven risks on the Leadership risk register, six of which have a high inherent risk level, as illustrated in the table below. Despite mitigating actions, four risks continue to have a high residual risk level (L1,L2,L3,L4), three have a medium residual risk level (L5,L6,L7), showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.

L1 Financial outlook
L2 Safeguarding - Children's Services
L3 Safeguarding - Adult Social Care
L4 Medium Term Financial Plan
L5 New ways of working
L6 Organisational resilience
L7 Senior leadership succession planning

Implications:

Financial and value for money implications

6. There are no direct financial implications relating to the Leadership risk register.

Equalities and Diversity Implications

7. There are no direct equalities implications but any actions taken need to be consistent with the council's policies and procedures.

Risk Management Implications

8. Effective management of risks and financial controls supports the council to meet its objectives and enable value for money.

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Strategic risks – have the potential to significantly disrupt or destroy the organisation

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
L1	ASC1 CSF7 EAI1 FN1 ORB10	**Financial outlook** Further reductions in funding, due to constraints in the ability to raise local funding and/or distribution of funding, results in significant adverse long term consequences for sustainability and service reductions leading to significant implications for residents.	**High**	• Structured approach to ensuring Government understands the council's Council Tax strategy and unsustainable impact of current funding mechanism. • Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular Adult Social Care). • Proactive engagement with Government departments to influence core Government policy direction (specific areas to be developed as Government priorities become clear). • Continued horizon scanning of the financial implications of existing and future Government policy changes. • Development of alternative / new sources of funding (e.g. bidding for grants where economically advantageous). • Cabinet Members induction programme to ensure continuity of informed decision making and service delivery. • New Members induction programme in place (May to July) to introduce them to the council and thereby facilitate informed decision making. Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures due to changes in ministerial responsibilities impacting on the council's long term financial sustainability.	- Members make decisions to stop new spending, reduce spending and or generate alternative sources of funding, where necessary, in a timely manner. - Officers only able to recommend MTFP where credible, sustainable budget is proposed. - Members proactively take the opportunities to influence central Government. - Officers continue to analyse events and create budget scenarios. - The council pro-actively seek to participate in consultations and other opportunities to engage with Government as it develop future funding policies.	Director of Finance	**High**

Key to references:
ASC = Adult Social Care risk   C&C = Customers and Communities risk   FN = Finance Service risk
CSF = Children, Schools and Families risk   EAI = Environment and Infrastructure risk   ORB = Orbis risk

Leadership risk register as at 31 December 2017 *(covers rolling 12 months*   Owner: Julie Fisher   <u>Annex 1</u>

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
L2	CSF3,4,9	**Safeguarding – Children's Services** Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation, leads to serious harm, death or a major impact on well being.	**High**	• Children's Improvement Board, with partnership membership, in place which has set improvement objectives for children through an Improvement Plan and regularly reviews impact for children and whole system capability and capacity. • In addition to the Improvement Board there is scrutiny and quality assurance across the partnership through for example the Children's Safeguarding Board, Corporate Parenting Board, the Council's Select Committees and other scrutiny functions. • Regular quality assurance and review within CSF, including feedback from regulators (Ofsted monitoring visits), peer review, quality and performance insight, and feedback from children and families. • CSF Assistant Director roles and responsibilities have been reshaped to strengthen leadership and governance. Work now underway to strengthen practice leadership at all levels.	- Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and promote the wellbeing of children in Surrey. - Quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved. - Actively respond to feedback from regulators, partners and service users. - The Surrey Safeguarding Children Board (with an independent chair) is the key statutory mechanism to ensure agencies, including the council, work together effectively to safeguard and promote the welfare of children. - An Improvement Board (chaired by the Leader) sets direction and reviews progress on the Improvement Plan and agrees any areas of action as required.	Strategic Director of Children's Schools and Families	**High**

Key to references:
ASC = Adult Social Care risk   C&C = Customers and Communities risk   FN = Finance Service risk
CSF = Children, Schools and Families risk   EAI = Environment and Infrastructure risk   ORB = Orbis risk

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
L3	ASC6,7,13,14	**Safeguarding – Adult Social Care** Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing.	**High**	• Working within the framework established by the Surrey Safeguarding Adults Board ensures that the council's policies and procedures are up to date and based on good practice. • The Adult Social Care and Children, Schools and Families Multi Agency Safeguarding Hub went live on 5 October 2016 facilitating the sharing of good practice. • Established a locality safeguarding advisor role to assure quality control. • Surrey Safeguarding Adults Board has undertaken external auditing of adult safeguarding enquires in 2016 and 2017 and we have acted on the learning from these. • We have improved our process including our case recording system and our internal quality assurance process. • In addition to the work of the Safeguarding Adults Board, there is further scrutiny of the function through the activities of the Council's Adults and Health Select Committee.	- Continue to work with the Independent Chair of the Surrey Safeguarding Adults Board to ensure feedback and recommendations from case reviews are used to inform learning and social work practice. - Actively respond to feedback from regulators. - We are working with Surrey Safeguarding Adults Board and our partners to revise our adult safeguarding policies, procedures and guidance, associated tools such as the competency framework and our learning and development offer to support these. It is anticipated that these will be completed by April 2018.	Strategic Director of Adult Social Care & Public Health	**High**

Cross cutting risks – high level risks that can be mitigated more effectively through cross working.

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
L4	ASC1,2,12,16,17	**Medium Term Financial Plan (MTFP) 2017-20**	**High**	• Monthly reporting to Continuous Improvement and Productivity Network and Cabinet on the	- Prompt management action taken by Directors /	Director of Finance	**High**

Key to references:
ASC = Adult Social Care risk
CSF = Children, Schools and Families risk

C&C = Customers and Communities risk
EAI = Environment and Infrastructure risk

FN = Finance Service risk
ORB = Orbis risk

Leadership risk register as at 31 December 2017 *(covers rolling 12 months*   **Owner: Julie Fisher**   <u>**Annex 1**</u>

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
	C&C4 CSF1,2, 7 EAI1,3 FN2 ORB01, 10	Failure to achieve the MTFP, which could be a result of: • Not achieving savings • Additional service demand and/or • Over optimistic funding levels. As a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions.		forecast outturn position is clear about the impacts on future years and enables prompt management action (that will be discussed informally with Cabinet). • Weekly review of the in year financial position at Chief Executives Direct Reports meeting and strong focus on development of plans for delivery of the 2017/18 service efficiencies and reductions – to enable early management action as relevant. • Budget planning discussions held with Cabinet and Select Committees. • Early conversations are undertaken with all relevant stakeholders to ensure consultations about service changes are effective and completed in a timely manner (savings tracker developed for use during 2017/18 to identify necessary consultations, milestones, Equality Impact Assessments). • Cross service networking and timely escalation of issues to ensure lawfulness and good governance. • Increased challenge and rigour on cost control. • Cabinet Members induction programme to ensure continuity of informed decision making and service delivery. • Ongoing Members development programme in place to ensure that all Members have the skills and information they need to understand the challenges facing the Council and to perform their roles effectively. • Induction programme for New Chief Executive to introduce them to the council and provide insight to all relevant issues. • Significant focus on income generating	Leadership Teams to identify correcting actions for any in year overspends or failure to deliver service reductions (evidenced by robust action plans). - Members (Council, Cabinet, Select Committees) make the necessary decisions to implement action plans in a timely manner. - Members have all the relevant information to make necessary decisions.		

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Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
				activities through an enlarged property investment programme and the optimisation of the existing property assets.			
L5	ASC2, 16 CSF1,2, 5,6,8 ORB01, 02,07, EMT3, 12, EA13	**New ways of working** Failure to work effectively as part of a multi-agency system leads to severe service disruption and reputational damage.	**High**	• Shared and aligned strategies to ensure no unintended consequences. • Robust governance arrangements (eg. Inter Authority Agreements, Health and Social Care Integration Board, Health and Wellbeing Board, financial governance framework) in place with early warning mechanisms. • Effective transition arrangements with continuous stakeholder engagement. • Continuous focus on building and maintaining strong relationships with partners through regular formal and informal dialogue. • Close liaison and communication with customers.	- Leadership and managers recognise the importance of building and sustaining good working relationships with key stakeholders and having early discussions if these falter. - Nurture strategic partnerships - Work with Clinical Commissioning Groups on models of integrated care. - Members continue to endorse approaches for integration across the council.	Acting Chief Executive	**Medium**
L6	ASC4, 5,8 CSF5 EAI2, 3,4 ORB 02,03, 08 LD6 EMT1, 10,11	**Organisational resilience** Failure for the organisation as a whole to plan for and/or respond effectively to a significant event and or strains on workforce capacity or resilience, results in severe and prolonged service disruption and loss of trust in the organisation.	**High**	• Developing an employment framework that supports flexibility in service delivery and organisational resilience. • Robust governance framework (including codes of conduct, IT cyber resilience and information assurance policies, health and safety policies, complaints tracking). • Information Governance Board monitors information governance requirements and changes and reviews information governance risks. • Review of third party information governance risks. • External risks are regularly assessed through the Local Resilience Forum and reviewed by the Statutory Responsibilities Network. • Active learning by senior leaders from	- Statutory Responsibilities Network review business continuity plans at least twice annually. - Regular monitoring of effectiveness of processes is in place and improvements continually made and communicated as a result of learning. - Robust change management processes. - Refresh staff awareness for IT security and information management. - All externally hosted IT solutions should be	Acting Chief Executive	**Medium**

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C&C = Customers and Communities risk
EAI = Environment and Infrastructure risk

FN = Finance Service risk
ORB = Orbis risk

Leadership risk register as at 31 December 2017 *(covers rolling 12 months* **Owner: Julie Fisher** <u>**Annex 1**</u>

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place *(ie the 'how' risks are being mitigated)*	Controls *(i.e. decisions needed)*	Lead risk owner	Residual risk level (after existing controls)
				external experiences / incidents informs continual improvement within the council. • Close working between key services and the Emergency Management Team to proactively update and communicate business continuity plans and share learning. • Leadership and management development programme in place to increase skills, resilience and effectiveness of leaders, focusing on communication and setting clear expectations. • Career conversations built into appraisal process looking forward five years • Robust management networks in place including CEDR and CRRF. • Ongoing Members development programme in place to ensure that all Members have the skills and information they need to understand the challenges facing the Council and to perform their roles effectively.	considered by Security Working Group (IT&D and Information Governance), with contract approval via IT&D. - Senior management annual assurance statement provides assurance that business continuity is well planned and staff are all aware. - Mutual aid arrangements set up to provide support to other SE7 Authorities in the event of an emergency.		
L7		**Senior Leadership Succession Planning** A significant number of senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.	**Medium**	• Enhance distributed leadership by focus on organisational goals and scorecard for organisational performance. • Workforce planning linked to business continuity plans.	- Transparent and effective succession plans. - Interim arrangements put in place will be kept under review pending the start of a new Chief Executive on 5th March 2018.	Acting Chief Executive	**Medium**

Key to references:
ASC = Adult Social Care risk   C&C = Customers and Communities risk   FN = Finance Service risk
CSF = Children, Schools and Families risk   EAI = Environment and Infrastructure risk   ORB = Orbis risk

Leadership level risk assessment criteria

Due to their significance, the risks on the Leadership risk register are assessed on their inherent risk level (no controls) and their residual risk level (after existing controls have been taken into account) by high, medium or low.

Risk level	Financial impact	Reputational impact	Performance impact	Likelihood
	(% of council budget)	*(Stakeholder interest)*	*(Impact on priorities)*	
Low	< 1%	Loss of confidence and trust in the council felt by a small group or within a small geographical area	Minor impact or disruption to the achievement of one or more strategic / directorate priorities	Remote / low probability
Medium	1 – 10%	A sustained general loss of confidence and trust in the council within the local community	Moderate impact or disruption to the achievement of one or more strategic / directorate priorities	Possible / medium probability
High	10 – 20%	A major loss of confidence and trust in the council within the local community and wider with national interest	Major impact or disruption to the achievement of one or more strategic / directorate priorities	Almost certain / highly probable

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Page 91

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AUDIT & GOVERNANCE COMMITTEE
22 January 2018

Completed Internal Audit Reports

SUMMARY AND PURPOSE:

1.   The purpose of this report is to inform Members of the Internal Audit reports that have been completed since this Committee last considered a Completed Internal Audit Reports item in December 2017 - as attached at Annex A.

2.   Although it is not the Committee's policy to review all Internal Audit reports in detail during the meeting, full copies of the reports summarised have been provided to Members of the Committee and are available through the Members' on-line library.

RECOMMENDATIONS:

3.   The Committee is asked to consider whether there are any audit reports or agreed actions that it would like to review further and whether there are any matters they wish to refer to the relevant Scrutiny Board.

BACKGROUND:

4.   At the conclusion of each audit review a report is issued to the responsible manager who is asked to complete an action plan responding to the findings.

5.   The agreement of both the findings and appropriate actions to address them, which in the auditor's opinion adequately addresses the risks and/or control weaknesses, allows for the final report to be issued. Agreed actions are tracked for progress and implementation, and any follow-up work required forms part of future audit plans at the appropriate time.

6.   There have been eight audit reports issued since the last report to this Committee in December 2017. The table below lists those audits and shows the audit opinion and number of high priority findings included in the report.

	Audit	Opinion	High Priority findings
1	Capital Expenditure Monitoring	Substantial Assurance	0
2	Premises Security – follow up	Reasonable Assurance	1
3	Health and Safety – follow up	Reasonable Assurance	0
4	Deprivation of Liberty safeguards	Partial Assurance	1
5	Surrey Choices	Partial Assurance	0
6	Review of CRC and GHG Emissions	Substantial Assurance	0
7	Compliance with Procurement Standing Orders	Partial Assurance	1

| 8 | Pupil Premium | Reasonable Assurance | 0 |

7. Annex A contains more details of the audits listed above and shows for each the:

- title of the audit
- background to the review
- key findings
- overall audit opinion
- key recommendations for improvement

8. The Committee will be aware that in order to respond to general member interest in Internal Audit reports, it has previously been agreed that a list of completed reports will be circulated to all members of the County Council on a periodic basis.

9. In order to fully discharge its duties in relation to governance, the Committee is asked to review the attached list of recently completed Internal Audit reports and determine whether there are any matters that it would like to review further or if it would like to suggest another Scrutiny Board does so.

IMPLICATIONS:

10. Financial
Equalities
Risk management and value for money

11. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy

WHAT HAPPENS NEXT:

12. See Recommendations above.

REPORT AUTHOR: David John, Audit Performance Manager

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Sources/background papers: Final audit reports with agreed actions

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Capital Expenditure (Nov 17)	The council manages its £638m capital programme through a 5 year Medium Term Finance Plan (2016-2021). For year ending 2016/17 services spent £135m of the £142m planned budget. Forecast spending for 2017/18 is £171m against a budget of £186m. This is an annual audit area under the Key Financial Systems within the annual plan	The Auditor was able to obtain assurance on processes in place from project initiation to delivery, closure and post-implementation. Comparison of approved project budget to actual costs identified no material discrepancies. Improvement could be made around the post-completion review process: such reviews tend to be informal rather than fully documented with evidence of evaluation and/or lessons learnt. Information on the S:Net site relating to project management should be updated as it has not been reviewed since October 2014 and contains out of date references.	Substantial Assurance	Finance are to schedule a discussion at Investment Panel to consider how the profile and benefits to be gained from formal post-implementation reviews can be raised. This is due to happen by March 2018 (Low). Finance plan to review and update the guidance on S:Net to address the issues identified by the end of December 2017 (Low).

10

Completed Audit Reports (December 2017 - January 2018)   **Annex A**

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Premises Security follow-up (Nov 17)	The 2016/17 audit of Premises Security produced 14 high priority recommendations and an opinion of Significant Improvement Needed. The follow-up audit sets out the extent to which the Council has adopted the recommendations raised in the original review and determines whether the risks previously identified have been addressed.	Of the previous recommendations made in 2016/17, one remained unaddressed. It had been recommended that security between the public gallery overlooking the council chamber and the secure areas of the building required improvement. The proposed solution was to post a member of security outside the gallery during public meetings to ensure that members of the public left the building after meetings ended. The Auditor tested this at the full Council meeting of 23 May 2017 and found that this process was not in place: there was no security in attendance and 10 members of the public were in attendance in the gallery. Of these, 3 left during the meeting and without any security protocol there was limited assurance that they had actually left the building as expected.	Reasonable Assurance	The Facilities Team will liaise with Democratic Services to ensure this protocol is implemented and ensure that regular communication is maintained. This will allow for an officer to be deployed outside the gallery entrance when members of the public are in attendance.

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Health and Safety follow-up (Nov 17)	The 2016/17 Health and Safety Internal Audit report was issued in January 2017 with an opinion of Significant Improvement Needed. The report raised 18 recommendations, of which 8 were identified as High Priority. The follow-up audit sets out the extent to which the Council has adopted the recommendations raised in the original review and determines whether the risks previously identified have been addressed	The Council has taken positive steps to address the recommendations of previous reports. Attendance at Central Joint Safety Committee has improved. The recording of H&S incidents on OSHENS has improved, though 10% of incidents recorded between January-October 2017 had not been reviewed by managers SFRS has been progressive in ensuring that accident reporting data and KPI's are reported consistently and in a timely manner. The procurement of a system to record H&S training is underway, though implementation has been delayed from May to August 2018. A workshop to consider risks and strategies relating to trees was held in November 2017 – it was concluded that it would be more flexible for services to document their own inspection/works delivery arrangements. This will be reviewed by the Corporate Health and Safety Committee in early 2018.	Reasonable Assurance	The importance of documenting any actions and closing cases on OSHENS to be overseen through reporting and discussion at H&S Ops Team. Raising awareness through H&S Ops Team to notify H&S Reviewing Manager of any changes to line managers (Medium).

Completed Audit Reports (December 2017 - January 2018)   Annex A

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Deprivation of Liberty [DOLS] Safeguards (Nov 17)	DOLS form part of the Mental Capacity Act 2005. The safeguards are intended to ensure that individuals without mental capacity to consent to treatment in hospital or care homes do not have their freedom inappropriately restricted. Each DOLS assessment comprises six separate assessments. Partly due to the process of assessment and partly due to the volume of applications, local authorities nationally are experiencing delays in processing DOLS assessments.	There are around 6,000 DOLS applications awaiting assessment and/or authorisation. This figure has increased year on year and includes 394 assessments not yet authorised but have expired. Around 50% of assessments are carried out by council employed (rather than external) Best Interest Assessors (BIAs) including 'pool' BIAs. Feedback from this cohort suggests DOLS work is seen as being an 'addition' to their day jobs and it is apparent from statistics that they have difficulty fitting assessments into their substantive posts. At the time of audit there were 862 completed DOLS assessments awaiting authorisation, of which 394 were completed over a year ago and cannot be used. Based on average costs of BIA staff, this approximates to a financial loss of £102k as the assessments must be redone.	Partial Assurance	Management action has been taken to reiterate expectations on assessors and on authorisers, and urgent requests can be allocated quickly. Once the outstanding cases have been authorised, the service will review target levels again (in January 2018) allowing for associated risks and costs (High). A recent communication from the ASC Deputy Director has highlighted to managers the need to give pool BIAs time to complete assessments. The service is actively increasing the listed of "trusted" independent BIAs to increase capacity. To save costs, assessments within SCC are no longer commissioned from an agency but instead from independent BIAs (Medium). At the beginning of November 2017 the number of assessments awaiting authorisation had dropped to 380. The communication from the DD(ASC) reminded staff of the expected timescales and gave tips to help approvers manage their DOLS requests. The DOLS module in LAS was introduced in October 2017 which will help performance reporting and allow for follow-up for those authorisers who are not completing applications (Medium).

Audit	Background to review	Key findings	Audit opinion (1)	Agreed Actions (Priority) (2)
Surrey Choices (Dec 17)	Surrey Choices is an integral part of SCC's delivery of social care outcomes. Since its formation the company has been operating at a loss. To support the business the original block contract of £11.3m was increased by £2m in 2016 and a revised business plan formulated. In 2016/17 the company returned a £0.8m loss. Projections suggest a pre-tax profit of £0.1m in 17/18 and £0.2m in 18/19. The audit scope was to look at the robustness of the company's governance arrangements, including financial reporting and performance.	Whilst front line services are being delivered as expected, some of the underpinning governance arrangements are not in place to support the day to day business: Next steps in implementing the May 2017 Code of Governance were unclear. Internal control could be improved by adding to the draft Financial Policies & Procedures Manual in cash-handling, inventory, credit control and procurement. Elements of the overall contract (including information governance and business continuity) were not regularly reviewed through contract monitoring. Concerns around data in Choices Connect had manifested in the year, though recent checks by ASC staff provide more assurance. There was no apparent evidence to ensure compliance with the Health & Safety Act.	Partial Assurance	Since the appointment of the new Managing Director in July 2017 a 100 day Action Plan has been approved by the Surrey Choices Board, which includes a complete overhaul of strategic business and planning processes, policies and procedures. A Board away day was held on 7 November to reinforce this, and this was followed up by a report to the Shareholder Board on 23 November where the Plan was agreed. This Plan includes a rapid review and roll-out of the company's financial management information, which is due to be completed by 31 December 2017. The Board has approved the appointment of a Policy Development Manager with responsibility to introduce and monitor up-to-date and fit-for-purpose policies throughout the company. Since the audit the company MD has instigated a planned programme of activities that is now underway and being undertaken by SC staff and external advisors to be completed by 31 March 2018 to deliver critical IT and IG policy and provision improvements, GDPR compliance in time to meet the May 2018 deadline, and Social Media.

10

Completed Audit Reports (December 2017 - January 2018)

Annex A

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Surrey Choices (Dec 17) continued	As above	The company held a high proportion of debtors over 90 days, mostly as a result of non-billing or inconsistent pricing under previous management. Action is being taken to address this. At the time of audit, there was no established IG policy or guidance for reporting a data breach, are awareness of GDPR issues was lacking. Policies to ensure safeguarding within the Social Media environment were not fully established. At the time of audit, 47% of all new employees had not signed their contract of employment. This matter had been regularly raised in monitoring by the Shareholder Board.	Partial Assurance	The company business continuity plan will be reviewed and amended as appropriate to meet requirements. As part of the 100 day Action Plan the MD has instructed the interim SC Head of HR to ensure that all staff contracts of employment are signed by 31 December 2017 (Medium).
Review of CRC and GHG Emissions (Dec 17)	SCC has a statutory responsibility to comply with the Government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and publish its Greenhouse Gas emissions online.	There had been no changes to staff, systems and processes since the previous year audit and the team is familiar with what is required. Changes to team structures and roles as a result of the Orbis integration have not impacted on the current year.	Substantial Assurance	There were no actions arising from this audit.

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Compliance with Procurement Standing Orders (Dec 17)	The current PSOs were issued in 2015 although an update is expected soon. There are 1,127 live contracts in place across the council, with an annual spend (16/17) of £862.6m. This planned audit provided assurance that key controls were in place for a number of areas including seeking and obtaining quotations; authorisation of purchases; contract awards; registration of contracts and waivers.	In a serious but exceptional case, 11 Vehicle Cross Over (VHO) contracts have been deemed unlawful by Legal Services as not all eligible contractors were not invited to tender. Purchase orders for £540k raised in respect of these 11 VHOs were released without proper contracts being in place. A summary report of all Gateway projects status is not produced, which would allow exceptions to be highlighted at a glance. Two supply contracts which marginally exceeded OJEU thresholds were not advertised in the Official Journal of the EU as they should have been, although one incident may have been a technical fault. Other small areas of non-compliance were noted.	Partial Assurance	Procurement management are aware of this case and are working with Legal to determine the best outcome (High) A formal system for tracking contracts agreed but not yet signed will be introduced to help monitoring and to reduce the risks where purchase orders are raised where there is no contract in place (Medium). A summary activity report of Gateway activity and status will be produced to provide better management information and to highlight exceptional activity (Medium). It is accepted that some non-compliance with PSOs has occurred. Lessons will be learnt and Procurement staff will be asked to note errors made in an effort to eliminate errors and ensure better compliance (Medium).

Completed Audit Reports (December 2017 - January 2018)
                  Annex A

Audit	Background to review	Key findings	Audit opinion [1]	Agreed Actions (Priority) [2]
Pupil Premium (Dec 17)	Pupil Premium grant is provided by the DfE based on school census data. This funding is additional to the delegated schools budget and its purpose is to raise educational attainment of disadvantaged pupils of all abilities.	Of the schools tested, 70% had published their pupil premium strategy online for the old academic year and not – as required by DfE – for the current one. The degree of published detail about how schools intend to use and measure the impact of Pupil Premium money was also variable. In a 2012 DeE report Surrey schools were included in the top 10 of schools under-claiming Pupil Premium. In 2017 the service has commissioned a pilot study in the Woking area to gain insight into the current situation. The audit recommended that the results be shared with the Children and Education Select Committee.	Reasonable Assurance	There were no agreed actions of High or Medium Priority

[1] **Audit Opinions**

Substantial Assurance	Controls are in place and operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

[2] **Agreed Actions**

Priority High (H) - major control weakness requiring immediate implementation of recommendation
Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

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