

## Notice of Meeting

# Audit and Governance Committee



### Date and Time

Wednesday, 11  
September 2024  
10.00 am

### Place

Surrey County  
Council, Council  
Chamber,  
Woodhatch Place,  
11 Cockshot Hill,  
Reigate, Surrey,  
RH2 8EF

### Contact

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### **Committee Members:**

Victor Lewanski (Chairman), Richard Tear (Vice-Chairman), Ayesha Azad, Helyn Clack, Stephen Cooksey, Steven McCormick and Matthew Woods (Independent Member)

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## **AGENDA**

### **1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

To receive any apologies for absence and substitutions.

### **2 MINUTES OF THE PREVIOUS MEETING - 10 JULY 2024**

(Pages  
1 - 12)

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 (*5 September 2024*).
2. The deadline for public questions is seven days before the meeting (*4 September 2024*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

### **5 RECOMMENDATIONS TRACKER AND WORK PLAN**

(Pages  
13 - 52)

To review the Committee's recommendations tracker and work plan.

### **6 RISK MANAGEMENT**

(Pages  
53 - 72)

To provide an update on risk management.

- 7 INTERNAL AUDIT PROGRESS REPORT - QUARTER 1** (Pages 73 - 100)
- The purpose of this progress report is to inform Members of the work completed by Internal Audit between 1 April 2024 and 30 June 2024.
- The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2024-25, which was approved by this Committee on 13 March 2024.
- 8 THE LGSCO'S ANNUAL REVIEW LETTER FOR SURREY COUNTY COUNCIL 2023/24** (Pages 101 - 124)
- To provide an update on complaint statistics recorded about Surrey County Council and its performance in responding to Ombudsman investigations, following the publication of the Local Government and Social Care Ombudsman's Annual Review Letter for 2023/24.
- 9 AUDIT AND GOVERNANCE COMMITTEE - ANNUAL REPORT 2023/24** (Pages 125 - 136)
- For the Committee to review and comment on its Annual Report.
- 10 AMENDED ARRANGEMENTS FOR DEALING WITH ALLEGATIONS OF BREACHES OF THE MEMBER CODE OF CONDUCT AND APPOINTMENT OF INDEPENDENT PERSONS** (Pages 137 - 158)
- The Surrey County Council Arrangements for Dealing with Allegations of Breaches of the Member Code of Conduct form part of the Council's Constitution. The Interim Monitoring Officer has reviewed the arrangements and identified a number of areas in which these could be further strengthened.
- The arrangements also make provision for the appointment by Council of at least one Independent Person, whose views must be sought by the Council before it takes a decision on any allegation which it has decided should be investigated.
- The current Independent Persons have notified the Interim Monitoring Officer that they will be stepping down at the end of their term in December 2024. This report sets out the process for recruitment for two new Independent Persons.
- 11 DATE OF NEXT MEETING**
- The next meeting of the Audit and Governance Committee will be on 20 November 2024.

**Terence Herbert**  
**Chief Executive**

Published: Tuesday, 3 September 2024

## **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

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Thank you for your co-operation.

## **QUESTIONS AND PETITIONS**

Cabinet and most committees will consider questions by elected Surrey County Council Members and questions and petitions from members of the public who are electors in the Surrey County Council area.

### **Please note the following regarding questions from the public:**

1. Members of the public can submit one written question to a meeting by the deadline stated in the agenda. Questions should relate to general policy and not to detail. Questions are asked and answered in public and cannot relate to “confidential” or “exempt” matters (for example, personal or financial details of an individual); for further advice please contact the committee manager listed on the front page of an agenda.
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman’s discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet members may decline to answer a supplementary question.

**MINUTES** of the meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held at 10.00 am on 10 July 2024 at Surrey County Council, Council Chamber, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

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

**Elected Members:**

(Present = \*)

- \* Victor Lewanski (Chairman)
- \* Richard Tear (Vice-Chairman)
- \* Stephen Cooksey
- \* Steven McCormick
- \* Ayesha Azad
- \* Helyn Clack
- \* Matthew Woods (Independent Member)

**Members in Attendance**

David Lewis (Cobham) - Cabinet Member for Finance and Resources

**34/24 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

There were none.

**35/24 MINUTES OF THE PREVIOUS MEETING - 5 JUNE 2024 [Item 2]**

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

The Chairman noted that the Committee raised several issues on the Annual Complaints Performance Report item and it had been agreed that the update on the action be provided at September's Committee meeting with officers attending.

**36/24 DECLARATIONS OF INTEREST [ITEM 3]**

There were none.

**37/24 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**38/24 RECOMMENDATIONS TRACKER AND WORK PLAN [Item 5]**

**Witnesses:**

Amelia Christopher, Committee Manager  
Nikki O'Connor, Strategic Finance Business Partner (Corporate)

**Key points raised in the discussion:**

1. A Committee member referred to A6/24 regarding the DB&I Task and Finish Group report going to July's Cabinet meeting, noting the slight delay due to the General Election. The Committee Manager noted that it would be published online as part of the Cabinet agenda and she would circulate the report to the Committee for reference.
2. The Chairman reiterated his comment above under item 2 noting the target date of September for the Annual Complaints Performance Report item action A7/23.

3. The Chairman referred to A16/23 asking whether Public Sector Audit Appointments (PSAA) had approved the proposed audit fee for 2022/23. The Strategic Finance Business Partner (Corporate) noted that she continued to chase PSAA for a response on the sign-off.
4. A Committee member referred to A10/24 asking when there would be an update regarding officers' Declaration of Interests as that was noted as to be confirmed (TBC). The Committee Manager would liaise with the officer for a response and would continue to chase officers to provide target dates for completion for TBC actions.

**RESOLVED:**

1. Monitored progress on the implementation of actions/recommendations from previous meetings (Annex A).
2. Noted the work plan and the changes to it (Annex B).

**Actions/further information to be provided:**

1. Regarding action A6/24, the Committee Manager will circulate the DB&I Task and Finish Group published in July's Cabinet agenda.
2. Regarding action A10/24 and TBC actions, the Committee Manager will liaise with the officer for a response and would liaise with officers to provide target dates for completion.

**39/24 EXTERNAL AUDIT PLAN 2023/24 [Item 6]**

**Witnesses:**

Janet Dawson, Partner, EY (remote via Teams)  
Nikki O'Connor, Strategic Finance Business Partner (Corporate)

**Key points raised in the discussion:**

1. The Partner - EY noted that the to be confirmed (TBC) fees that were omitted in June's report had been included as requested by the Committee, the associated fees reflected the areas of work anticipated to be undertaken. She noted that EY based its expectation on similar work at other audited bodies and it was similar to what PSAA would typically determine. Progress was being made working with the Council's Finance team.
2. The Chairman asked whether the work on the walkthrough testing was on track. The Partner - EY explained that EY was dividing its time between preparing for the execution phase and the walkthrough work. She noted that there had been some delays on the Council's side in terms of the final preparation of the financial statements access to data for EY to complete that. Work was slightly behind schedule and with the Council's Finance team she would be discussing how to retrieve some of that time at the end of the process.
3. The Chairman asked whether that delay would affect the scheduling of the substantive testing. The Partner - EY hoped that the revised data from the Council's Finance team would be provided by next week following changes made. She noted a week's delay in the sampling work which was scheduled to be undertaken by 22 July, the team would be in place then so would progress the work intensively.
4. A Committee member referred to paragraph 10 of the cover report noting that there were direct risk management implications. The Strategic Finance Business Partner (Corporate) noted that there were not any risks that were not already covered in Annex 1.

5. A Committee member referred to the 'Audit risks and areas of focus section' and column on 'Risk identified', querying whether risks were just categorised rather than being meaningfully assessed. The EY - Partner explained that it was EY's assessment as to the risk that it provides an inappropriate opinion on the Council's financial statements, as defined within the International Standards on Auditing (ISA). EY was required to look at the risk of fraud within the organisation that may lead to a material misstatement, missed when it provides an opinion. A significant risk was where EY thought that there was an issue with the way the numbers were derived due to their complexity or were estimated. Other risk areas related to where EY thought that the risk was less likely, but it undertakes work to ensure risk mitigation to provide an appropriate opinion.
6. A Committee member referred to the various number of specialists to be used and asked whether their estimated time would be factored in and what the additional cost would be. The Partner - EY explained that EY identified the specialists to be used and what specialist knowledge was needed to assess their judgements, those costs were factored into the fees.
7. A Committee member welcomed the inclusion of the fees.

**RESOLVED:**

1. Noted the changes made to the External Audit Plan as requested by the Committee on 5 June 2024.
2. Approved the revised 2023/24 External Audit Plan (Annex 1).

**Actions/further information to be provided:**

None.

**40/24 SURREY PENSION FUND EXTERNAL AUDIT PLAN 2023/24 [Item 7]**

**Witnesses:**

Hassan Rohimun, Partner, EY  
 Francis Llave, Audit Manager, EY  
 Keevah Dumont, Deputy Head of Accounting and Governance  
 Anna D'Alessandro, Interim Executive Director - Finance and Corporate Services

**Key points raised in the discussion:**

1. The Partner - EY in charge of the Surrey Pension Fund external audit outlined the 'Audit risks and areas of focus'. He noted that EY set the overall planning materiality at 1% of the net assets which at the planning stage was £52.9 million, the performance materiality drives the testing strategy and was set at 50% of the planning materiality as it was EY's first-year audit; that level would be reviewed upon completion of the audit. Audit differences materiality was set at £2.6 million.
2. A Committee member noted his disappointment and frustration regarding the incomplete plan which needed to be updated and resubmitted. He queried why that information had not been included given the Committee's push back on the External Audit Plan 2023/24 deferred from June due to the missing fees.
3. The Chairman asked whether the walkthrough testing work was on track and when it would be finished. The Partner - EY explained that substantive testing had been undertaken this week after receiving the draft accounts and testing would start on year-end procedures. He noted a slight delay in the completion of walkthrough testing due to awaited information from management. The Audit Manager of Surrey Pension Fund audit - EY added that the aim was to finish the walkthrough testing by the end of next week.

4. A Committee member questioned the Committee's purpose as it was being asked to approve the plan yet work on it was in progress, he asked whether EY was working at risk. The Deputy Head of Accounting and Governance explained that the plan should have been presented earlier to the Committee, however there were delays to EY's independence checking. She noted that it had been agreed for the auditors to be on site and undertake their walkthrough testing, to be able to work towards the 26 July end date for the fieldwork audit.
5. The Chairman stressed that the plan could not be approved without the fees which were to be determined (TBD) and he asked when those could be provided. The Partner - EY noted that the Committee could be provided with the fee range by the end of the week. As proposed by the Vice-Chairman, the Committee agreed to delegate the approval of the fees to the Chairman in consultation with the Vice-Chairman following circulation to the Committee to review.
6. The Interim Executive Director - Finance and Corporate Services explained that this year the situation was unusual on both the Surrey Pension Fund and on the Council's side because of Unit 4/MySurrey, it was the first set of external auditors with a new system. She noted that EY was working through lots of information and did not know what it would find, and so it was unsure about the fees. She noted that in the past the Committee received the audit plans before the audit started. She noted that EY had its own processes of risk assessment and it needed to receive all the completed independence forms before it could start the work; that had been significantly delayed.
7. A Committee member noted that it was an unsatisfactory situation and unacceptable process. Upon receipt of the fees, if the Chairman and Vice-Chairman deem those to be unsatisfactory, he asked what the process was to address that. The Interim Executive Director - Finance and Corporate Services noted that if the work had not started in May, then the statutory deadline would not be met. A Committee member noted that the audit plans should have been received by the Committee earlier to meet the statutory deadline. Even if the Committee was unhappy with the fees, he queried whether EY would stop the work and any work underway would be repealed; he believed that would be unlikely.
8. A Committee member asked what the impact would be of the Committee not approving the plan today, and asked what the deadline for approval was. The Partner - EY noted that the risks had been outlined, the plan should usually be noted by the Committee. He noted that regarding the fees, PSAA appoints the auditors and sets the scale fees and where there might be disagreement on the fees between the auditors and management or a local authority, those fees would be put forward to PSAA to determine.
9. The Chairman stressed that the plan would be noted subject to the Committee reviewing the fees, it would then be approved; he did not want work to stop. He acknowledged the Committee's limited scope as PSAA determines the fees. The Interim Executive Director - Finance and Corporate Services noted that she would not like the work to stop. She noted that should the Committee be unhappy with the fees once received, officers could talk to PSAA and look at what could be negotiated.
10. The Cabinet Member for Finance and Resources agreed with the Committee's position, he noted that there were delays at the start in the transfer to EY in terms of getting all the necessary agreements from Members. He noted disappointment that at the last Committee meeting the External Audit Plan 2023/24 was deferred to July's Committee meeting for the same reason. It was a strong message to EY that it must take on board the Committee's feedback and respond accordingly.

**RESOLVED:**



Noted the 2023/24 Surrey Pension Fund Audit Plan, to be approved by the Chairman and Vice-Chairman in consultation with the Committee subject to reviewing the fees.

**Actions/further information to be provided:**

1. A18/24 - The Partner - EY will provide the Committee with the fee range by the end of the week to review.

**41/24 2023/24 DRAFT ANNUAL GOVERNANCE STATEMENT [Item 8]**

**Witnesses:**

Michael Coughlin, Interim Head of Paid Service

**Key points raised in the discussion:**

1. The Interim Head of Paid Service explained that the draft Annual Governance Statement (AGS) collated key governance information gathered from across the Council. He noted that whilst the draft applied to 2023/24, it included a plan for the current year. Based on the discussion had around the previous item, he noted that the Committee may want to add in a section to the current year's plan about the management of external audit and pension audits. He noted that for the first-time assurance statements had been sought from across the Corporate Leadership Team (CLT), providing a deeper dive into the directorates' activities and services provided. He noted the year of change ahead nationally and locally. He outlined the Council's organisational governance sections and service-specific governance considerations. He outlined the 'Governance Systems Assurance' and Members' involvement. He referred to the progress made outlined in the 2022/23 AGS follow up. He thanked the Finance Improvement Business Partner and team, and the Interim Director of Law and Governance; Monitoring Officer for their work.
2. A Committee member welcomed the inclusion of the assurance statements from CLT and asked what the benefit was of including those, whether those provided extra transparency into the Council and its functions. The Interim Head of Paid Service noted the importance of the awareness raising of the AGS generated by the assurance statements, furthermore every budget holder in the Council was required to sign a budget accountability statement clarifying their personal professional responsibility. The assurance statements highlighted Executive Directors' personal accountability over their directorate and its activities. A greater level of detail had been discussed with directorate leadership teams cascading down across the organisation, positive areas identified and areas to improve gave CLT greater confidence that assurance given to the Committee was there in practice. The Committee member looked forward to that continuing and the benefits being realised.
3. The Chairman referred to Children's Services and Special Educational Needs and Disabilities (SEND) noting that those areas were constantly raised at the Committee as having issues, the AGS did not appear to reflect the development underway. The Interim Head of Paid Service explained that more detail could be provided if requested. That information was held elsewhere and in other reports, for example there was a transformation programme in the Children, Families and Lifelong Learning Directorate and the link between SEND provision and the capital programme was being explored. He noted that the AGS focused on the governance of the work underway rather than describing service issues.

**RESOLVED:**

1. Reviewed the contents of the draft Annual Governance Statement (Annex 1) to satisfy themselves that the governance arrangements are represented correctly; and
2. Commended the draft Annual Governance Statement for publication with the Council's Statement of Accounts.

**Actions/further information to be provided:**

None.

**42/24 DRAFT STATEMENT OF ACCOUNTS 2023/24 [Item 9]**

**Witnesses:**

Nikki O'Connor, Strategic Finance Business Partner (Corporate)

Anna D'Alessandro, Interim Executive Director - Finance and Corporate Services

**Key points raised in the discussion:**

1. The Strategic Finance Business Partner (Corporate) explained that the draft Statement of Accounts was prescriptive based on the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2023/24 to produce compliant accounts. The 2023/24 accounts were published last week, five weeks later than the 31 May deadline and 54% of local authorities met that target highlighting the national issues faced, several local authorities had multiple years of unsigned accounts. She noted that it had been a challenging year-end for her team: with the new Unit4/MySurrey system meaning that processes had to be redefined, the 2022/23 accounts were signed off in January 2024, there were team changes, delays in obtaining third party information and there was an immaterial amount missing from the draft accounts regarding the Collection Fund, due to information remaining outstanding from borough and district councils. She noted that due to the tight deadline, some of the validation checks had not been done, and several minor typos and required changes had been identified since publication. An updated draft would be issued to EY this week. The team was working closely with EY on the external audit and the final accounts would be received by the Committee in November.
2. A Committee member asked whether the risk had been considered of the publication of the draft accounts five weeks after the deadline and what was the impact. The Strategic Finance Business Partner (Corporate) noted that the delayed publication was not ideal and as noted earlier about half of all local authorities missed that deadline. The delay impacted on the ability to get the audit work done in time to be signed off for the next deadline, there were no immediate financial implications. The Committee member referred to paragraph 15 of the cover report noting that there were direct risk management implications, the Strategic Finance Business Partner (Corporate) agreed.
3. A Committee member noted that the draft accounts summarised the achievements and ambition of the Council, and areas requiring a greater focus such as SEND provision. Whilst there was a SEND strategy and dedicated money, she noted that it would be useful to understand more about investment in SEND and the Safety Valve Agreement, for the Committee and Members to have an update on that spend. She noted concern about potential policy changes by the new Government. The Strategic Finance Business Partner (Corporate) explained that the baseline for the accounts was the Council's outturn position as reported to the Cabinet, that included the SEND budgetary pressures and performance against budget.
4. The Strategic Finance Business Partner (Corporate) explained that within the balance sheet there were two significant figures linked to SEND: the accumulated deficit on the High Needs Block which was required to be accounted for as an

unusable reserve and the Council's offsetting reserve. The latter was part of the Council's contribution of the Safety Valve Agreement. She noted that the Committee could be provided with an update on details regarding SEND, she noted that the Children, Families, Lifelong Learning and Culture Select Committee received regular updates on SEND and the Safety Valve Agreement. The Interim Executive Director - Finance and Corporate Services noted that for the Committee's assurance, the service could provide an update in terms of meeting the Council's requirements regarding the capital side of the Safety Valve Agreement.

5. A Committee member noted that the budgetary situation the Council faced and trying to get the services delivered needed to be more clearly understood by Members and residents, more help was needed from central government. He welcomed an update to the Committee as noted above and suggested having a Member Development Session on the matter. The Interim Executive Director - Finance and Corporate Services noted the request for a Member Development Session on SEND/Safety Valve Agreement, and for the Committee to receive an update on SEND in respect of both capital and revenue.
6. The Cabinet Member for Finance and Resources referred to the budget consultation process with residents and wondered whether there was an opportunity to include information that explains some of the challenges faced by the Council. He would liaise with the Strategic Finance Business Partner (Corporate) on the matter.

**RESOLVED:**

Considered the draft 2023/24 Statement of Accounts.

**Actions/further information to be provided:**

1. A19/24 - Following completion of the validation checks, an updated draft will be issued to EY with minor changes to the numbers and to correct some typos, to be flagged with the Committee.
2. A20/24 - The Interim Executive Director - Finance and Corporate Services, and Strategic Finance Business Partner (Corporate) will follow up the request for a Member Development Session on SEND/Safety Valve Agreement; and for the Committee to receive an update from the service in terms of meeting the Council's requirements regarding the Safety Valve Agreement.
3. A21/24 - The Cabinet Member for Finance and Resources will liaise with the Strategic Finance Business Partner (Corporate) about the opportunity in the budget consultation process to include information that explains some of the challenges faced by the Council.

**43/24 ANNUAL WHISTLEBLOWING REPORT 2023/24 [Item 10]**

**Witnesses:**

Sheila Smith, Director of People and Change

**Key points raised in the discussion:**

1. The Director of People and Change explained that whistleblowing cases could be raised directly in writing to a Council senior officer or through the external independent organisation Navex Global. Whistleblowing cases received by the Council were triaged through the People and Change team, a decision was made about the appropriate route for those to be investigated. Any case involving the potential allegation of fraud was sent to the Internal Audit team to investigate. She noted that twenty whistleblowing cases were received in 2023/24 and the slight

increase from the previous year showed the increased awareness of the policy by staff.

2. A Committee member referred to the benchmarking exercises undertaken with other authorities, noting that the Council's figure was higher compared to others particular Hampshire County Council which had a low figure of whistleblowers; and she asked why that was the case. The Director of People and Change noted that making a like-for-like comparison was difficult, she noted that Hampshire County Council might be recording cases in a different way. She would investigate why their number of cases was so low given their higher headcount.
3. As a supplementary on the above, the Committee member asked whether there was no prescribed way to assess such cases. The Director of People and Change explained that there was a legal definition of whistleblowing and each local authority must have a whistleblowing policy, however there was no requirement to report externally in a set way. The Council was transparent in reporting every case it received even if not upheld.
4. The Chairman noted that the assessment of cases was referred to either the People and Change team, Internal Audit or the Monitoring Officer. Regarding the outstanding cases underway some were referred to a Human Resources (HR) People Consultant, he asked how independent that was regarding their handling. The Director of People and Change explained that the HR People and Change Consultants had expertise in investigating such issues through their work in supporting managers with grievances and sickness absence cases, they were not aligned with the service being investigated. Any complaints about the People and Change service were referred to the Monitoring Officer.
5. A Committee member sought clarity on whether the Officer Code of Conduct had been reviewed and updated and approved by the Council in May 2024, as incorporated into that the whistleblowing policy on the website was dated May 2021. The Director of People and Change confirmed that the Officer Code of Conduct was reviewed annually as in May 2024 to ensure it was up to date, it referenced policies such as the whistleblowing policy. She explained that the policies were reviewed at last every two years, the whistleblowing policy would have been reviewed since 2021 but no changes were made. Going forward, she would ensure that the date the policy was reviewed would be included on its front cover.
6. A Committee member referred to the outcomes recorded and where those findings could not be shared due to confidentiality, he asked for an explanation of what the confidentiality related to and who was made aware of the outcome. The Director of People and Change noted that the group which included the Monitoring Officer, the Head of Insights, Systems and Governance in the People and Change team, and Internal Audit reviewed whistleblowing cases quarterly, they would be made aware of the outcome of those investigations. Reasons for confidentiality varied for example if individuals or service users were identified. The Chairman noted that having liaised with the Monitoring Officer, the Committee could have a Part 2 update on the matter at the September or November Committee meeting.
7. The Chairman referred to the 'Closed Cases' table asking whether an additional column could be added indicating whether the whistleblowing case was found in favour or against, that would provide an idea of how many cases were progressed annually. The Director of People and Change noted that could be added.
8. A Committee member referred to the 'Closed Cases' table where there were several that had outcomes to be confirmed or the date closed was to be confirmed, he asked whether that was because information had not been input or was there another reason for that. The Director of People and Change would provide a written response.

**RESOLVED:**

1. Reviewed the contents of the Annual Whistleblowing report to satisfy themselves that the governance arrangements are operating effectively; and
2. Made recommendations for improvement.

**Actions/further information to be provided:**

1. A22/24 - The Director of People and Change will investigate why Hampshire County Council's number of whistleblowing cases is so low compared to Surrey's.
2. A23/24 - Going forward, the Director of People and Change will ensure that the date the Whistleblowing Policy is reviewed will be included on its front cover.
3. A24/24 - The Director of People and Change will liaise with the Monitoring Officer about the Committee receiving a Part 2 update on the reasons for confidentiality regarding findings from whistleblowing cases at the September or November Committee meeting.
4. A25/24 - The Director of People and Change will add in an additional column into the 'Closed Cases' table indicating whether the whistleblowing case was found in favour or against.
5. A26/24 - The Director of People and Change will provide a written response explaining the reasons for the outcomes listed as to be confirmed or the date closed as to be confirmed in the 'Closed Cases' table.

**44/24 OFFICERS AND EMPLOYEES ANNUAL GIFTS AND HOSPITALITY REPORT 2023/24 [Item 11]**

**Witnesses:**

Shella Smith, Director of People and Change  
 Michael Coughlin, Interim Head of Paid Service  
 Asmat Hussain, Interim Director of Law and Governance; Monitoring Officer

**Key points raised in the discussion:**

1. The Director of People and Change noted that any small token of goodwill should be politely declined and generally offers of hospitality should be refused. Officers and employees must declare any offers of a gift or hospitality on the register and whether offers are refused, declined or donated to charity. In 2023/24 there were 73 declarations, and of those 45 were accepted, 23 declined and 5 donated; that followed a similar pattern over the last few years. She highlighted that a large amount of the hospitality offers received related to the Stars in Surrey Awards for staff, sponsored by various businesses.
2. A Committee member referred to the recommendations in the report around 'Clear and concise guidelines around hospitality', querying whether there were already guidelines in place but those needed to be enhanced or that there were no guidelines in place. The Director of People and Change noted that there were clear guidelines in place for officers, and she emphasised the need to continually communicate those to new and existing staff.
3. A Committee member referred to the register being maintained and reviewed monthly by the HR Governance team with 'Declared, non-compliant gifts and hospitality [...] escalated to HR Business Partners if deemed necessary' and asked who deemed that necessary. The Director of People and Change explained that if a gift or hospitality offer had been accepted and there did not appear to be a clear manager approval trail in process then the HR Governance team would refer that to a HR Business Partner to liaise with the relevant senior manager to explore what happened; it was a judgement based on the policy.

4. The Chairman noted that there was a separate policy for Members to declare offers of gifts and hospitality as discussed by the Committee in March 2024, where Members' declarations were listed, he recalled the declaration threshold was £50 and asked why that was not the case for officers too as it would be simpler. The Director of People and Change noted that reference to an amount was removed from the officer policy, examples were included instead as it was felt to be more relevant such as a small box of chocolates or a bunch of flowers.
5. A Committee member noted that the policy was pedantic, more work was being created as there was not a minimum amount to declare, that threshold needed to be set over which to declare. The Council is a large organisation and having to declare a bag of sweets worth £2 for example created unnecessary bureaucracy. She noted the need to review the guidelines to be clearer about what is really a gift or hospitality offer, the focus should be on where a gift or hospitality offer is perceived by a member of the public to skew an officer's opinion about the way they were performing their work. The Director of People and Change noted that the comments could be looked at and benchmarking undertaken with other organisations. She noted that the Council's approach had always been to encourage everybody to declare everything to be open and transparent, other organisations in the public sector took a similar approach.
6. The Chairman agreed, noting that when looking at Members' gifts and hospitality register in March, the Leader declared everything even when it was below £50, that needed to be stopped; and he welcomed that benchmarking exercise. The Interim Head of Paid Service acknowledged that the policy needed to be reviewed to remove some of the bureaucracy, he noted that the timing of the gift such as before a big contract is awarded for example, as well as the amount of the gift were important.
7. A Committee member suggested that it would be simpler and more efficient to have a combined policy for Members and officers, he noted the element of common sense where people know when they should not accept something. The Director of People and Change would liaise with the Monitoring Officer to review the implications and any regulations that apply to Members as opposed to officers.
8. The Vice-Chairman disagreed with the above suggestion, noting that officers and Members had different responsibilities so the two policies should remain separate. The Interim Director of Law and Governance; Monitoring Officer reiterated that Members and officers had different roles and responsibilities, officers had a contract of employment whilst Members adhered to the Member Code of Conduct.
9. A Committee member referred to the section on 'Issues for Consideration', noting that those were more like factors to consider rather than issues, for example 'All gifts and hospitality acceptances had manager authorisation.' The Director of People and Change would consider that for future reports.

#### **RESOLVED:**

1. Reviewed the contents of the Annual Gifts and Hospitality report to satisfy themselves that the governance arrangements are operating effectively; and
2. Made recommendations for improvement.

#### **Actions/further information to be provided:**

1. A27/24 - The Director of People and Change, Interim Head of Paid Service, and Monitoring Officer will consider the comments made regarding:
  - a) a threshold to be set over which officers and employees must declare gifts and hospitality.
  - b) to review the guidelines to be clearer about what is really a gift or hospitality offer, focusing on where a gift or hospitality offer is perceived by a member of

- the public to skew an officer's opinion about the way they were performing their work.
- c) benchmarking to be undertaken with other organisations.
  - d) Members' not having to declare gifts and hospitality offers on the register under the £50 threshold.
  - e) removing some of the bureaucracy, considering the timing of the gift and amount.
  - f) keeping the officer and employees' policy separate to Members' policy or combining the two; to review the implications and any regulations that apply to Members as opposed to officers.
2. A28/24 - The Director of People and Change will for future reports consider the suggestion that 'Issues for Consideration', are more like factors to consider rather than issues.

**45/24 DATE OF NEXT MEETING [Item 12]**

The date of the next meeting of the Committee was noted as 11 September 2024.

Meeting ended at: 11.28 am

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**Chairman**

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Audit & Governance Committee  
11 September 2024

## Recommendations Tracker and Work Plan

### Purpose of the report:

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

### Recommendations:

The Committee is asked to:

1. Monitor progress on the implementation of actions/recommendations from previous meetings in Annex A.
2. Note the work plan at Annex B and any changes to it.

### 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. The work plan is attached as Annex B.

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### Sources/background papers:

- None.

### Annexes/Appendices:

- Annex A - Recommendations Tracker
  - Annex B - Work Plan
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## Audit & Governance Committee – Recommendations Tracker

11 September 2024

Number	Meeting Date	Item	Recommendation / Action	Action by whom	Action update	Target date for Completion
<b>2023</b>						
A8/23	12 July 2023	Counter Fraud Annual Report 2022/23	The Audit Manager – Counter Fraud will find out whether a check had been undertaken across all schools in Surrey to make sure that all the business managers were on the right salary level.	Audit Manager – Counter Fraud	<p>Update provided by the Audit Manager (Counter Fraud) on 22 August 2024:</p> <p>The reports have now been built in Unit4 to allow us to extract data for this check. They will shortly be deployed in Production so we should be ok to start the analysis in September. All being well on track for completion by November.</p> <p>Update provided by the Audit Manager (Counter Fraud) on 20 June 2024:</p> <p>The action is ongoing, it is hoped that work would be underway over summer once officers get access to Unit4.</p> <p>Update provided by the Audit Manager (Counter Fraud) on 22 January 2024:</p> <p>We will update the Committee at the November meeting of the results of the data matching on school business managers grades. We plan to complete this exercise in Unit4 in September.</p> <p>(Update provided by the Audit Manager (Counter Fraud) on 2 January 2024:</p> <p>Supporting papers for school staff are held locally, confirmation of SBM paypoints would</p>	November 2024

## Audit & Governance Committee – Recommendations Tracker

11 September 2024

					not be possible without writing out to all schools; the team did perform analysis on payroll records for schools. This included stratified sampling and review of high earners to identify anomalies. The team did not detect any oddities. Further work in this area will be picked up once Unit4 has bedded down and BAU has returned to school payroll.)	
<b>2024</b>						
Page 16	A10/24 13 March 2024	Ethical Standards Annual Review 2023-24	The Committee will receive the report on gifts and hospitality, interests and whistleblowing at a senior officer level alongside the annual report on Members.	Interim Director - Law and Governance, and Monitoring Officer / Head of Insights, Systems and Governance	<p>The Committee received an item on July's agenda concerning officers' gifts and hospitality: Officers and Employees Annual Gifts and Hospitality Report 2023/24.</p> <p>The Head of Insights, Systems and Governance has noted on 28 August 2024 that: we will be tracking the Declaration of Interests for officers this year and will produce an annual report in April/May time for scrutiny.</p> <p>Extract from draft minutes, 10 July 2024:</p> <p><i>A Committee member referred to A10/24 asking when there would be an update regarding officers' Declaration of Interests as that was noted as to be confirmed (TBC).</i></p> <p>The Head of Insights, Systems and Governance has noted that the Declaration of Interests report will follow later once the reporting on Unit4 functions to a satisfactory level. The developer team in IT &amp; Digital are supporting with it.</p>	<p><b>(completed =</b> July 2024 - officers' gifts and hospitality)</p> <p>June 2025 - officers' Declaration of Interests</p>

## Audit & Governance Committee – Recommendations Tracker

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A20/24	10 July 2024	Draft Statement of Accounts 2023/24	The Interim Executive Director - Finance and Corporate Services, and Strategic Finance Business Partner (Corporate) will follow up the request for a Member Development Session on SEND/Safety Valve Agreement; and for the Committee to receive an update from the service in terms of meeting the Council's requirements regarding the capital side of the Safety Valve Agreement.	Interim Executive Director - Finance and Corporate Services / Strategic Finance Business Partner (Corporate)	Update provided by the Strategic Finance Business Partner (Corporate) on 21 August 2024: It has been requested that members of the A&G Committee are invited to join Members of the CFLL Select Committee to receive an update on the SEND Programme and Safety Valve Agreement.  22 August 2024 update: Officers are in the process of setting up a Member Development Session.	September - November 2024
A27/24	10 July 2024	Officers and Employees Annual Gifts and Hospitality Report 2023/24	The Director of People and Change, Interim Head of Paid Service, and Monitoring Officer will consider the comments made regarding: <ul style="list-style-type: none"> <li>a) a threshold to be set over which officers and employees must declare gifts and hospitality.</li> <li>b) to review the guidelines to be clearer about what is really a gift or hospitality offer, focusing on where a gift or hospitality offer is perceived by a member of the public to skew an officer's opinion about the way they were performing their work.</li> <li>c) benchmarking to be undertaken with other organisations.</li> <li>d) Members' not having to declare gifts and hospitality offers on the register under the £50 threshold.</li> <li>e) removing some of the bureaucracy, considering the timing of the gift and amount.</li> <li>f) keeping the officer and employees' policy separate to Members' policy or combining the two; to review the</li> </ul>	Director of People and Change / Interim Head of Paid Service / Monitoring Officer	30 August 2024 update: Officers are considering the comments made by the Committee, the policy is being reviewed.	November 2024

**Audit & Governance Committee – Recommendations Tracker**  
11 September 2024

			implications and any regulations that apply to Members as opposed to officers.			
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**COMPLETED RECOMMENDATIONS/REFERRALS/ACTIONS – TO BE DELETED**

2023
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## Audit & Governance Committee – Recommendations Tracker

11 September 2024

A7/23	5 June 2023	Annual Complaints Performance Report	<p>The Customer Relations Manager, the Head of Customer Engagement and System Development and the Director of Law and Governance will take Committee member’s comments and suggestions away and will report back at November’s meeting where the LGSC Annual Letter and Complaints Update, and Council Complaints – Half Yearly Update items are scheduled; areas to cover:</p> <ul style="list-style-type: none"> <li>a) comparative complaints figures with other local authorities.</li> <li>b) whether a similar internal investigator appointment will be beneficial for ASC and having more internal investigator roles in Education Services.</li> <li>c) consider whether the Corporate category can be renamed to ‘Other’ and explore whether it can be broken down by the services they related to as soon as possible; to liaise with Committee members on the services to be listed.</li> <li>d) consider how non-formal complaints information such as around highways</li> </ul>	<p>Customer Relations Manager / Head of Customer Engagement and System Development / Director of Law and Governance</p>	<p><u>September 2024 update:</u></p> <p>a) The Local Government and Social Care Ombudsman provides comparative data each year as part of the published Annual Letter.</p> <p>The agenda item (item 8) provides an analysis and comment on this year’s Annual Letter. Due to the differences in how complaints and contacts are recorded it is not possible to draw conclusive insight by local comparisons at the early or local stages of the complaint process.</p> <p>Please also find attached <b>Appendix 1</b> entitled CFLL Benchmarking (regarding action A12/24), from the Head of Customer Engagement and System Development that includes comment on benchmarking with other Local Authorities.</p> <p>b) There are many reasons that Adults have not implemented an independent investigator into Customer Relations, mainly because the legislation that governs the statutory adults’ complaints process and the councils’ own policies do not stipulate that complaints must be investigated by an independent investigator.</p> <p>Our Locality managers take ownership of complaints and lead on the investigation, response and delivery of any corrective actions. This is in line with the published guidance on how we handle complaints where our website reads “Complaints are first responded to by the responsible service as we want to resolve complaints quickly and close to the point of service”.</p>
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## Audit & Governance Committee – Recommendations Tracker

11 September 2024

			<p>that residents direct to Members, can be incorporated in future reports or provided to the Committee in another form.</p> <p>e) explore the suggestion with database providers of a response box being added to formal complaints indicating the residents' borough or district.</p> <p>f) provide a report on the customer services steering group, identifying the problems, where those were occurring and what was being done.</p> <p>g) provide an update on the Customer and Communities Directorate's mapping exercise of the Council's communication touch points and whether those were user friendly.</p> <p>h) consider a similar approach of having a central email address for residents when communicating with the Council around reporting a defect or complaint and issues to be allocated to the relevant officers for a response within an agreed timeline.</p>		<p>The adult's process is a single tier complaints process, and anyone dissatisfied can escalate their concern to the Ombudsman as an Independent Regulator. There is also the Care Quality Commission that is a pathway to ensure that fairness and transparency is applied to complaints that the Council receive about social care.</p> <p>Adults take complaints as an opportunity to learn. We believe that by managers responding from each service means we can spotlight on themes, trends are continually highlighted and that team managers can use the intelligence from complaints data to prevent similar complaints.</p> <p>There is no evidence that the process followed by adults does not work, we have a low level of complaints escalating to the Ombudsman which indicates that we are resolving matters at the initial stage. Therefore, in terms of creating a business case for adults to have a new role for an Independent Investigator would be difficult at a time we are under pressure to deliver efficiencies. However, we would consider commissioning an independent complaint investigator for any particular complaints where we feel it would be appropriate.</p> <p>c) Completed – see below previous updates.</p> <p>d) This is being explored as part of the ongoing transformation programme with a view to providing consistent reporting that captures the subtle differences between recording within the three customer relations teams.</p>
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**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

			<p>i) provide an update on dovetailing residents' formal complaints with concerns raised to Members if they were about the same issue, as well as where concerns should be referred to the formal complaints process.</p>	<p>e) Completed – see below previous updates.</p> <p>f) The steering group has now expanded to include a wide range of partners across the Additional Needs &amp; Disabilities system. It is now called the Relationships, Communication and Collaboration Delivery Group and oversees a clear set of actions as part of the Ofsted improvement plan:  <a href="https://www.surreylocaloffer.org.uk/news/SEND-improvement-plan">https://www.surreylocaloffer.org.uk/news/SEND-improvement-plan</a></p> <p>In addition to sharing key themes in the delivery group above, the CFLL Customer Relations team have initiated a more in-depth quarterly 'learning from complaints' report for Education services, as well as a learning log for Social Care services, attending Practice Leadership team meetings on a quarterly basis to present on these.</p> <p>g) and h) Complete as organisational structure is a barrier as described above. Will be considered further as part of the ongoing transformation programme.</p> <p>i) The dedicated mailbox for Councillors has been working well. A letter has now also been sent out to MPs to ensure the same practice for all Members.</p> <p>There are now two members of staff in the CFLL Customer Relations team who collate information and write responses to MP/Cllr enquiries on behalf of operational services. This saves time for service staff as well as</p>
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## Audit & Governance Committee – Recommendations Tracker

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					<p>providing updates on existing complaints if relevant. Wherever possible, Members are encouraged to signpost constituents directly to the CR team.</p> <p>Extract from draft minutes, 10 July 2024:</p> <p><i>The Chairman noted that the Committee raised several issues on the Annual Complaints Performance Report item and it had been agreed that the update on the action be provided at September's Committee meeting with officers attending.</i></p> <p>Extract from minutes, 5 June 2024: <i>the Customer Relations Manager will provide definitive responses for the September Committee.</i></p> <p>The Customer Relations Team Manager on 15 May 2024 has noted that questions b), c), e), f), i) were answered as part of the previous update on 3 November 2023 in the Recommendations Tracker or are included in the Annual Complaints Performance Report – June 2024.</p> <p>Questions a), d), g), h) were responded to as part of the previous update on 3 November 2023, and are referred to in the briefing document (A33/23 - Appendix 1 in June's agenda) that provides the update on the Complaints Task and Finish Group:</p> <p><i>The recommendations and questions put forward by Audit &amp; Governance Committee Members (as detailed below - Action A7/23), will be included in the forward work plan for the Senior Complaints Practice Lead, and have been shared with the Customer Transformation Programme for</i></p>
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**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

					<p><i>consideration as part of their work to streamline processes, make better use of technology and improve the information we provide.</i></p> <p>As of 14 February 2024, the Customer Relations Team Manager and the team provided the following update:</p> <p>The ongoing Customer Service Transformation Programme has remained the focus for the Service. Officers remain committed to addressing the questions from the Committee; at this time the update is such that a significant amount of the focus on Customer Service Transformation includes the areas highlighted by committee and as such they remain a work in progress.</p> <p>Update provided by the Customer Relations Manager on 3 November 2023:</p> <p><b>a) Comparative complaints figures with other local authorities.</b></p> <p>We are continuing to gather data from comparable authorities. Challenges include that data captured is different and does not lend itself to direct comparisons. So far only three authorities have responded to the data sharing request.</p> <p><b>b) Whether a similar internal investigator appointment will be beneficial for ASC and having more internal investigator roles in Education Services.</b></p> <p>The ASC complaint procedure is a single tier process. The expectation is that the service complained about is best placed to respond in</p>
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## Audit & Governance Committee – Recommendations Tracker

11 September 2024

					<p>detail; essentially taking forward their own investigation. Complaints are responded to by Managers / Senior Managers who have a background in Social Work and therefore completely understand the complexity of the complaint and if the Council have adhered to its duties under the Care Act 2014.</p> <p>Staffing resources in Customer Relations for Education Services have increased to allow better triaging and quality assurance of complaints as well as enquiry handling. 4 complaint leads have also been appointed within the SEND Service who are working closely with the Customer Relations Team to improve the quality and timeliness of initial responses which in turn will decrease the volumes of complaints escalating through the process.</p> <p><b>c) Consider whether the Corporate category can be renamed to ‘Other’ and explore whether it can be broken down by the services they related to as soon as possible; to liaise with Committee members on the services to be listed.</b></p> <p>The update report recognises the request and refers Services other than social care and education rather than Corporate Services. The weekly complaint snapshot reports shared with the CEO and Leader of the Council provide the Service breakdown suggested. Proposal that A&amp;G Committee Chair and Vice Chair are included in the circulation of the weekly reports going forward.</p>
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**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

					<p><b>d) Consider how non-formal complaints information such as around highways that residents direct to Members, can be incorporated in future reports or provided to the Committee in another form.</b></p> <p>This proposal continues to be considered; challenges include that the way these enquiries are captured and recorded is not currently uniform within the three Customer Relations Teams.</p> <p><b>e) Explore the suggestion with database providers of a response box being added to formal complaints indicating the residents’ borough or district.</b></p> <p>The request has been shared with the provider who are exploring the most appropriate way to take this forward. Challenges include restrictions due to GDPR which means that providing the information cannot be compulsory and therefore the data may not be complete.</p> <p><b>f) Provide a report on the customer services steering group, identifying the problems, where those were occurring and what was being done.</b></p> <p>In Education Services the steering group continues to focus on improving the quality and timeliness of responses whilst identifying the root causes of complaints. Perceived poor standards of communication and delays in the Education Health Care Plan process continue to be the primary cause of complaints. Education Services continue to work to address this given the</p>
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## Audit & Governance Committee – Recommendations Tracker

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					<p>acknowledged national challenges in securing assessments and outcome reports by Education Psychologists.</p> <p><b>g) Provide an update on the Customer and Communities Directorate’s mapping exercise of the Council’s communication touch points and whether those were user friendly.</b></p> <p><b>h) Consider a similar approach of having a central email address for residents when communicating with the Council around reporting a defect or complaint and issues to be allocated to the relevant officers for a response within an agreed timeline.</b></p> <p>The above (g and h) continue to be explored as challenges include the fact that the timescales for responses for two of the complaint procedures (Adults and Childrens Services) are governed by statutory legislation and cannot be deviated upon. The introduction of the online self service complaint portal addresses the central point to register a complaint. As the three customer relations teams are located separately within the Council a central or single email address at present needs to be explored in more detail due to the administrative element of recognising the specific nature of the complaint and which service is best able to respond.</p> <p><b>i) Provide an update on dovetailing residents’ formal complaints with concerns raised to Members if they were about the same issue, as well as</b></p>
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**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

					<p><b>where concerns should be referred to the formal complaints process.</b></p> <p>The CFLL Customer Relations Team has recruited an officer to a new role that focuses on building relationships with members and services. The role remit includes working with the services and members to decrease the volume of duplicated effort in providing both a response for the Member to share with the family or their representative MP and a formal stage 1 complaint response direct to the family.</p>
A10/23	12 July 2023	Update on the Surrey Forum and the Four Associated Strategic Partnership Boards	The Director – Corporate Strategy and Policy will liaise with the chairs of the Surrey Forum and the non-statutory boards: One Surrey Growth Board, Greener Futures Board, and Thriving Communities Board, asking whether the agendas, minutes and membership lists could be made available to all Members.	Director – Corporate Strategy and Policy	<p>Following the publication of the June Cabinet report that provided an update on the strategic partnerships landscape, the SharePoint site has been updated to reflect the changes to the combined meeting of the Health and Wellbeing Board and Surrey Heartlands Integrated Care Partnership. Members can access the SharePoint site here: <a href="#">Strategic Partnership Landscape (sharepoint.com)</a>.</p> <p>The Committee Manager shared the SharePoint site link with Committee members on 22 March 2024.</p>

## Audit & Governance Committee – Recommendations Tracker

11 September 2024

A16/23	12 July 2023	External Audit Plan 2022/23	The Grant Thornton representative will confirm whether PSAA has approved the proposed audit fee for 2022/23.	Grant Thornton representative	<p>The Strategic Finance Business Partner (Corporate) received confirmation on 25 July 2024 from the PSAA that they have agreed to the fee variation proposed by Grant Thornton in relation to the 2022/23 Accounts of the Council.</p> <p>Extract from draft minutes, 10 July 2024:</p> <p><i>The Strategic Finance Business Partner (Corporate) noted that she continued to chase PSAA for a response on the sign-off.</i></p> <p>As of 18 June 2024, the Strategic Finance Business Partner (Corporate) has chased PSAA once again on the matter.</p> <p>Extract from draft minutes, 5 June 2024: <i>the Strategic Finance Business Partner (Corporate) would follow up an update for the July Committee.</i></p> <p>As of 23 May 2024, there is no further update, PSAA are yet to sign off the final amount.</p> <p>Extract from minutes of March’s (2024) Committee meeting (minute item 15/24, key point 2):</p> <p>The Strategic Finance Business Partner (Corporate) explained that Grant Thornton had responded that Public Sector Audit Appointments (PSAA) had approved a series of ‘bake in’ variations which had been included on the audit plan for 2022/23, they do not however approve any additional variations on top of that until after the accounts are signed. The Strategic Finance Business Partner (Corporate) noted that they were close to signing off the 2022/23 Statement of Accounts. Final checks were underway, and it was</p>
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**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

					hoped that it would be signed by early next week; once signed off the fee variation would be formally approved.)
A17/23	12 July 2023	Whistleblowing Annual Report	<p>The two recommendations for improvement made by the Committee will be incorporated into next year’s Whistleblowing Annual Report.</p> <ul style="list-style-type: none"> <li>• That existing employees alongside new employees would be asked to sign the Code of Conduct too.</li> <li>• That the headcount figures regarding the whistleblowing cases be updated to include other employees such as those in schools and contractors.</li> </ul>	Head of Insight, Programmes and Governance	<p>Update provided by the Head of Insights, Systems and Governance on 20 August 2024: The training course and communications on the Code of Conduct went live in the week commencing 12 August 2024.</p> <p>Update provided by the Head of Insights, Systems and Governance on 20 June 2024: the training course and communications on the Code of Conduct will go live shortly. She noted that the schools figures are now shown in the <u>Annual Whistleblowing Report 2023/24</u> in the July 2024 Committee agenda.</p> <p>Update provided by the Head of Insights, Systems and Governance on 10 May 2024:</p> <ul style="list-style-type: none"> <li>• A Governance training course is being produced on ‘Olive’, the Council’s Learning Management System. This will include the Code of Conduct and a short ‘test’ will need to be completed by new and existing employees. This will then sit on the employee record. Go Live is estimated to be in July 2024.</li> <li>• We are hoping to be able to show Schools WB figures separately. Contractors would come through the Corporate reporting, but due to the confidential nature of the recording via Navex Global, these would not be identifiable at recording stage.</li> </ul>

## Audit & Governance Committee – Recommendations Tracker

11 September 2024

A35/23	22 November 2023	LGSCO Annual Letter and Complaints Handling Update	The Committee Manager will add an item to the work plan for the next Committee meeting in January where officers will present the results of the Task and Finish Group.	Committee Manager	<p><u>September 2024 update:</u></p> <p>The LGSCO annual letter full report is included as an item on September’s A&amp;G Committee agenda, including the high-level recommendations of the operational review.</p> <p>-----</p> <p>The Customer Relations Team Manager has requested that the item be further deferred from June (had been deferred from January and March), to November’s 2024 Committee meeting.</p> <p>The briefing document (A33/23 - Appendix 1 in June’s agenda) in June’s agenda provided the update on the Complaints Task and Finish Group, setting out the key elements. Once the outcome report has been to CLT, a more detailed update can be provided to the Committee.</p>
<b>2024</b>					

**Audit & Governance Committee – Recommendations Tracker**  
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A6/24	13 March 2024	Recommendations Tracker and Work Plan	The Committee will receive the report from the Resources and Performance Select Committee’s DB&I Task and Finish Group, for it to review alongside the later report from Internal Audit; ensuring that the Committee member gets an up-to-date response as to how all the complaints around late payments concerning the new Unit4/MySurrey system were being progressed.	Chair of the DB&I Task and Finish Group  /  Audit Manager	<p>The Committee Manager circulated the report to Committee members on 16 July 2024 after it was published in July’s Cabinet agenda.</p> <p>The summary of completed audit - Accounts Payable is included in September 2024 - Quarter 1 - Internal Audit’s report.</p> <p>Extract from draft minutes, 5 June 2024:  <i>[The Chairman] noting that the 10 June Resources and Performance Select Committee private online meeting to confirm the Digital Business &amp; Insights (DB&amp;I) report would be pushed back to late June or early July, as the final report was being delayed to July’s Cabinet.</i></p> <p>Update from Scrutiny Business Manager on 10 May 2024:</p> <p>The Chair of the Digital Business &amp; Insights (DB&amp;I) Task and Finish Group is working to a revised DB&amp;I report timeline. The report is due to be signed off at a private Resources &amp; Performance Select Committee meeting on 10 June prior to submission to June’s Cabinet meeting.</p> <p>Update provided by the Audit Manager on 10 May 2024:</p> <p>Internal Audit’s Accounts Payable draft report is currently being finalised with management and should hopefully be published as a final report w/c 13 May. It will, therefore, be part of Internal Audit’s summary of completed audits for Q1 as expected, which will come to the Committee in September. The opinion on the report is Partial Assurance, so the Chairman and Vice-Chairman of</p>
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## Audit & Governance Committee – Recommendations Tracker

11 September 2024

					Audit & Governance Committee will be getting Internal Audit's standard briefing note for a lower assurance audit before the end of May.
A12/24	5 June 2024	Annual Complaints Performance Report	The Assistant Director - Quality Relationships will provide the information benchmarked from other local authorities regarding the complaints in Children's Services, as gathered from their annual complaints report.	Assistant Director - Quality Relationships	<p><u>September 2024 update:</u></p> <p>Please find attached <b>Appendix 1</b> entitled CFLL Benchmarking, from the Head of Customer Engagement and System Development that includes comment on benchmarking with other Local Authorities.</p>
A13/24	5 June 2024	Annual Complaints Performance Report	The Customer Relations Manager will provide the information requested regarding the number of contacts received via non-electronic methods.	Customer Relations Manager	<p><u>September 2024 update:</u></p> <p>Total contacts received across all three of the customer relations team for 2023-2024 was 3922.</p> <p>This figure includes requests for service(enquiries) and formal complaints.</p> <p>61% of contacts were received via the online portal</p> <p>36% of contacts were received by email</p> <p>2% of contacts were made by telephone</p> <p>1% of contacts were received by printed letter</p> <p>In practical terms, 97% of contacts are made via electronic means and 3% by other means.</p>

**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

A14/24	5 June 2024	Annual Complaints Performance Report	The Assistant Director - Inclusion and Additional Needs will liaise with the relevant assistant director to provide the recommendations on the programme of work around children missing education.	Assistant Director - Inclusion and Additional Needs	<p><u>September 2024 update:</u></p> <p>Surrey has a small number of children who are Children Missing Education (CME) (87) and a further 205 who are being tracked and parents supported to ensure they do not become CME:</p> <ol style="list-style-type: none"> <li>1. Analyse reasons Children become CME</li> <li>2. Continue to raise awareness of CME and those who are not in school for other reasons</li> <li>3. Monitor how long CME pupils are not receiving education</li> </ol> <p>For clarity, most complaints about missed education are not related to CME (i.e. those who are not enrolled at a school), but rather from those who are enrolled at a school but not currently attending for emotional, health or other reasons which may or may not be connected to additional needs. The Council undertook a review in 2023 with recommendations for a new policy and training for staff, to ensure that staff recognise that the Local Authority has overall responsibility for providing suitable education. This is detailed in Section 19 of the Education Act, and we refer to these complaints as being related to Section 19 duties.</p> <p>Please find attached <b>Appendix 2</b>, a full report on the internal review and work underway.</p>
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## Audit & Governance Committee – Recommendations Tracker

### 11 September 2024

A18/24	10 July 2024	Surrey Pension Fund External Audit Plan 2023/24	The Partner - EY will provide the Committee with the fee range by the end of the week to review.	Partner - EY (in charge of the Surrey Pension Fund external audit)	The Committee Manager circulated the fee range to the Committee via email on 12 July 2024. On 19 July 2024, the Committee Manager emailed EY noting that: <i>Following the Committee's receipt of the <b>updated plan including the fees</b> (Appendix B – page 32 of the PDF), I confirm that there were no comments from Committee members against the proposed fees and following consultation with the Chairman and Vice-Chairman, the proposed fees have now been approved.</i>
A19/24	10 July 2024	Draft Statement of Accounts 2023/24	Following completion of the validation checks, an updated draft will be issued to EY with minor changes to the numbers and to correct some typos, to be flagged with the Committee.	Strategic Finance Business Partner (Corporate)	The Draft Accounts are available on the Council's <a href="#">website</a> . Final Audited accounts are due to be brought back to the Committee in November.
A21/24	10 July 2024	Draft Statement of Accounts 2023/24	The Cabinet Member for Finance and Resources will liaise with the Strategic Finance Business Partner (Corporate) about the opportunity in the budget consultation process to include information that explains some of the challenges faced by the Council.	Cabinet Member for Finance and Resources / Strategic Finance Business Partner (Corporate)	Update provided by the Strategic Finance Business Partner (Corporate) on 21 August 2024: Phase 1: August-September 2024 of the resident engagement plans for the budget will include some of the challenges faced. This will be further reinforced in Phase 2: December 2024.

**Audit & Governance Committee – Recommendations Tracker**  
 11 September 2024

<p>A22/24</p>	<p>10 July 2024</p>	<p>Annual Whistleblowing Report 2023/24</p>	<p>The Director of People and Change will investigate why Hampshire County Council’s number of whistleblowing cases is so low compared to Surrey’s.</p>	<p>Director of People and Change</p>	<p>Update provided by the Head of Insights, Systems and Governance, sent to the Committee on 20 August 2024 by the Committee Manager:</p> <p>In terms of the benchmarking, I have been in contact with Hampshire County Council, who declared 1 Whistleblowing Case for 23/24, which I believe was queried at Committee at the July meeting. Hampshire County Council are very strict in terms of what they deem to be a whistleblowing case and have two criteria which have to be met in order for a case to be covered by the Whistleblowing Policy. In addition, they triage cases themselves between their HR service and their Internal Audit function. This means that they can manage the cases in a different way to how Surrey County Council manage the cases, which is via a third-party provider.</p> <p>By having an external organisation manage the whistleblowing cases, this means that total anonymity of the Whistleblower is maintained, plus it gives confidence to the Whistleblower that their case will be independently managed. Each case is investigated by a People Consultant and/or Internal Audit and either upheld or not, depending on the circumstances. Where a Whistleblowing case is deemed a ‘grievance’ then this will be dealt with via the appropriate HR process and covered by the appropriate policy.</p> <p>In summary, Hampshire County Council apply a much stricter definition of whistleblowing and only report on these cases, whereas we report on everything which comes in to the Council through our whistleblowing channels, both through our third-party supplier and through internal audit channels.</p>
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## Audit & Governance Committee – Recommendations Tracker

### 11 September 2024

A23/24	10 July 2024	Annual Whistleblowing Report 2023/24	Going forward, the Director of People and Change will ensure that the date the Whistleblowing Policy is reviewed will be included on its front cover.	Director of People and Change	Update provided by the Head of Insights, Systems and Governance on 20 August 2024:  As part of next year's Annual Whistleblowing Report 2024/25, the date of review of the Whistleblowing Policy will be included on the Policy's front cover.
A24/24	10 July 2024	Annual Whistleblowing Report 2023/24	The Director of People and Change will liaise with the Monitoring Officer about the Committee receiving a Part 2 update on the reasons for confidentiality regarding findings from whistleblowing cases at the September or November Committee meeting.	Director of People and Change / Monitoring Officer	Part 2 report(s) provided by the Head of Insights, Systems and Governance, sent to the Committee on 20 August 2024 by the Committee Manager:  The Committee has been sent an updated A&G Committee report which includes a column for the outcome of the whistleblowing cases, as requested. The Committee has also been sent a redacted more detailed report of the whistleblowing cases, restricted to the membership, as although the information is redacted, it is still of a sensitive nature.
A25/24	10 July 2024	Annual Whistleblowing Report 2023/24	The Director of People and Change will add in an additional column into the 'Closed Cases' table indicating whether the whistleblowing case was found in favour or against.	Director of People and Change	Part 2 report(s) provided by the Head of Insights, Systems and Governance, sent to the Committee on 20 August 2024 by the Committee Manager:  An 'Upheld or not upheld' column has been added in.
A26/24	10 July 2024	Annual Whistleblowing Report 2023/24	The Director of People and Change will provide a written response explaining the reasons for the outcomes listed as to be confirmed or the date closed as to be confirmed in the 'Closed Cases' table.	Director of People and Change	Part 2 report(s) provided by the Head of Insights, Systems and Governance, sent to the Committee on 20 August 2024 by the Committee Manager:  The redacted report includes an explanation of what happened.



**Audit & Governance Committee – Recommendations Tracker**  
11 September 2024

A28/24	10 July 2024	Officers and Employees Annual Gifts and Hospitality Report 2023/24	The Director of People and Change will for future reports consider the suggestion that 'Issues for Consideration', are more like factors to consider rather than issues.	Director of People and Change	Update provided by the Head of Insights, Systems and Governance on 20 August 2024:  The wording will be updated for next year's Officers and Employees Annual Gifts and Hospitality Report 2024/25.
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## Benchmarking with other local authorities – focus on SEND services.

In 2023 we sent a request for all comparable local authorities to share their early stage complaint data with us. After discussion with our counterparts in other local authorities it was agreed that straightforward data comparison is largely unproductive due to the different ways in which each organisation structures and records complaints, for example whether Education are grouped together with Corporate complaints.

We were able to compare data from five local authorities, but it was not sufficient to provide any conclusive insights.

We have instead focused below on the number of LGSCO enquiries related to SEND services.

### 2022-2023

Local Authority	Total complaints upheld	Of which SEN complaints (%)	Non-SEN complaints (%)	Number of public reports
Surrey	68	26 (38%)	42 (62%)	1
Kent	53	24 (45%)	29 (55%)	0
Hertfordshire	36	23 (64%)	13 (36%)	1
Hampshire	35	17 (49%)	18 (51%)	1
Oxfordshire	30	18 (60%)	12 (40%)	1
Essex	41	12 (29%)	29 (71%)	0

### 2023-2024

Local Authority	Total complaints upheld	Of which SEN complaints (%)	Number of public reports	Satisfactory remedy decisions
Surrey	141	105 (74%)	1	4 (3%)
Kent*	76	42 (55%)	1	2 (3%)

Hertfordshire	42	25 (59%)	0	3 (7%)
Hampshire	31	10 (32%)	0	1 (3%)
Oxfordshire	34	19 (55%)	0	3 (9%)
Essex**	66	40 (60%)	1	3 (5%)

\* Kent Annual Letter mentions 170 complaints where the response was excessively delayed.

\*\* Criticism in Essex Annual Letter of successive complaints about failure to provide alternative education

No selected criticism of Surrey, the only comment in the section on 'your organisation's performance was about the public report.

It is clear that the increase in complaints for 2023-24 have been primarily caused by the delays in EHCP process (specifically capacity of Educational Psychology service) which has been, and is still being addressed through the EHCP Recovery Plan.

The Ombudsman issues an annual review of all complaints across the country, and shares the same observation at a national scale:

*“Our casework is dominated by complaints about special educational needs provision. [...] We found fault in 92% of the education cases we investigated, and the numbers are increasing rapidly. The key issues are failures by councils to carry out Education, Health and Care (EHC) Plan assessments and reviews in good time and not providing the support stated in a EHC Plan once a child has one. These issues are often compounded by parents not receiving adequate information about what is happening to provide for their child's needs.”*

<https://www.lgo.org.uk/assets/attach/6627/Annual-Review-of-Local-Government-Complaints-2023-24.pdf>

**Guidance on interpreting statistics from the LGSCO recommends taking the following into account:**

**Demographics.** An organisation that serves a large population is likely to see more complaints reach us. This could also influence the kind of complaints that are made to us. For example, a community that includes a high proportion of older people may raise more complaints about adult social care services.

**Local conditions.** Sometimes, one-off events can generate multiple complaints about the same organisation. For example, we might receive several complaints

from people who oppose a council's decision to grant planning permission for a large housing development.

**Expectations.** Not everyone who receives a poor service goes on to raise a complaint with us and some people are less likely to complain than others. So, a fall in the number of received complaints may reflect lower expectations rather than an improvement in services.

**Signposting.** A high number of received complaints might reflect an organisation that is good at letting people know they can ask us for an independent investigation.

<https://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

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## Section 19 – Education Act 1996

### Context

All local authorities are charged to comply with the statutory duty laid out in Section 19 of the 1996 Education Act. The duty states that:

“Each local authority shall make arrangements for the provision of suitable education at school or otherwise than at school for those children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless such arrangements are made for them”. [Education Act 1996 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/1996/56/section/19)

The section defines suitable education as an efficient education suitable to a child's age, ability and aptitude and to any special educational needs s/he may have.

Section 19 applies to any situation in which a child cannot attend school. Particular rules relating to excluded children and guidance relating to children with special educational needs and disabilities are covered below.

It is for a Local Authority to determine that a child will not receive a suitable education unless arrangements are made for them. Each Local Authority must also consider its wider duties and responsibilities, including those in the SEND Code of Practice 2015 and DfE Attendance Guidance.

Nationally, since the Pandemic schools and local authorities have experienced an increase in children absent from school, an increase in the number of children unable to attend school because of anxiety, an increase in children unable to attend schools through reasons of sickness.

This national picture has been mirrored in Surrey with the result that the Council has experienced a sharp increase in the number of requests for alternative provision for children not able to access school because of health reasons and an increase in the number of complaints from parents stating that the Council should be providing for “missed provision”.

The Section 19 duty and how it is applied can cover a range of different circumstances and scenarios that might have an impact on a child's ability to attend school. As a result, it is not any one service that has a responsibility to meet or identify children who fall under the Section 19 duty. Education services should have a shared understanding and collective in identifying children who are not accessing a suitable, full- time education.

## **Actions Completed – since June 2023**

- Review of 139 complaints received from parents with a theme of missed provision.
- Change in Inclusion Service practice to ensure that schools have support plans in place and that parents have consented to school commissioned alternative provision and part-time timetables.
- EBSNA Partnership group established.
- Training provided to staff regarding the Section 19 duty.
- S19 Working Group established.
- Medical Policy published.
- Part-time timetable guidance for schools refreshed.
- EHE Policy updated and published.
- CME Policy updated and published.
- EOTAS Policy published.
- S19 Position Statement published on Local Offer
- Medical Panel established.

## **Actions still underway**

- Section 19 Policy to be published – will be going to SLT for sign off w/b 15/07
- Medical Policy refreshed – will shortly be going to SLT for sign off (July 2024)
- Medical guidance for schools – will shortly be going to SLT for sign off (July 2024)
- Establishment of S19 Champions within new Surrey Attendance Service
- Review of effectiveness of current training offer to staff (August 2024)
- S19 Training refresh to all staff (September 2024)
- AP FAQs for parents to be published on Local Offer (October 2024)
- LAAP Admission criteria guidance for schools (October 2024)

## **Impact of these actions**

- 1. Increased awareness of the partnership responsibility under s19 of the Education Act 1996**
- 2. A reduction in complaints relating to S19 as the partnership response is more timely and focused.**
- 3. Reduced numbers who are CME resulting in s19 complaints**



Footnote – **Definition of Children Missing Education** - those children not on the roll of a school and not yet in receipt of provision. Currently there are 86 children within this category in Surrey.

Complaints have generally been received from parents of children on the roll of a school believing that their child is not receiving a suitable education [as they are unable to attend school](#).

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## AUDIT & GOVERNANCE COMMITTEE - WORK PLAN 2024

<b>17 January 2024</b>		
TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25	This report sets out the Council's Treasury Management Strategy for 2024/25, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code)	Strategic Finance Business Partner / Strategic Capital Accountant
<b>Deferred from November 2023</b> STATEMENT OF ACCOUNTS 2022/23	To approve the 2022/23 Statement of Accounts, including the external auditor's Final Audit Findings Report.	Chief Accountant (Corporate) / Grant Thornton
2022/23 AUDIT REPORTS AND ANNUAL STATEMENT OF ACCOUNTS FOR SUBSIDIARIES OF SURREY COUNTY COUNCIL	Annual accounts to be presented.	Commercial Finance Team – Strategic Finance Business Partner
EXTERNAL AUDIT: AUDITOR'S ANNUAL REPORT 2022/23	The Council's external auditors present their Annual Audit Report, replacing the below item.	Chief Accountant (Corporate) / Grant Thornton
EXTERNAL AUDIT: ANNUAL AUDIT LETTER	<del>The Council's external auditors present their Annual Audit Letter</del>	<del>Director – Corporate Finance/ Grant Thornton</del>

<b>13 March 2024</b>		
INTERNAL AUDIT PROGRESS REPORT - QUARTER 3	The purpose of this progress report is to inform Members of the work completed by Internal Audit during Q3.	Chief Internal Auditor/ Audit Manager
INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2024/25	To receive the strategy and the plan for 2024/25.	Chief Internal Auditor/ Audit Manager
ETHICAL STANDARDS ANNUAL REVIEW 2023-24	To enable the Committee to monitor the operation of the Members' Code of Conduct over the course of the last year.	Director of Law and Governance / Head of Insight, Programmes and Governance

	To include sections on: (for review) <ul style="list-style-type: none"> <li>- Gifts and Hospitality Register</li> <li>- Member Declarations of Interest</li> </ul>	
<b>New item</b> APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE	A recruitment exercise is underway, a report be presented to the Committee to make recommendations to a future Council meeting, to formally appoint the Independent Member.	Director of Law and Governance
RISK MANAGEMENT	To receive an update on Risk Management (March & September).	Head of Strategic Risk
<b>New item</b> VOTE OF THANKS TO RETIRING INDEPENDENT MEMBER	The Chairman to report.	Chairman

**5 June 2024**

<b>5 June 2024</b>		
ANNUAL COMPLAINTS PERFORMANCE REPORT	To give the Audit & Governance Committee an overview of the Council's complaint handling performance in 2023/24 and to demonstrate how feedback from customers has been used to improve services.	Customer Relations Team Manager/Head of Customer Services
2023/24 TREASURY MANAGEMENT OUTTURN REPORT	This report summarises the council's treasury management activity, as required to ensure compliance with CIPFA. The report will include the latest risk register for Treasury Management.	Strategic Finance Business Partner
EXTERNAL AUDIT PLAN 2023/24	The Council's external auditors to present their Audit Plan in respect of Surrey County Council.	EY / Strategic Finance Business Partner

<b>Moved from July</b> INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023-24 (including Quarter Four progress report)	This report summarises the work of Internal Audit, identifying the main themes arising from the audit reviews and the implications for the County Council.	Chief Internal Auditor/Audit Manager
<b>Moved from July</b> COUNTER FRAUD ANNUAL REPORT 2023/24	To receive the annual report.	Chief Internal Auditor/Audit Manager - Counter Fraud

<b>10 July 2024</b>		
<b>Deferred from June</b> EXTERNAL AUDIT PLAN 2023/24	The Council's external auditors to present their Audit Plan in respect of Surrey County Council, to include the fee range.	EY / Strategic Finance Business Partner
<b>Deferred from June</b> SURREY PENSION FUND EXTERNAL AUDIT PLAN 2023/24	To provide the Committee with an update on the process for undertaking the external audit of the 2023/24 Surrey Pension Fund.	EY / Head of Accounting and Governance, and Assistant Director – LGPS Senior Officer
2023/24 DRAFT ANNUAL GOVERNANCE STATEMENT	This report presents the draft Annual Governance Statement, which summarises the Council's governance arrangements for the financial year.	Interim Director of Law and Governance / Senior Finance Business Partner  Interim Head of Paid Service / Leader
DRAFT STATEMENT OF ACCOUNTS 2023/24	To receive the draft Statement of Accounts 2023/24.	Strategic Finance Business Partner
ANNUAL WHISTLEBLOWING REPORT 2023/24	The Committee to receive the report for information.	Interim Director of Law and Governance / Head of Insights, Systems and Governance
<b>New item</b> OFFICERS AND EMPLOYEES ANNUAL GIFTS AND HOSPITALITY REPORT 2023/24	The Committee to receive the report on officers' gifts and hospitality.	Interim Director of Law and Governance / Head of Insights, Systems and Governance

11 September 2024		
RISK MANAGEMENT	To receive an update on Risk Management (March & September).	Head of Strategic Risk
INTERNAL AUDIT PROGRESS REPORT – Q1	The purpose of this progress report is to inform Members of the work completed by Internal Audit during Quarter 1.	Chief Internal Auditor/ Audit Manager
<b>Brought forward from November</b> THE LGSCO'S ANNUAL REVIEW LETTER FOR SURREY COUNTY COUNCIL 2023/24	To give the Audit & Governance Committee an overview of the Local Government and Social Care Ombudsman's annual letter for the year 2023/24.	Customer Relations Team Manager/Head of Customer Services
<b>New item</b> A&G COMMITTEE - ANNUAL REPORT 2023/24	To receive an annual report highlighting the Committee's activity over the past year.	Democratic Services - in liaison with A&G officer leads
<b>New item</b> AMENDED ARRANGEMENTS FOR DEALING WITH ALLEGATIONS OF BREACHES OF THE MEMBER CODE OF CONDUCT AND APPOINTMENT OF INDEPENDENT PERSONS	To receive a report on the amended Surrey County Council Arrangements for Dealing with Allegations of Breaches of the Member Code of Conduct and Appointment of Independent Persons.	Director of Law and Governance

20 November 2024		
<b>New item - deferred from September</b> AUDIT AND GOVERNANCE COMMITTEE - EFFECTIVENESS REVIEW 2024	To receive a report on the Committee's effectiveness.	Democratic Services - in liaison with A&G officer leads
6 MONTH COMPLAINTS PERFORMANCE UPDATE REPORT 2024/25	To receive a half year update report on the operation of the Council's complaints procedures.	Customer Relations Team Manager/Head of Customer Services
<b>(Deferred from January, March, June 2024)</b> REPORT OF THE COMPLAINTS TASK AND FINISH GROUP	<del>The Committee to receive the results of the Task and Finish Group – action from November's (2023) Committee meeting.</del>	Customer Relations Team Manager/Head of Customer Services

	Reason for removal as included in tracker, A35/23: The LGSCO annual letter full report is included as an item on September's A&G Committee agenda, including the high-level recommendations of the operational review.	
ANNUAL GOVERNANCE STATEMENT - HALF YEAR UPDATE	This report provides an update on progress on the improvement areas identified in the 2022/23 Annual Governance Statement.	Director of Law and Governance / Senior Finance Business Partner  Chief Executive / Leader
STATEMENT OF ACCOUNTS 2023/24	To approve the 2023/24 Statement of Accounts.	Strategic Finance Business Partner
EXTERNAL AUDIT UPDATE REPORT	To receive an update from the council's external auditors.	EY
TREASURY MANAGEMENT MID YEAR REPORT 2024/25	This report summarises the council's treasury management activity.	Director - Corporate Finance
INTERNAL AUDIT PROGRESS REPORT - Q2	To report on Internal Audit progress during quarter 2.	Chief Internal Auditor/ Audit Manager

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Audit & Governance Committee  
11 September 2024

## RISK MANAGEMENT

### Purpose of the report:

To provide an update on risk management.

### Recommendations:

It is recommended that the Committee:

1. Notes the update on risk management.
2. Approves the Risk Management Strategy.

### Introduction:

1. Risk Management is presented to the Committee (AGC) twice per year - in March and September. This paper provides an update over the past six months.

### Risk Management Progress in 2024

2. At the last AGC (in March) it was referenced that a more outwardly looking lens would be used to examine risk management in Surrey County Council (SCC). An exercise was undertaken to review the current risks in SCC's Corporate Risk Register and compare them to some comparator Councils. The objective was to see whether there were any strategic risks being reported by those organisations that warranted consideration within Surrey.
3. Internal Audit were commissioned to undertake the work so that there was impartiality in terms of the approach taken and the findings. The table on the next page shows the comparator Councils - with a slight orientation to the South East Region.

## Risk – Comparator exercise

Local Authority	Revenue Budget 23/24 (net expenditure)	Population	No. of Risks in Corp Register
Durham	466,732,000	522,100 (mid-2021)	43
Hertfordshire	1,057,100,000	1,198,798 (mid-2021)	36
<b>Surrey</b>	<b>1,101,500,000</b>	<b>1,203,108 (mid-2021)</b>	<b>22</b>
Buckinghamshire	504,339,000	553,300 (mid-2021)	18
Kent	1,310,900,000	1,593,200 (mid-2022)	17
Essex	1,176,900,000	1,503,521 (mid-2021)	16
Derbyshire	678,200,000	803,464 (2022)	14
West Sussex	708,803,000	882,700 (mid-2021)	12
East Sussex	501,446,000	550,720 (2022)	11

4. The table reflects that apart from a couple of outliers, SCC has the most Corporate Risks. Typically, the ‘sweet spot’ for an organisation is to have between 15-20 Corporate level strategic risks and SCC is marginally above this. However, given the diverse range of services that Surrey as well as many Councils deliver - from Transport, to Childrens services to Fire services - a slightly higher number of Corporate risks is not unwarranted.
5. Pleasingly, the findings from Internal Audit showed every risk in the top 5 (from a comparator Council) was included in SCC’s risk register with one exception which was specific to the geography of another Council – namely HS2 and potential demolition of buildings which is not applicable in Surrey.
6. It is also worth noting, although not unsurprising, that the most frequent risk in the other Corporate Risk Registers was pressure on financial budgets.
7. The findings from internal audit were presented to the Corporate Leadership Team along with an hour’s risk workshop to see whether there were any additional risks that need to be added (or removed). The conclusion was that the SCC Corporate Risk Register remains appropriate and there were no additional risks that needed to be added or removed. A copy of SCC Corporate Risk Register is attached.
8. Separately, another area of significant risk activity over the past 6 months particularly worth highlighting - which could have had major implications for SCC - was around possible industrial action. A risk was added to the Corporate Risk Register in April 2024 upon notification from Unison that a revised pay offer from SCC had been rejected and there was an intention by Unison to ballot their members for industrial action.
9. While ultimately the ballot did not get the majority required to undertake industrial action, there was a lot of risk preparatory work into highlighting the risk exposures. There was also close cooperation with SCC’s

Emergency Management and Resilience Team and Industrial Action Planning Group to prepare in the event that there was industrial action.

10. The last part of the update is to request approval for the Risk Management Strategy. The Strategy is reviewed annually (to take account of any changes or best practice) with the last revision undertaken in 2023 and approved by the AGC. No changes to The Risk Management Strategy have been required / made over the past year and AGC are asked to formally approve the Strategy for another year. It is worth noting that the Grant Thorntons review at the beginning of this year did not make any recommendations for improvement around risk management.
11. Finally, for the avoidance of doubt, the above activities have been completed in addition to the normal Risk Management undertakings including working closely with the Directorates and teams to assess risks as well as providing risk updates to CLT every month (including the Corporate Risk Register), quarterly updates to icab (Informal Cabinet) and twice-yearly assurance updates to this Committee.

**Next Steps:**

12. The AGC receive a further risk update on a six-monthly cycle with the next scheduled for March 2025.

**Conclusions:**

13. Risk management continues to be actively undertaken within Surrey County Council.

**Financial and value for money implications:**

14. Improved decision making through risk management supports better allocation of resources and value for money.

**Equalities and Diversity Implications:**

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

**Risk Management Implications:**

16. Failure to implement effective risk management will reduce the quality of decision making within the Council. Moreover, the AGC will not be able to demonstrate that it is discharging its governance responsibility of having active risk management within the organisation.

**Legal Implications – Monitoring Officer:**

17. There are no legal implications of this report.

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**Report authors:** David Mody, Head of Strategic Risk

**Contact details:** [david.mody@surreycc.gov.uk](mailto:david.mody@surreycc.gov.uk)

**Sources/background papers:**

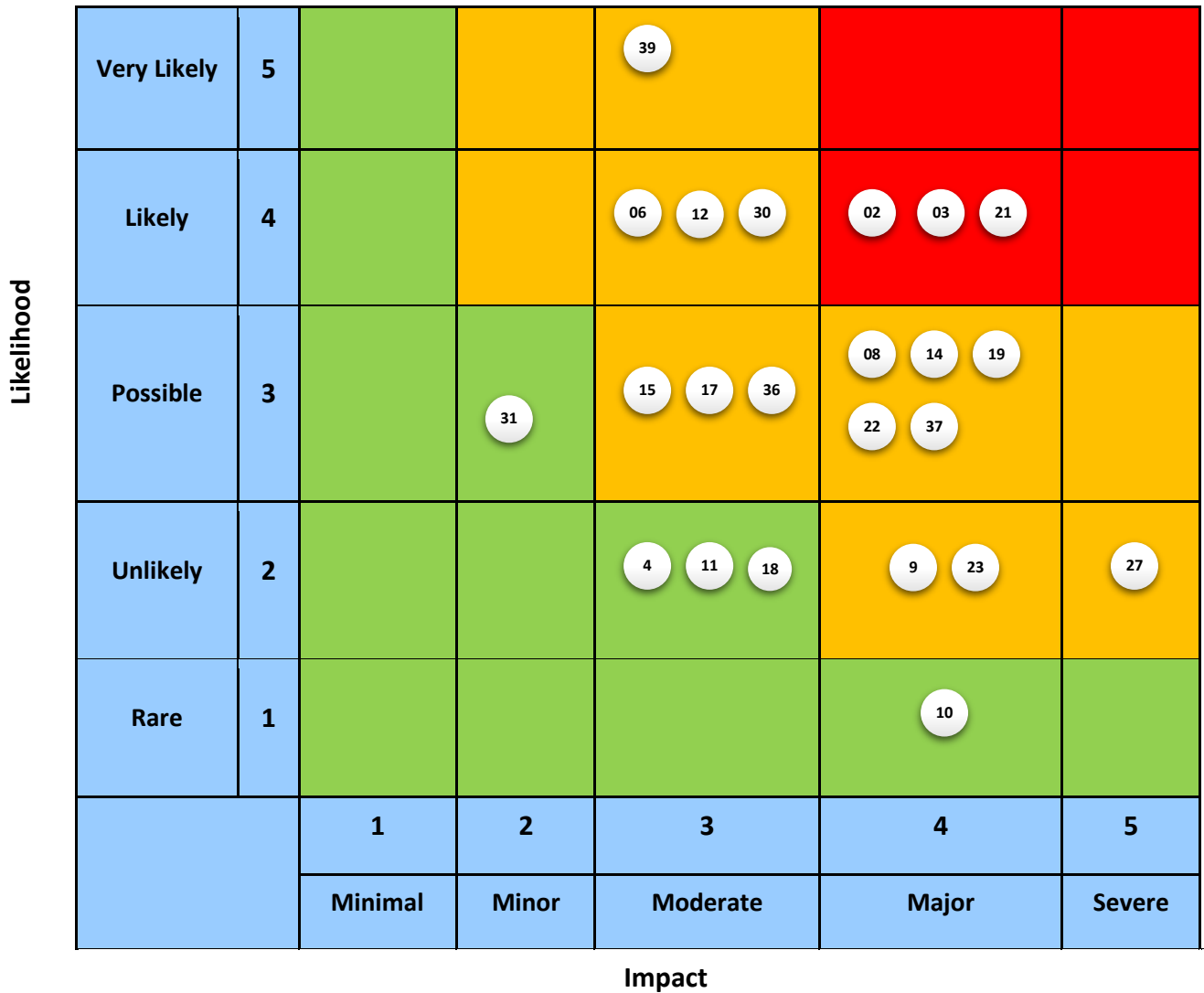
None

**Annexes/Appendices:**

- Annex A - Corporate Risk Heat Map (August 2024)
  - Annex B - updated Risk Management Strategy
-

# Corporate Risk Heat Map

August 2024 – Audit and Governance Committee



6

<b>Strategic Risk</b>	<b>Risk Lead</b>	<b>Risk with current mitigation controls in place</b>		
		Likelihood	Impact	Overall Score
ST.02 There is a risk of a significant gap between the medium-term financial strategy (2024/25-2029/30) and actual expenditure potentially leading to a need to reduce level & quality of services	AD'	4	4	16
ST.03 There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure	LM	4	4	16
ST.21 There is a risk that the Dedicated School Grant, which is currently running at a deficit, does not begin to return an in year surplus within the period of the MTFS and therefore does not return the DSG to balance with reasonable timescale	RW	4	4	16
<b>NEW</b> ST.39 Risk that ongoing issues in Unit4 inhibits the ability for critical Payroll and Pensions functions to operate effectively and efficiently	LM	5	3	15

ST.08	There is a risk that SCC will be unable to meet an increasing level of demand for child and family services expected by the community over the medium term	RW	3	4	12
ST.14	There is a risk that we do not deliver sufficiently good quality children's care services to the residents of Surrey	RW	3	4	12
ST.22	There is a risk that SCC will be unable to meet an increasing level of demand for adult services including spending pressures arising from NHS activity	HC	3	4	12
ST.37	There is a risk that we do not deliver a sufficiently good Quality of Practice in AWH to the residents of Surrey	HC	3	4	12
ST.06	There is a risk that a supplier or a commissioned service is unable to continue to provide a service, or that they fail to do so to the required level or quality standards	AD'	4	3	12
ST.12	There is a risk that SCC will not be able to recruit and retain sufficient numbers of skilled staff to manage & deliver quality services provided	LM / SS	4	3	12
ST.19	There is a risk of failure to comply with H&S statutory duties (or managers/individuals failing to comply with H&S responsibilities and processes) could lead to serious harm, loss of life & corporate liability	LM / SS	3	4	12
ST.30	There is a risk that the rising costs will reduce living standards for residents with some struggling to pay for the basic essentials	HC	4	3	12
ST.27	There is a risk that SCC cannot deliver core services due to a dependency on national 'infrastructure components' that become unavailable e.g. power outage, fuel shortage	DQ	2	5	10
ST.17	There is a risk that SCC will not implement sufficient measures to deliver carbon emissions reductions and be carbon net zero as an organisation by 2030	SC	3	3	9
ST.15	Severe weather events exacerbated by Climate Change leads to a loss of service provision and also other community-wide consequences	SC	3	3	9
ST.36	There is a risk that significant changes taking place in the operating environment of AWHP could result in service delivery being negatively impacted	HC	3	3	9
ST.09	There is risk that we will not achieve the intended outcomes of our transformation programme in the planned timeframe	LM	2	4	8
ST.23	There is a risk that a resurgence of Covid (serious, vaccine evading variant) and/or other widespread virus leads to a major drop in SCC service levels	HC	2	4	8
ST.31	The risk that our approach to tackle inequality does not lead to a more equal and diverse workforce	LM/ SS	3	2	6
ST.18	There is a risk of failure to maintain key infrastructure or assets or deliver major infrastructure	OJ	2	3	6
ST.04	There is a risk of a breach of the Data Protection Act from a loss/disclosure of personal data e.g. data published in public domain	AD'/ AH	2	3	6
ST.11	There is a risk that the working partnerships we have with other organisations will not deliver the intended objectives	MC	2	3	6
ST.10	There is a risk that there is a serious breakdown in council governance which could result in external reporting/intervention	AD' /AH	1	4	4

**Removed risks from Corporate risk register this period:**

ST.38 (2024)	There is a risk that Industrial Action means that SCC cannot perform its statutory obligations and/or limits ability to deliver some services	LW	3	4	12
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# Risk Management Strategy



# Contents

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# 1 Introduction

A risk is defined as an uncertain event which, should it occur, will influence the achievement of objectives. This Risk Management Strategy outlines the approach used by Surrey County Council in managing risk. A framework is detailed showing the process for undertaking risk identification, assessment, treatment, monitoring and reporting.

Surrey County Council operates a three lines of defence approach. The first line of defence being the Risk Owner who manages the risk. The second line of defence is the expertise, support, monitoring and assurance undertaken principally by the Risk Manager, Audit and Governance Committee along with icab. The third line of defence provides more independent assurance (outside of the scope of the formal risk processes) undertaken through internal and external audit. More information on the key roles and responsibilities is shown in the next Chapter.

By operating a robust risk management process the following benefits can be derived :

- ▶ **Strengthen accountability** – through clear and robust risk governance including risk roles and responsibilities, risk ownership, risk monitoring, escalation of risks and oversight of the risk management process
- ▶ **Make best use of resources** – through relevant and proportionate treatment of risks, taking account of the level of risk
- ▶ **Build stakeholder trust** – by demonstrating that significant risks are consistently identified, assessed, managed, and monitored at the appropriate level across Surrey County Council
- ▶ **Avoid surprises** – by providing a consistent approach to identify, understand, and assess risks
- ▶ **Give confidence** – that appropriate actions are being taken to manage risks in a timely manner
- ▶ **Make informed decisions** – with reliable information on risks

Surrey County Council aims to continuously improve its approach to risk management, prompted by new ideas and best practice. In particular, this strategy has drawn on guidance from :

The Orange Book, Management of Risk : Principles and Concepts (*HM Government, 2023*)  
 Fundamentals of Risk Management (*The Institute of Risk Management 2018*)  
 Management of Risk : *Guide for Practitioners (OGC, 2010)*

This Risk Management Strategy will be reviewed annually by the Risk Manager and brought to the Audit and Governance Committee for review and approval.

## 2 Roles & Responsibilities

A number of key roles have been defined in supporting this risk management process :

6

**Risk Owner** : To manage any risks assigned and to provide up-to-date, accurate information about the risk

- *Work to develop suitable controls, actions and target completion dates*
- *Review risk including progress against plan, effectiveness of actions taken and any other factors that have impacted the risk*
- *Provide up-to date-risk information including any significant changes to risk levels and progress against treatment plans, to support timely and accurate risk reporting*

**Directorate Lead / Service Lead** : To coordinate the risk management process across their respective Directorate / Service

- *Manage implementation of the risk management process for the Directorate or Service*
- *Monitor risk with Risk Owners and ensure the Directorate/Service risk register is updated*
- *Escalate or downgrade risks as appropriate*

**Corporate Leadership Team** : To support the effective implementation of risk management in the organisation

- *Promote a risk management culture*
- *Review the organisations key (strategic) risks and ensure suitable mitigations are in place*

**iCab** : To ensure Cabinet Members have visibility of the current strategic risks

- *Understand the top risks for the organisation*
- *Review and scrutinise the top risks and ensure suitable mitigations are in place*

**Audit & Governance Committee** : To ensure that there are adequate risk management processes and activities taking place to protect the viability of the organisation

- *Approve the Risk Management Strategy on behalf of the Council*
- *Receive updates on progress on the application of risk management*
- *Consider recommendations for improvements to the overall management of risk*

**Head of Risk** : To ensure risk management is consistently applied across the Council

- *Manage the implementation of the Risk Management Strategy (and update as needed)*
- *Provide support and guidance on risk management to the organisation*
- *Maintain the Corporate Risk Register and ensure Directorate Risk Registers are in place*

**Risk Lead** : To support the review and follow up of risks within a Directorate or Service

- *Ensure the risk register is a standard agenda item scheduled at team meetings*
- *Follow up to get timely risk updates on each of the risks in the Risk Register*

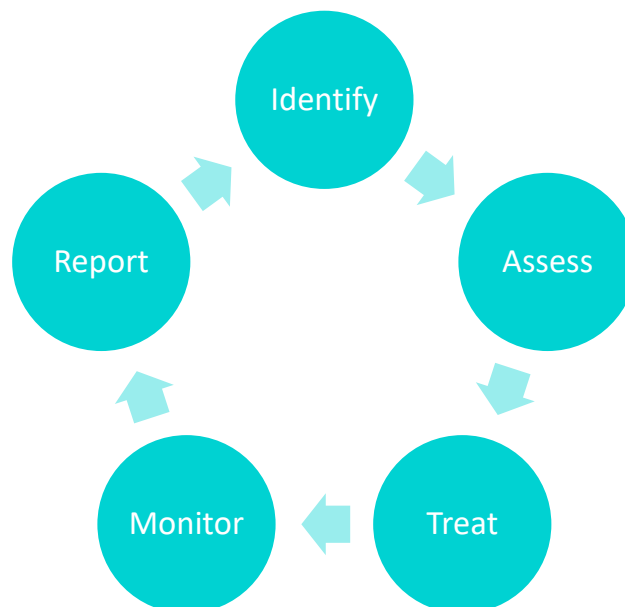
## 3 Risk Management Approach

### (i) The Risk Process

In order to manage risk, Surrey County Council needs to first know what risks it faces and then how best to deal with them. To achieve this, a risk process is used (as shown in Fig 1.) The process highlights each of the risk stages, namely : identify, assess, treat, monitor and report.

More information on the activities undertaken at each stage of the risk process are detailed in the forthcoming chapters of this document.

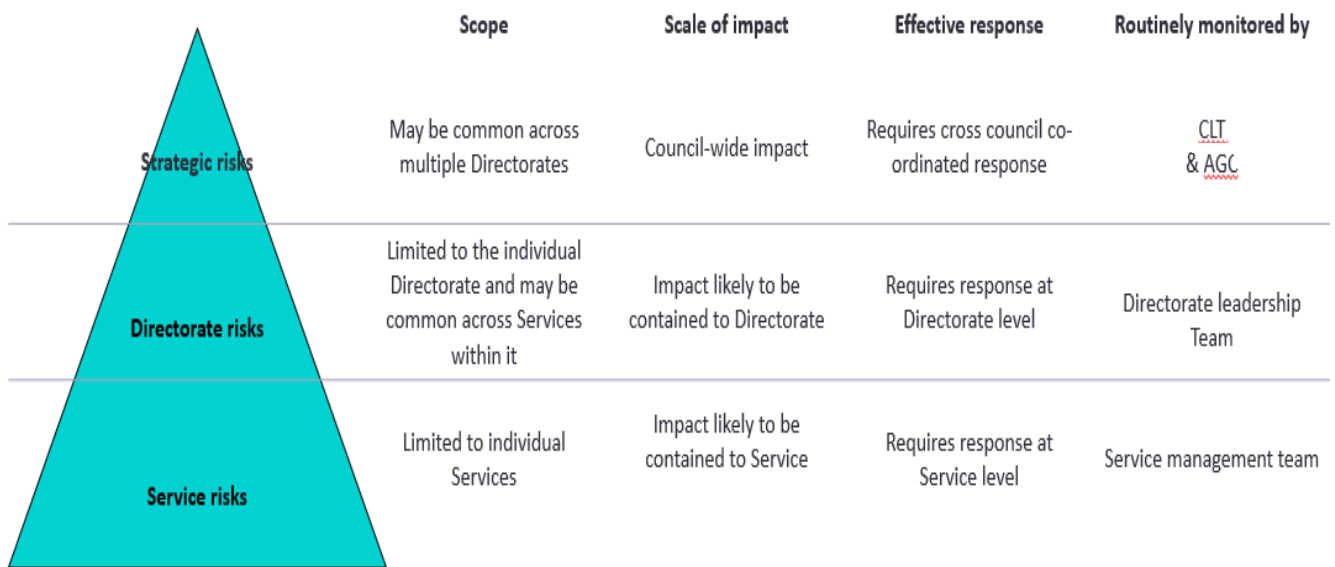
**Fig 1 - The Risk Management Process**



### (ii) Risk Hierarchy

The primary method for prioritising risks in Surrey County Council is classifying the risk as either a **Strategic (Corporate)**, **Directorate** or **Service** level risk. Hence, this hierarchy informs the level in the organisation at which the risk is routinely managed and monitored.

Typically, the level of a risk will depend on the scope, scale of potential impact and nature of the response required to manage the risk. Examples of the types of attributes commonly associated with the 3 hierarchy levels are shown in Fig 2. Regardless of level assigned, any risk may be escalated for review or intervention if required (by the Risk Owner or via the Risk Manager).

**Fig 2 – The Risk Hierarchy**

Once the hierarchy is decided it is then possible to assign the risk to the correct risk register.

### (iii) **Risk Registers**

Risk registers run alongside the risk management process and are used as the key tool to capture risk information in a structured and consistent way. The following risk registers are used within Surrey County Council :

Type of Risk	Risk Register Used	Owner of Risk Register
Strategic	Corporate Risk Register	Risk Manager
Directorate	Specific Risk Register for that Directorate	Head of Directorate
Service	Specific Risk Register for that Service	Head of Service

The format of the risk register used in Surrey County Council is shown in Annex A along with an explanation of the information required to populate. The focus of the risk register is to detail what the cause(s) and effect(s) of the risk are, the likelihood and impact, and the controls and further actions required. To help understand what risk information needs to be captured at each stage of the risk process a summary is shown at the end of each of the following Chapters - see '*Risk Register updated*'.

The frequency of reviewing and updating risk registers will depend on a number of factors such as the threat to the organisations objectives and the volatility of the risk i.e. the rate of change. It is recommended that risks are reviewed at least monthly (depending on the nature of the risk) **but as a minimum all risk should be reviewed at least quarterly.**

## 4 Risk Identification

Risk identification is the first step of the risk process journey. Risks can be identified in a number of ways - from a person spotting a risk while doing their job to a team during a workshop.

At this stage the intention is to describe the risk with a focus on :

The **risk event** – a summary explaining what may or may not occur

The **cause(s)** – those factors that will lead to the risk event occurring

The **effect(s) / consequence(s)** – the likely impact on activities and outcomes if the risk event does occur

By methodically working through the risk event and identifying the cause(s) and effect(s) it encourages a better understanding of the risk and a more structured definition of the risk. It is not always easy to describe risks, however the key point is that everyone understands what is meant by the risk and the description is sufficient to ensure an effective understanding of the risk moving forwards.

Some examples of causes of risk are :

- Failure to.....
- Loss of.....
- Insufficient.....
- Non-compliance with....
- Reduction in.....
- Conflict between.....
- Inability to.....
- Reliance on.....
- Disruption to.....
- Inadequate.....
- Increase in.....
- Delay in.....

The effects or consequences of risks can be numerous and some examples are :

- Service disruption
- Impaired performance
- Management distraction
- Breach of contract
- Fines and penalties
- Loss of assets
- Financial cost
- Damaged reputation
- Health and Safety failings

### ***Risk Register Updated:***

*At the end of this step the risk register should be populated with the:*

- *Risk Title (the risk event)*
- *Cause*
- *Effect*
- *An initial Risk Owner – the person best placed to manage the risk*
- *Unique ID*

# 5 Risk Assessment

6

Risk assessment categorises risks according to **likelihood** of occurrence and **impact** on the organisation using a scoring based system.

The **likelihood** is an estimate of the probability that the risk will occur. It takes into account any existing controls currently in place to help mitigate the risk from occurring. For example, applying the latest software patches to IT equipment is a control measure to reduce the chances of having computer viruses.

Shown below the likelihood is the current best assessment of the risk on a scale of 1-5.

**Fig 3 - Likelihood criteria for risks**

Level	Likelihood	Odds
1	Rare	<10%
2	Unlikely	10% to 29%
3	Possible	30% to 69%
4	Likely	70% to 90%
5	Very Likely	>90%

*NOTE : It is important to understand that the goal is not to have the most accurate scoring but ensure that there is a prioritisation of risks. This allows for the allocation of resources focused on managing the most significant risks.*

The **impact** is the negative effect that the risk could have on the organisation. Any existing controls to help manage the impact of the risk should be taken into account when undertaking the scoring assessment. For example, a business continuity plan would not change the likelihood of a risk occurring, but is designed to reduce the impact.

The scoring is on a scale of 1-5 and is the best assessment based on the known risk information. To aid scoring for the Risk Owner, an impact criteria matrix is used, as shown in Fig 4. The criteria is only a guide for the Risk Owner to get a better 'feel' for the risks relative impact and thereby providing a consistent level of evaluation and ranking of risk across the organisation. It is not intended to be an exhaustive list as there are a multitude of impact areas such as governance, environment etc.

**Fig 4 - Impact criteria for risks**

IMPACT					
Level	Impact	Financial (revenue)	Residents	Reputational	Performance
1	Minimal	<£100k	Minimal impact on a small proportion of the population	Has no negative impact on reputation and no media interest	Minimal impact on achievement of one or more SCC priority objectives
2	Minor	£100K to £1m	Minor impact on a small proportion of the population	Minor damages in a limited area. May have localised, low level negative impact on reputation and generates low level of complaints	Minor impact on achievement of one or more SCC priority objectives
3	Moderate	£1m-£2.5m	Moderate impact on a large (or particularly vulnerable group) proportion of the population	Moderate damages but widespread. Significant localised low level negative impact on the organisations reputation which generates limited complaints.	Moderate impact on achievement of one or more SCC priority objectives
4	Major	>£2.5m to £10m	Major impact on a large (or particularly vulnerable group) proportion of population	Major damage to the reputation of the organisation. Generates significant number of complaints and likely loss of public confidence. Unwanted local or possibly national media attention.	Major impact on achievement of one or more SCC priority objectives
5	Severe	>£10m	Serious long term impact on a large (or particularly vulnerable group) proportion of population	Serious damage to the reputation of the organisation. Large number of complaints. National media coverage. Possible government intervention.	Serious long term impact on achievement of one or more SCC priority objectives

6

Once the risk likelihood score and impact score have been determined, they combine to provide an overall risk score (by multiplying the impact by the likelihood). This allows for a relative ranking of risks and a better focus on prioritising the most significant risks (with resources allocated accordingly).

***Risk Register Updated :***

*At the end of this step the risk register should be populated with the:*

- *Existing management controls to reduce the likelihood or impact of the risk*
- *Likelihood score*
- *Impact score*
- *Overall Risk Score (likelihood x impact)*

# 6 Risk Treatment

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Risk treatment involves looking at the options to help mitigate the risk and taking the most appropriate actions. Very often the first idea (or option) is the most expensive and it is important to consider alternatives. The intention is to consider the cost-benefits of each option and then select the most appropriate to either reduce the likelihood of occurrence or the impact.

There are essentially 4 main treatment option, shown below in Fig 5:

**Fig 5 - Risk Management treatment options**

Activity / Option		Mitigation
Terminate	Stop what is being done.	The specific actions to be taken to control the risk
Treat	Reduce the likelihood or impact of the risk occurring.	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service. <i>One example would be insurance.</i>	The reasons for the transfer and the name of the service provider that the risk is being transferred to.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	The specific reasons / rationale for tolerating the risk.

NOTE : When considering the options, more than one mitigation may be appropriate.

### ***Risk Register Updated :***

*At the end of this step the risk register should be populated with the:*

- *Planned Enhancements to Controls (Actions) – treatment option(s) to further mitigate the risk*
- *Target Date(s) – The date when the action(s) should be completed by*



# 7 Risk Monitoring and Reporting

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Effective risk monitoring and reporting is essential for informed decision-making and ensuring that the right actions are taken to drive improvement.

Risks must be regularly monitored to track progress, review the effectiveness of existing controls and consider any other factors that may impact the (level of) risk. The frequency of risk reviews will depend on the type of risks being assessed and the area that the risk sits within. For many parts of the organisation, the review of the risk register will be a standing item on the agenda. Nevertheless, all risks in a risk register must be reviewed every quarter (at the very least) by the Risk Owner.

In addition to risk monitoring by the Risk Owner, a number of other stakeholders are likely to need to be kept informed on the risk status and contribute as required. Below shows some of the monitoring that takes place in the Council based on the risk hierarchy to support good risk management and good governance.

Risk Level / Hierarchy	Risk Monitoring
Strategic	<ul style="list-style-type: none"> <li>• Corporate risk reviewed by Corporate Leadership Team (monthly standing agenda item) and by iCab (quarterly). New risks added if appropriate or removed or downgraded to departmental level.</li> <li>• Deep dives undertaken on risks to provide wider perspective and understanding</li> <li>• Audit and Governance Committee consider the overall risk management process and progress of embedding risk management</li> </ul>
Directorate	<ul style="list-style-type: none"> <li>• Risks reviewed and updated by Head of Directorate and their direct reports.</li> <li>• Risks escalated (via Head of Directorate or via Risk Manager), removed or downgraded</li> </ul>
Service	<ul style="list-style-type: none"> <li>• Risks reviewed and updated by Head of Service and their direct reports</li> <li>• Risks escalated (via Head of Service or via Risk Manager) or removed</li> </ul>

Reports provide stakeholders a view on the current state of specific risks. Essentially there are 2 types of reporting :

- **Pre-defined reports** which are in the same format and provided to regular committees or other meetings. These will typically be undertaken by the overall responsible for that specific risk register.
- **Ad-hoc risk reports** on the status of risk. Typically, these will be spanning different parts of the organisation and are normally undertaken by the Risk Manager.

Below are some of the interested parties in Surrey County Council that require risk reports. While it is not a comprehensive list it does reflect that there are a large number of stakeholders that require risk information.

**Fig 6 – Overview of some of the stakeholders that require risk information**



It is **IMPORTANT** that anyone providing a risk report understands that there may be content which could be confidential. For example, the mitigations may cover commercially sensitive information or could be used to by-pass intended safeguards. Therefore, there must be a clear understanding of why the report is needed, what content requirement / risk information is needed, and who will have access to the report.

Typically a risk report as a minimum should show :

- The Title of the Risk
- The Owner of the Risk

Additional information may be made available such as :

- The cause(s) of the risk and the effect(s) on the organisation if it were to occur
- The current likelihood and impact if the risk
- The current control(s) in place to stop the risk from occurring
- The planned mitigation(s) to further reduce the likelihood or impact of the risk
- The due date(s) for completion of the mitigation

***Risk Register Updated :***

*At the end of this step the risk register should be reviewed and any changes / updates made*

# Risk Register

# Annex A

A risk register with a worked example

Risk ID	Risk Title	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
		<i>The reason(s) giving rise to the risk</i>	<i>What would happen if the risk occurred?</i>	<i>Name of person owning/managing the risk</i>	<i>see risk matrix to help scoring</i>	<i>see risk matrix to help scoring</i>	<i>Calculation (Likelihood x risk from occurring impact)</i>	<i>Controls that are already in place to stop the likelihood of risk from occurring</i>	<i>Actions planned to further mitigate the risk</i>	<i>Month &amp; Year</i>
	<i>Unique ref. A short summary explain the risk no. to be provided by Risk Manager</i>									
	Example: There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure	<ul style="list-style-type: none"> <li>- A deliberate attack by a cyber criminal or insider attack by a disgruntled employee or ex-employee.</li> <li>- State linked cyber crime attacks – a local government organisation can be viewed as less secure and a link into national government systems.</li> <li>- Lack of understanding amongst workforce of the potential cyber threats.</li> <li>- Failure of staff to adhere to the council's cyber security policies, procedures and guidance (behavioural and technical).</li> <li>- Legacy (infrastructure and systems, that become increasingly vulnerable to exploitation as threats become more sophisticated and targeted.</li> </ul>	<ul style="list-style-type: none"> <li>- An immediate disruption to services if systems are unavailable.</li> <li>- Loss of access to individual resident's records, creating a risk of harm to their health and wellbeing.</li> <li>- Loss of access to operational data e.g. payroll data, payment data for suppliers, case files etc.</li> <li>- Financial cost of the immediate response e.g. rebuilding systems and restoring data.</li> <li>- Financial cost of longer term recovery e.g. potentially buying new infrastructure and strengthening resilience to cyber attacks.</li> <li>- Damage to reputation / loss of trust amongst the residents of Surrey, and partner organisations.</li> </ul>	A.Smith	1	4	4	<ul style="list-style-type: none"> <li>4 - Protective systems Firewalls, anti-virus, internet scanning in place</li> <li>- Inhouse security monitoring and penetration testing</li> <li>- Systems have latest patches applied</li> <li>- Cyber liability insurance in place</li> <li>- User access controls limits access to data</li> <li>- Business Continuity Plan in place to enable support of key services</li> </ul>	<ul style="list-style-type: none"> <li>- revised IT incident management policy being Oct. 2021 developed</li> <li>- internal audit planned and will undertake remedial work if identified</li> </ul>	Jan. 2022

Definitions for the fields in the Risk Register :

<b>Area</b>	<b>Guidance</b>
Risk ID	All risks must have a unique risk reference
Risk Title	A short summary explaining the risk
Cause	The reason(s) giving rise to the risk
Effect	What would happen if the risk occurred?
Risk Owner	The person best placed to own and manage the risk
Likelihood	The probability rating of the risk occurring
Impact	The rating of the risk effect to the organisation
Overall Score	Rating calculated by Likelihood x Impact
Key Existing Management Controls	Measures currently in place to reduce the likelihood or impact of the risk occurring
Planned Enhancements to Controls (Actions)	Further actions planned to help mitigate the risk to an acceptable level
Target Due	The deadline by which the mitigating actions should be completed

Audit & Governance Committee  
11 September 2024

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**Internal Audit Progress Report – Quarter 1 (01/04/24 - 30/06/24)**

**Purpose of the report:**

The purpose of this progress report is to inform Members of the work completed by Internal Audit between 1 April 2024 and 30 June 2024.

The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2024-25, which was approved by this Committee on 13 March 2024.

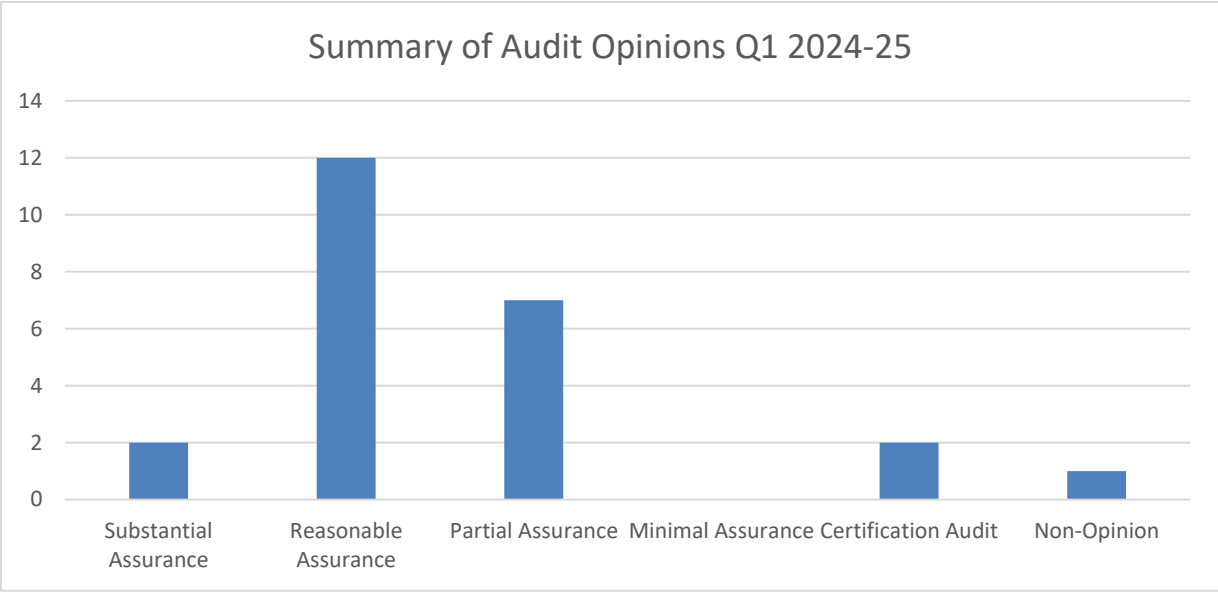
**Recommendations:**

It is recommended that the Committee:

Notes the report and considers any further action required in their response to issues raised.

**Details:**

1. Key audit findings from final reports issued during Quarter 1 are summarised in Appendix A.
2. Reviews completed in this quarter included a mixture of planned and unplanned audits, schools audit, grant certification work, and irregularity work. Overall, of the 24 formal assignments finalised during the quarter (excluding irregularity work), 2 received 'substantial assurance', 12 received 'reasonable assurance' (including 4 schools), 7 received 'partial assurance' (including 1 school), and 2 were grant certifications. There was also 1 assignment in the period without an opinion. Non-opinion activities tend to relate to advisory type work where Internal Audit provides input and support to development initiatives or projects and programmes as they are progressing.



Wherein our four levels of audit opinion are defined as follows:

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
<b>Minimal Assurance</b>	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

- 3. Members will recall that flexibility is built into the audit plan to allow resources to be directed to any new and emerging risks.
- 4. Appendix A to the report also provides details of counter fraud investigations completed, audits added and removed from the plan in the period, information on the tracking of high priority actions, and progress against our performance targets.

**Conclusions:**

- 5. The Q1 Internal Audit Progress Report is presented to this Committee for noting and to consider whether any further action is required.

**Financial and value for money implications:**

- 6. There are no direct financial and value for money implications of this report.

**Equalities and Diversity Implications:**

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

**Risk Management Implications:**

8. There are no direct risk management implications of this report.

**Legal Implications – Monitoring Officer:**

9. There are no legal implications of this report.

**Next steps:**

10. See recommendations above.

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David John, Audit Manager (Surrey County Council)

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07768 235586; [david.john@surreycc.gov.uk](mailto:david.john@surreycc.gov.uk)

**Sources/background papers:**  
Internal Audit Strategy and Annual Audit Plan 2024/25

**Annexes/Appendices:**

- Appendix A - Internal Audit and Counter Fraud Quarter 1 Progress Report 2024/25

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# Internal Audit and Counter Fraud Quarter 1 Progress Report 2024/25

## CONTENTS

1. Summary of Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

## 1. Summary of Completed Audits

### Accounts Payable

- 7
- 1.1 The Accounts Payable process is a key financial system in MySurrey. It is managed across three teams - Procure to Pay, Data Operations, and Payments – to promote segregation of duties.
  - 1.2 The aim of our audit was to provide assurance that controls were in place and operating as expected to manage key risks, in particular that:
    - Adequate process maps and procedure notes were documented and approved;
    - System controls were compliant with Financial Regulations and Procurement and Contract Standing Orders (PCSOs);
    - Orders were only raised for approved goods, works and services;
    - Invoices were only paid for approved goods, works and services;
    - Effective system controls had been implemented to detect duplicate payments;
    - Roles and permission settings maintained a robust control environment in line with the Scheme of Delegation;
    - Vendor accounts were maintained accurately; and
    - Transactions in the system were accurately transferred to the General Ledger.
  - 1.3 Key findings from our audit were that:
    - 15% of Purchase Orders (PO's) sampled had been approved after the delivery of goods or services, which was non-compliant with the PCSO's;
    - Changes to PO's required manual recording on spreadsheets, as MySurrey cannot generate a report to detect such changes;
    - The system's audit trail was deactivated;
    - Remaining values on PO's were not calculated correctly in MySurrey. The issue was known to management but for unknown reasons does not affect all PO's;
    - Some Executive Assistants had been set up with authority to approve PO's at the highest value levels, as a specific request from the former Chief Executive. However, the governance arrangements for this had not been documented;
    - The system did not prevent a user from being both a Level 4 and Level 3 approver in workflow, weakening the overall control environment by not enforcing expected segregation of duties;
    - Controls in MySurrey to detect duplicate payments were not fully operative and separate software was being used to detect them; and
    - At least a third of creditor payments (c.£4m value) had been paid late. This could result in interest charges, penalties, and/or reputational damage to the Council.
  - 1.4 Based on our findings, we were only able to provide an opinion of **Partial Assurance**. We have agreed 7 actions with management (3 of high priority, 4 of medium) to address

the weaknesses identified. We will undertake a follow-up audit in this area later in this financial year to ensure that the expected improvements have been implemented.

### Tree Management (Follow-Up Audit)

- 1.5 Our original audit of Tree Management was completed in February 2022 and had a final opinion of Partial Assurance. In line with our protocol following the publication of a lower assurance audit, we undertook a follow-up review to assess the implementation of agreed actions.
- 1.6 The primary purpose of this audit was to follow-up the agreed actions and was completed with regard to the control objectives from the original audit:
- There was a clear and documented approach to management of trees for which the Council is responsible, which aligns with the corporate priorities;
  - The legal responsibility of the Council was understood across services and was incorporated into strategic and operational policies;
  - Roles and responsibilities, and delegation of authority, in respect of tree management across Council teams was clearly defined and consistent; and
  - The management of trees along the Basingstoke Canal, for which the Council is liable, has been defined and aligns with the corporate risk appetite.
- 1.7 Unfortunately, we were still only able to provide **Partial Assurance** over the controls operating within these areas because several actions from the previous audit remain outstanding.
- 1.8 Our key findings included:
- Since the academisation of schools began there are lease agreements in place which usually - but not universally - transfer the responsibility of on-site tree management to the academy. However, it is unclear how many academies have this clause within their agreement. The agreed action to review these leases had not been completed due to resourcing issues in Legal Services;
  - There was still no overall report on tree works available for senior management oversight and understanding of risk. The agreed action to migrate data across to the Confirm System had not been implemented for technical reasons;
  - Although a new joint Risk Management Policy was drafted in relation to the Basingstoke Canal, at the time of our audit it had not been approved or adopted.
- 1.9 We re-agreed 3 actions with management (2 of high priority, 1 of medium) and will follow-up this audit again in our current plan to assess improvements made.

### Social Value In Procurement (Follow-Up Audit)

- 1.10 Our original audit of Social Value in Procurement was completed in December 2022 and had a final opinion of Partial Assurance. In line with our protocol following the publication

of a lower assurance audit we undertook a follow-up review to assess the implementation of agreed actions.

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- 1.11 The scope of this audit was to review progress made in implementing previously agreed actions, relating to the:
- Need for contractual information to be reconciled to social value secured during procurement exercises;
  - Development of suitable social value reporting mechanisms;
  - Implementation of appropriate corporate oversight for social value delivery; and
  - Establishment of clear roles and responsibilities within social value guidance.
- 1.12 We were only able to conclude **Partial Assurance** once again as all four actions from the previous review had not been fully implemented within the agreed timeframe. Therefore, the weaknesses and risks identified in the original audit review largely remain, though progress towards full implementation had been made.
- 1.13 Key findings from our review included:
- Whilst Proactis was live, the Application Programming Interface with MySurrey was not functioning. This inhibits the automatic linking of social value and contract data, though a manual workaround is in place;
  - With regard to corporate oversight of social value delivery, the Contract Management Advisory Service pilot was only live in one directorate;
  - A senior sponsor role for social value had only been determined at the time of our audit; and
  - Regarding the development of suitable social value reporting mechanisms, contract performance indicator dashboards were still in development.
- 1.14 We re-agreed 3 actions with management (all of medium priority) and will follow-up this audit again in our current plan to assess improvements made.

### Transition of Children into Adults, Health and Wellbeing Partnerships

- 1.15 Children with existing care and/or Special Educational Needs and Disabilities (SEND) require support as they approach adulthood, with the duties of the Council regarding this transition set out in various legislation. Collaboration and early engagement is required between Children, Families & Lifelong Learning (CFLL), Adults, Wellbeing & Health Partnerships (AWHP), and other agencies to identify both appropriate and cost-effective provision for the young person.
- 1.16 The purpose of our audit was to provide assurance that controls were in place to meet the following key objectives:
- There was early engagement between stakeholders to ensure a smooth transition;

- Effective working practices between stakeholders ensured both the appropriateness and cost of provision for young people was fully considered; and
- Both CFLL and AWHP were engaged with the outcomes of the Council's 'Preparing for Adulthood' transformation programme.

1.17 Key findings from our review included:

- Although the criteria for referrals of young people are clear, the process is not effective in practice;
- A disproportionately low percentage of referrals were initiated by age 14 as expected, with referrals happening between the ages of 16 and 17, negatively impacting on the determination of optimal care packages;
- Of particular concern we noted that even where referrals were made by age 14, the Transitions Team deferred their progression until just before the individual's eighteenth birthday. This may jeopardise the benefits of early intervention;
- Inconsistent working practices by social workers emerged as a key issue behind untimely referrals;
- The Liquidlogic Children's System (LCS) cannot report on existing referrals;
- LCS and the Liquidlogic Adult Social Care System (LAS) do not integrate well enough to promote effective data sharing;
- Outcomes expected from the 'Preparing for Adulthood Programme' were not realised as expected, with CFLL not implementing some areas due to operational challenges;

1.18 Overall, based on the above, we formed a final opinion of **Partial Assurance**. We agreed 3 high priority actions with management to address these findings and to improve the control environment. A follow-up audit of this area will be undertaken in due course to assess implementation of agree actions.

### Community Equipment Services Contract Management

- 1.19 The Council has a contract with Millbrook Healthcare Group to deliver community equipment services to residents, providing equipment for children and adults that can help facilitate rehabilitation, hospital discharge, admission avoidance and end-of-life-care, enabling residents to remain in the place of their choice.
- 1.20 Management asked us to assure current arrangements in place for the management of this contract following concerns being flagged in key areas of governance.
- 1.21 The purpose of the audit was to provide assurance that controls were in place to meet the following key objectives:
- To evaluate the effectiveness of key contract processes and procedures including:
    - contract monitoring and performance measurement;
    - communication and relationship management with the provider;

- invoice processing and payment verification; and
- documentation and record-keeping arrangements.
- Assess compliance with key contractual terms and conditions;
- Review risks and mitigation strategies within the current arrangements; and
- To determine the adequacy of controls in place to prevent fraud and error.

1.22 Key findings from our review included:

- Excessive efforts to validate the provider's invoices were required by officers due to duplicate orders and errors created by Millbrook's 'Cares' system;
- There were problems with the quality of data requested from Millbrook to facilitate capitalisation of equipment;
- 'Cares' produced irregular data (e.g. purchase dates of 01/01/2999);
- Key contractually-mandated reports were inaccurate and late in production;
- There was evidence of double-charging for some items issued from store;
- Inaccurate cost classification had led to an overbilling of c.£60k of 'equipment' costs to the Council (an issue known to management ahead of our audit);
- Not all meetings with the provider were formally minuted, or held as expected; and
- Although a risk register was maintained, not all risks were allocated scores or mitigating actions.

1.23 Overall, we formed a final opinion of **Partial Assurance** following our review. We agreed 6 actions with management to improve the control environment, 3 of high priority and 3 of medium priority. A follow-up audit will be scheduled in due course.

### Fuel Cards (Proactive Data Analysis)

1.24 The Council's fuel card system is operated by Allstar. Our audit reviewed all fuel card transactions made between 1st April 2022 and 30th June 2023 to determine whether transactions complied with existing policies. In total 5,422 transactions were made over this period, totalling £308,019.

1.25 A summary of key findings identified that:

- No internal compliance monitoring of fuel card transactions by the Payments Team had occurred in the period, which was a previously a requirement of the process;
- Allstar had ceased email alerts indicating potential suspicious activity, which was known to the Payments Team but not to wider management;
- The Council's policy was produced in 2015 but had not been reviewed since;
- We identified a number of potential compliance issues regarding transactions:
  - The card vehicle registration number (VRN) differed from the VRN recorded at the point of sale;
  - Card transactions made on the same day and within a short time period;
  - Cards purchasing mixed fuel types, apparently for single vehicles;

- Transactions identified outside of Surrey and its bordering counties;
- Transactions where premium/super unleaded/diesel fuel was purchased which is was not in compliance with expected practice; and
- Card usage between the hours of 20:00-06.00, increasing the risk that they may not be associated with business use.

- 1.26 We shared details of all potentially anomalous transactions identified with the Payments Team for immediate review. We also agreed 8 actions with management to improve the control environment; 1 of high priority, 4 of medium, and 3 of low priority.
- 1.27 Overall, we concluded a final opinion of **Partial Assurance** following this review. Management were swift in addressing the control weaknesses identified, meaning that a follow-up review was possible before the end of Quarter 1. This is reported below.

### Fuel Cards (Pro-Active Data Analysis) Follow-Up Audit

- 1.28 As explained above, management undertook prompt action to strengthen internal controls in relation to fuel cards and to investigate the referred anomalies in transactional data. As such, we were able to undertake a swift a follow-up audit of this area.
- 1.29 Our review found that agreed actions had been addressed and a robust control environment re-established. At the date of this report all bar one anomaly had been cleared, with the outstanding matter being referred to Internal Audit for review.
- 1.30 We were pleased to note that compliance checks had also been completed on transactions following the period that we had reviewed. A total of 3,925 transactions were examined between April 2023 and May 2024 with a value totalling £253,083. Just 21 low-risk transaction reviews awaited an outcome at the time of our follow up.
- 1.31 Processes were in place to facilitate twice-monthly compliance monitoring of fuel card data, with this activity being transferred to the Council's Fleet Management Team. An exception log had been created to identify fuel cards which may need to be used out of county, out of hours and/or for those with roles which may require the card to legitimately be used for mixed fuels (for example, where a maintenance vehicle is diesel fuelled but carries equipment requiring petrol). Fuel card guidance had been updated and circulated.
- 1.32 Overall we were able to upgrade our level of assurance to one of **Reasonable Assurance**, with no actions arising.

### Budget Management in Children's Services

- 1.33 CFLL had a gross budget of c.£1bn for 2023/24, with around £800m against the Dedicated Schools Grant and a revenue budget of approximately £250m. At the end of

FY 23/24 the directorate had an overspend of £28.9m, attributed to price inflation and demand pressures within social care placements and home-to-school travel assistance.

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- 1.34 The purpose of our audit was to provide assurance that controls were in place to meet the following key objectives:
- Budget monitoring and reporting processes were adhered to, consistent, were accurate and timely, with robust controls being in place over forecasts;
  - Processes, data and systems that fed into, and informed, budget monitoring were accurate; and
  - Robust processes were in place to ensure forecast overspends and budget pressures were escalated in a timely manner to allow for appropriate remedial action to be taken.
- 1.35 We identified significant work taking place to address the financial position within the directorate. However, budget monitoring was resource-intensive, in part due to ongoing deficiencies within MySurrey reporting processes, but we recognised the effort of both Finance and Corporate Services and CFLL staff in maintaining key controls under sub-optimal conditions.
- 1.36 We concluded there were appropriate key controls in place and operating as expected in relation to budget management, monitoring, escalation and remedial action. Specific findings from our audit included:
- Budget holders and accountable officers were unable to access the budget management and forecasting module in MySurrey. The information they received was provided by Finance Business Partners, limiting independent oversight of their own financial position;
  - Rather than being automated within MySurrey, budget monitoring processes were being administered manually across several complex spreadsheets;
  - Reconciliations had identified potential discrepancies and variations between LIFT (the LiquidLogic finance system used by CFLL) and MySurrey;
  - The current arrangements would benefit from enhancement, specifically regarding roles, responsibilities and accountabilities over the processes in place.
- 1.37 Overall, we provided an opinion of **Reasonable Assurance**, agreeing 7 actions with management (2 of high priority and 5 of medium) to address the issues identified. However, this was a borderline partial assurance conclusion, and although we ultimately determined controls were present, we noted that the adequacy of the current process came despite challenges arising from the current operation of the MySurrey system.

## People Strategy

- 1.38 The People Strategy 2023-2028 outlines how the Council will develop the capacity and capability of the workforce to achieve the changes needed to deliver strategic priorities.



- 1.39 The purpose of our audit was to provide assurance that controls were in place to meet the following objectives:
- A Strategy is in place, underpinned by validated data, which addresses the future strategic direction and changing needs of the Council;
  - An appropriate governance structure was in place to oversee the implementation, review, communication and monitoring of the Strategy;
  - Resourcing arrangements had been considered to support the implementation of the Strategy;
  - Existing skill- shortages were understood at a directorate level, and services were able effectively utilise the workforce to safeguard service delivery; and
  - Recruitment process ensured the Council retains and attracts a diverse workforce with the skills and behaviours required to deliver and improve services.
- 1.40 Our review found evidence that key controls were in place and operating as expected, in particular:
- The 'People Strategy' was in place, containing clear strategic priorities and supported by a flexible plan setting out how the Council will ensure its delivery;
  - An appropriate governance structure was in place that outlined key roles, responsibilities, and accountabilities;
  - A workforce toolkit had been developed and piloted to enable directorates to plan for their workforce now and in the future by identifying the key challenges relating to recruitment, staff retention, and skills-gaps; and
  - Work was in progress to review both the offer to staff and the recruitment process to ensure the Council attracts and retains a skilled and diverse workforce.
- 1.41 As part of the review we also identified some areas where improvement could be made, including:
- There was no communications plan about the objectives and key deliverables of the People Strategy;
  - Underpinning data could be improved in some key areas, including talent management, performance, secondments, and learning and development;
  - Migration of data from SAP to MySurrey was problematic with an inability to report on staff sickness levels, and manual workarounds needed to enable equality and diversity information to be reported on;
  - Funding and resource requirements were not in place for all projects being conducted under the People Strategy; and
  - No benchmarking had been undertaken during the development of the People Strategy, which may provide useful comparative data from peer authorities.
- 1.42 Overall we were comfortable giving a final opinion of **Reasonable Assurance**, agreeing 4 actions with management (3 of medium priority, one of low) to address these issues.

## Purchasing Cards (Proactive Data Analysis)

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- 1.43 Purchasing cards are an efficient and cost-effective method for low value purchases of goods and services from suppliers with whom we do not hold contracts.
- 1.44 The purpose of our audit was to provide assurance that controls were in place to meet the following objectives:
- There was an appropriate policy in place, which outlined the conditions for the use of purchasing cards; and
  - Transactions on purchasing cards conformed to the policy.
- 1.45 Our review analysed over 25,000 transactions valued at c.£3.3m across a period of 14 months to July 2023. The majority of purchasing card data analysed was in line with guidance, although some transactions were identified as requiring further review. These were, for example where:
- Expenditure appeared to be regularly repeated with a particular supplier;
  - Expenditure required additional verification (including items described as gifts, fuel, bill payments, et al); and/or
  - Sundry equipment (cleaning and IT related) which might reasonably be procured under an existing contract.
- 1.46 A full list of transactions requiring further review was shared with the Payments Team for compliance checking to be completed. All transactions were checked and no outstanding concerns raised once the exercise was completed.
- 1.47 We were able to give an opinion of **Reasonable Assurance**, agreeing 2 medium priority actions with management to address the findings.

## Grant Allocations To Third Parties In Environment, Infrastructure & Growth Directorate

- 1.48 The Council receives external funding from a variety of sources and provides a number of different grants to support third party organisations within the county. In particular, the Environment, Infrastructure and Growth (EIG) directorate receives and disburses funding for numerous purposes, including Areas of Natural Beauty, Green Homes, and Low Carbon Future.
- 1.49 The specific purpose of our audit was to provide assurance that controls were in place to meet the following objectives:
- Grants were authorised within a framework of delegation that ensured appropriate oversight and scrutiny and alignment with strategic objectives;
  - Robust arrangements were in place to manage applications for grants;
  - Effective processes existed to monitor the use of grant monies;
  - Controls prevented duplication in grant funding; and

- Effective monitoring of grant monies allocated was in place.
- 1.50 Our review was able to provide assurance that effective controls were in place and operating as expected. In particular:
- The Council's website provided clarity over grant requirements, criteria, and application processes;
  - Appropriate monitoring arrangements ensured grants were used for the purpose for which they were awarded; and
  - Records documented decision-making, funding agreements, and usage.
- 1.51 Whilst there were strong arrangements in place for the overall administration of grants, there was no one team within EIG to manage funds, allocated by other bodies, and paid to third party organisations. As such, there was no single, definitive list of all grants.
- 1.52 Overall we were able to give an opinion of **Reasonable Assurance**, agreeing 2 medium priority actions with management to address issues identified.

### Ukraine Funding

- 1.53 In March 2022, the Government launched the Homes for Ukraine Sponsorship Scheme, which gave Ukrainian's the right to apply for a VISA if they had a named eligible sponsor who could provide them with accommodation in the UK. Councils have several obligations under the scheme, and the Surrey area has some of the highest number of Ukrainian guest arrivals in the country, with over 4,000 Ukrainian guests arriving.
- 1.54 The purpose of our audit was to provide assurance that controls were in place to meet the following objectives:
- Roles and responsibilities were adequately defined and communicated;
  - Robust procedures were in place for maintaining records for the Scheme;
  - Adequate procedures between the Council and partner organisations existed; and
  - Robust monitoring arrangements were in place to provide oversight over the allocation and distribution of grant funding.
- 1.55 We found robust controls to be in place around the Scheme, notably:
- An appropriate governance structure existed, overseen by the Ukraine Task Group, with appropriate membership from partner organisations;
  - There were minuted meetings and regular updates regarding guests and hosts, and financial reports provided effective oversight;
  - A risk register documented key risks and mitigations for the Scheme;
  - Records were updated and monitored to support the mandatory DELTA returns (the Government platform for recording Scheme data);
  - The process for making welcome payments was accessible robust; and

- A review of Government funding was initially undertaken between partners, and a split by the Surrey Treasurers Group after the Scheme's introduction.

1.56 Our audit did identify a need for more formal documentation of roles and responsibilities between partners; improvement to the content of financial monitoring returns; and minor improvements to the risk register and process documentation.

1.57 Overall we were able to give an opinion of **Reasonable Assurance**, agreeing 8 actions with management (5 of medium priority, and 3 of low) to address the findings raised.

### Local Government Pension Scheme (LGPS) i-Connect Application Audit

1.58 i-Connect is the cloud-based application used by the Pension Fund to help manage the flow of employee information between the payroll and the pensions administration system (Altair). The application allows the individual scheme employers to upload their monthly data, thus automating what was previously a complex manual task.

1.59 The purpose of our audit was to provide assurance that controls were in place to meet the following key objectives:

- Access was restricted to appropriately authorised individuals and the permissions provided to those users were in line with job roles;
- Data processed through interfaces was authorised, accurate, complete, securely processed and written to the appropriate file;
- Outputs produced were complete, accurate, reliable, and distributed on time; and
- Updates and enhancements were subject to sufficient testing and authorisation before implementation.

1.60 Our review identified robust controls in place. Notable findings were that:

- i-Connect utilised a secure web-based system for data transfer before ultimately being transmitted into Altair via secure Virtual Private Network. Such measures safeguard sensitive data and help to avoid data breaches;
- Appropriate segregation of duties existed through permissions set by Surrey Pension Fund; and
- New user access and permissions to i-Connect were effectively controlled.

1.61 Our review did identify some improvements to control that could be made, including the implementation of a limit of unsuccessful log on attempts before user access is locked, and a prompt to force users to update their password after a set period. We also identified that there is no regular review of actions undertaken by i-Connect system administrators to ensure their activities are appropriate.

1.62 However, we were able to give an opinion of **Reasonable Assurance** in this area, agreeing 5 actions with management (2 of medium priority, and 3 of low) to address the findings raised.

### System Change Control and Release Management

1.63 System change controls and release management encompasses the process of identifying, acquiring, testing, and deploying system changes and releases. These may aim to correct problems, close vulnerabilities, and/or to improve functionality.

1.64 The purpose of our audit was to provide assurance that controls are in place to meet the following key objectives:

- Updates and changes were identified and applied to all relevant systems in a prioritised and timely manner;
- Use of outdated or unsupported software was minimised;
- Adequate testing and roll-back arrangements were in place to minimise disruption from any changes and updates; and
- Comprehensive records of changes and updates were maintained.

1.65 Our review was able to give assurance in the following areas:

- There were clear and appropriate process in place for changes to systems;
- Risk assessment determined if the change(s) impacted upon multiple systems;
- The Applications Teams received notification and oversight of the details of changes either through supplier notes or official change requests;
- There were documented minimum lead times for implementation of changes; and
- Arrangements for system downtime were appropriate, and updates took place outside of core working hours where possible.

1.66 Our audit did however identify some areas for further improvement:

- There was no documented guidance that recorded the current principles of the approach to system change;
- No detailed RACI (responsible, accountable, consulted, and informed) matrix was in place for each managed systems to ensure responsibilities were clear; and
- For some system changes there was a lack of separation of duties as officers were able to access all environments within the change creation process (e.g. they could create a change and move it to the live environment).

1.67 Overall we were able to give an opinion of **Reasonable Assurance**, agreeing 4 actions with management (3 of medium priority, and one of low) to address issues identified.

## Financial Assessments And Income Collection (FAIC)

- 1.68 The Care Act 2014 provides a framework for councils to charge for care and support services. The FAIC Team are responsible for calculating the charges for residential and community-based services provided by AWHP, assessing the appropriate charge, and providing welfare benefits advice and assistance.
- 1.69 The purpose of our audit was to provide assurance that controls were in place to meet the following objectives:
- Financial assessments were carried out in an accurate and timely manner;
  - Systems contained all required information relating to financial assessments;
  - Debts were managed effectively, and pursued promptly;
  - There were robust processes in place to manage deferred payments;
  - Robust processes managed and authorised refunds and write-offs; and
  - Agreed actions from our previous audit had been implemented.
- 1.70 We identified strong controls in place within the processes reviewed, which included:
- Robust benefit calculation processes were in place, ensuring the accuracy of financial assessment and reassessment calculations;
  - Regular quality assurance checking led to corrective action where needed;
  - Key controls were in place regarding the refund and write-off processes;
  - There was a robust process in place for the identification and monitoring of debt;
  - Deferred payments are appropriately managed; and
  - Agreed actions from the previous audit had been implemented:
- 1.71 We were pleased to be able to provide a final opinion of **Substantial Assurance**, with no actions arising.

## Road Safety Schemes Outside of Schools

- 1.72 Following a request from management we reviewed the adequacy of processes governing the Council's schemes for Road Safety Outside of Schools (RSOS), including reviewing delivery in context of additional funding that had been made available from Government.
- 1.73 The purpose of our audit was to provide assurance that controls were in place to meet the following key objectives:
- There were clear policies in place to support the delivery of RSOS schemes;
  - Clear criteria was in place for the commissioning of works;
  - Information on available funding was widely available to the public and to schools;
  - Identified measures were risk-assessed and ensured prioritisation of works;
  - The design of scheme was subject to scrutiny and review;

- The delivery of planned works was monitored to ensure that schemes were completed in line with agreed timeframes; and
- Post implementation checks were in place and operating as expected.

1.74 Our review identified that:

- Referrals into the Road Safety Team and subsequently commissioned work had been subject to appropriate risk assessment;
- A sample of recently planned and executed works identified that design met expected criteria, and were subject to scrutiny and internal checks;
- Budgets and expenditure were subject to frequent review and scrutiny, and funding received was correctly allocated and used;
- Planned works were being regularly monitored and managed; and
- There were procedures in place to undertake quality checks throughout the planning, implementation and post implementation stages of measures.

1.75 We noted that there had been some delays in delivery, but that these were due to external pressures beyond the reasonable control of management, including contractor resourcing issues and work-scheduling issues due to demands on the highway network.

1.76 Overall we were able to give an opinion of **Substantial Assurance**, agreeing a single medium priority action with management for the improvement of documentation for approvals granted.

## Other Audit Activity

### *Corporate Governance (Key Governance Policies)*

1.77 We undertook a review of three key governance policies to inform the work of the Governance Panel to form a view on officer awareness and understanding of them. We focused on:

- ICT Security Policy;
- Building Security Policy; and
- Customer Complaints Policy.

1.78 Officers were selected at random from across all directorates and completed a self-assessment via questionnaire. All officers chosen were in roles that would be relevant for their knowledge of the policies selected. Our review found that there was of a lower level of awareness of, and/or failure to fully understand, the selected key policies, compared to in the results of similar exercises carried out in previous years (relating to different key governance policies).

1.79 One possible root-cause of this apparent decline in understanding could be linked to the effectiveness of induction processes (corporate and/or service-based). Following discussion at Governance Panel, and separately with HR&OD colleagues, an audit of 'Induction Arrangements' has been added to our 2024/25 plan.

*Grant Claim Certification*

- 1.80 During quarter one we successfully certified and returned two grant claims in accordance with Central Government auditing requirements:
- Housing Upgrade Grant - £3,622,500 (our certification was qualified as the criteria for the disbursement of expenditure was not fully met); and
  - Supporting Families Grant (third claim of 2023/24) - £253,600.

**School Audits**

- 1.81 We continue to provide assurance over individual school control environments and to improve our level of engagement with key stakeholders through liaison meetings.
- 1.82 We have a standard audit programme for all school audits, designed to provide assurance over key aspects within the control environment, including:
- Good governance ensures oversight and challenge by the Governing Board;
  - Decision-making is transparent, well documented and free from bias;
  - The school is able to operate within its budget through effective financial planning;
  - Unauthorised people do not have access to pupils, systems or the site;
  - Staff are paid in accordance with the schools pay policy;
  - All unofficial funds are held securely and used in appropriately;
  - All income due to the school is collected, recorded, and banked promptly.
  - Expenditure is controlled and funds used for an educational purpose; and
  - Security arrangements keep data and assets secure.
- 1.83 Audits continue to be carried out through a combination of remote working and visits.
- 1.84 A total of five school audits were delivered in quarter one, and the table below shows a summary of the final level of assurance reported to them.

Name of School	Audit Opinion
Meadowcroft Community Infant School [Chertsey]	<b>Partial Assurance</b>
St Francis Catholic Primary School [Caterham]	<b>Reasonable Assurance</b>



Name of School	Audit Opinion
Bagshot Infant School [Bagshot]	<b>Reasonable Assurance</b>
Nutfield Church Of England Primary School [Redhill]	<b>Reasonable Assurance</b>
Charlwood Village Primary School [Horley]	<b>Reasonable Assurance</b>

1.85 We aim to undertake follow-up audits at all schools with Minimal and most schools with Partial Assurance opinions. Only one such opinion was delivered in this quarter.

1.86 Where we identify common themes arising from school audits, and to help build awareness of those potential areas for improvement, such findings are flagged for inclusion in Internal Audit School Bulletins. Communications such as these, alongside the reports themselves, provide schools with insight and recommendations that can enable them to proactively strengthen their control environments. Common themes identified this quarter include:

- School staff should be encouraged to declare any relevant interests;
- Purchase orders should be raised in advance, to agree costs and commit the expenditure to the budget;
- Financial reports sent to Governing Boards should include Cumulative Expense Analysis to strengthen financial oversight; and
- Contract registers should be maintained for effective contract management.

## 2. Counter Fraud and Investigation Activities

### Counter Fraud Activities

2.1 We have continued to liaise with the relevant services to provide advice and support in processing the matches received as part of the National Fraud Initiative.

2.2 The team have carried on monitoring intel alerts and shared information with relevant services when appropriate. In addition, advice and support was provided to services in several cases that did not ultimately require internal audit investigation.

### Summary of Completed Investigations

#### False Statement

2.3 We were asked to investigate an allegation that a Council employee had provided a false statement to support a planning application. Our investigation found no evidence to support the allegation, but did identify that fraudulent documents had been created by an

external party impersonating Council officers. A referral was made to the Police and the relevant planning authority notified.

### *Multiple Employment*

- 2.4 Following information from the National Fraud Initiative an investigation was undertaken to confirm whether an employee had been undertaking unauthorised secondary employment. The investigation identified that work had been undertaken outside of contracted hours and at weekends and was not in conflict with their paid employment. Whilst the employment predated their start date with the Council, a declaration should have been made to line management. The omission has been addressed by management with the employee.

### *Contract Letting*

- 2.5 We provided support to a whistleblowing investigated by management where alleged wrongdoing in a tender exercise was made. Our review found that there was no case to answer with regards to the award of the contract.

## **3. Action Tracking**

- 3.1 As part of our quarterly progress reports, we seek written confirmation from services that all high priority actions due for implementation are complete. Where follow-up audits are undertaken, we reassess the progress of all agreed actions (low, medium and high priority). Periodically we may also carry out random sample checks against all priorities of actions.
- 3.2 At the end of the first quarter of 2024/25, 92.3% of high priority actions due had been fully implemented (or rescheduled dates for their implementation had been agreed). This is below the target of 95% (see paragraph 5.3) and is a result of the two follow-up audits reported in Section 1 above not having implemented all high priority actions as expected.

## **4. Amendments to the Annual Audit Plan**

- 4.1 In accordance with proper professional practice, the Internal Audit plan for the year is kept under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. After discussions with management, the reviews below were added to the original audit plan during this quarter:

Additional Audit	Rationale for Addition
Corporate Efficiency Savings – Process Assurance	This audit was a request from the Interim Section 151 Officer to provide assurance that the current process for the planning and delivery of corporate efficiency savings is robust.
Customer Transformation ‘Test And Learn’ Process Review	A request from the-then Strategic Director for Customer Service Transformation for assurance over elements of the process review function of the Customer Transformation Programme.
Effectiveness Of Corporate Induction Arrangements	An audit to review the effectiveness of the Council’s induction arrangements, which has been added on the back of work for the Governance Panel (see paragraph 1.80 above)

All of the new additions to the plan have been resourced through available contingencies and no audits have been removed or deferred from the plan in this first quarter.

4.2 We will continue to keep the resources available under review as the year progresses.

## 5. Internal Audit Performance

- 5.1 In November 2023, we updated our self-assessment against the PSIAS standards. We concluded we were fully compliant with 319 of the standards and partially compliant with the other 2 standards (in both cases proportionate arrangements remain in place).
- 5.2 We also completed our Quality Review exercise in November 2023, with no major areas of non-conformance being identified. The need to ensure consistency in the quality of the evidence contained within a small number of audit working papers was identified, and this will be addressed at service development days we will be running during 2024/25.
- 5.3 In addition to the annual self-assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April 2024	G	Approved by Audit Committee on 13 March 2024

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
	Annual Audit Report and Opinion	By end July 2024	<b>G</b>	2022/23 Annual Report and Opinion approved by Committee on 5 June 2024
	Customer Satisfaction Levels	90% satisfied	<b>G</b>	100% satisfaction for surveys received in the period
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	Annual: 90% Q1 end: 22.5%	<b>A</b>	At the end of Q1 we have delivered 21.7% of the annual plan to draft report stage. Given the high levels of work in progress we remain confident of achieving the overall target by year end.
	Audit Plan – percentage of audit plan days delivered	Annual: 90% Q1 end: 22.5%	<b>G</b>	At the end of Q1 we have delivered 23.6% of the annual plan days.
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	<b>G</b>	Dec 2022 - External Quality Assurance completed by the Institute of Internal Auditors (IIA). Orbis Internal Audit assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as: <ul style="list-style-type: none"> <li>• Excellent in: Reflection of the Standards Focus on performance, risk and adding value</li> <li>• Good in: Operating with efficiency Quality Assurance and Improvement Programme</li> <li>• Satisfactory in:</li> </ul>

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				<p>Coordinating and maximising assurance</p> <p>November 2023 - Updated self-assessment against the Public Sector Internal Audit Standards completed, the service was found to be fully complying with 319 of the standards and partially complying with 2 of the standards, in both cases proportionate arrangements remain in place.</p> <p>November 2023 - Quality Review exercised completed, no major areas of non-conformance identified. The need to ensure consistency in the quality of the evidence contained within a small number of audit working papers was identified; this will be addressed at auditor development days during 2024/25.</p>
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	<b>G</b>	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	<b>A</b>	92.3% (see para 3.2 above)

7

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Our staff	Professionally Qualified/Accredited	80%	<b>G</b>	94% <sup>1</sup>

<sup>1</sup> Includes staff who are part-qualified and those in professional training

# Audit Opinions and Definitions

7

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
<b>Minimal Assurance</b>	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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Audit & Governance Committee  
11 September 2024

**The Local Government and Social Care Ombudsman's  
Annual Review Letter for Surrey County Council 2023/24**

8

**Purpose of the report:**

To provide an update on complaint statistics recorded about Surrey County Council and its performance in responding to Ombudsman investigations, following the publication of the Local Government and Social Care Ombudsman's Annual Review Letter for 2023/24.

**Recommendations:**

It is recommended that:

1. The Committee notes the content of this report, the analysis of the LGSCO's Annual Review Letter for 2023/24 and Surrey County Council's performance compared to other similar councils.
2. The Committee notes the proposed improvement actions, with a further update on these to be provided as part of the mid-year complaints update, scheduled for November 2024.

**Introduction:**

1. This report follows the annual complaints report for 2023/24, which was considered by Audit & Governance Committee on 5 June 2024. It provides an analysis of the complaint statistics recorded about Surrey County Council by the Local Government & Social Care Ombudsman (LGSCO) for the year 2023/24.
2. The LGSCO is the final stage for complaints about councils, all adult social care providers and some other organisations providing local public services in England.

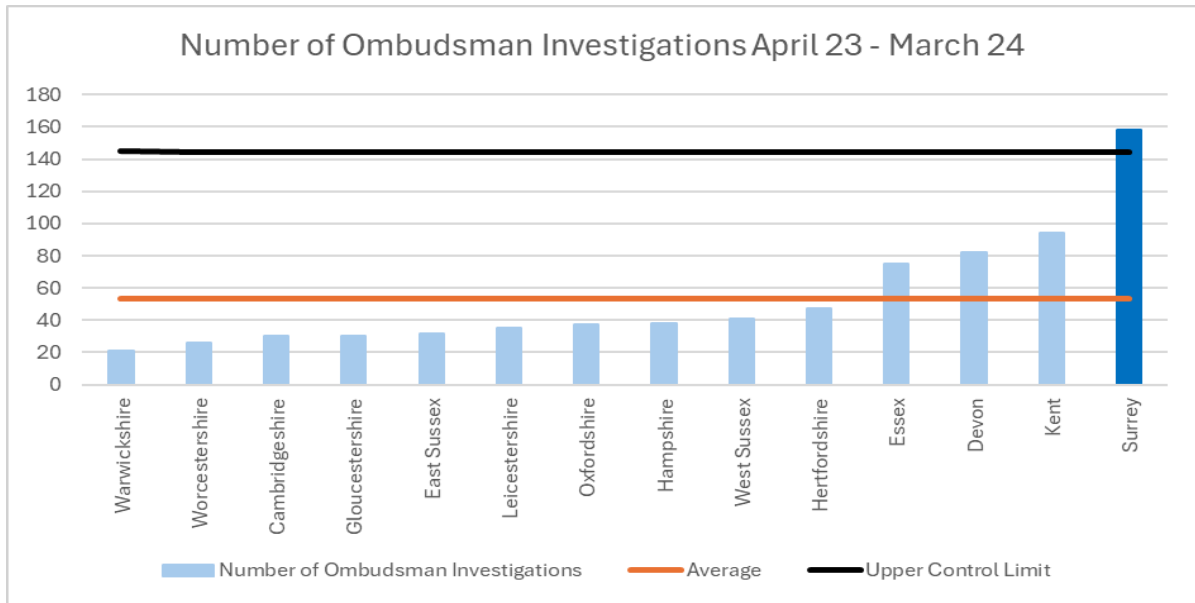
3. Complaints that are investigated by the Ombudsman represent a significant reputational and financial risk to the council. These are cases where the council has been unable to resolve the complaint through its local procedures, where there is sufficient concern about maladministration or injustice, or where it is in the public interest for the Ombudsman to investigate.
4. Each July, the LGSCO issues an annual review letter to each council in England. The letter gives a summary of the complaint statistics recorded about the council and its performance in responding to Ombudsman investigations for the preceding financial year. The 2023/24 annual review letter for Surrey County Council was published on the [LGSCO website](#) on 24 July 2024.
5. We recognise the important opportunities that complaints provide for us to learn and improve. The information contained in the Ombudsman's annual review letter offers valuable insight into our organisational approach to complaints and is considered as part of Surrey County Council's corporate governance processes. It also provides an independent data source that enables benchmarking of our complaints handling performance with other comparable councils.
6. Benchmarking data is based on Surrey County Council's Chartered Institute of Public Finance and Accountancy (CIPFA) group, (see Appendix 1 for full list), as well as benchmarking data from the LGSCO website based on other county councils in England.

#### Analysis Overview

7. In 2023/2024 the LGSCO recorded an increased volume of complaints about Surrey County Council compared to previous years. A total of 324 complaints about Surrey were received by the Ombudsman. This compared to 215 complaints 2022/23.
8. Taken in the context of the total number of complaints received by Surrey County Council in 2023/24 (2,598), 12% of complaints escalated to the Ombudsman; an increase from 9% the previous year.
9. Of the 324 complaints recorded in 2023/24, 158 were investigated by the Ombudsman (49% of total). This was a significant increase in number from the previous year, where 81 complaints were investigated (38% of total). Over half of the complaints received by the LGSCO (166) were not investigated or were closed after initial enquiries.
10. When benchmarked with peers, Surrey County Council is statistically different from the rest of the group based on the number of Ombudsman investigations, as shown in Figure 1 (below). This is primarily driven by a disproportionately high number of Education complaints compared to other authorities, particularly in relation to Education Health and Care Needs Assessments and Plans. The reasons for this are well understood, having been previously reported to Cabinet and subject to scrutiny by Select Committee. Improvement actions to address the root causes of these complaints are being

undertaken, as explained in more detail in paragraphs 24 to 32 of this report.

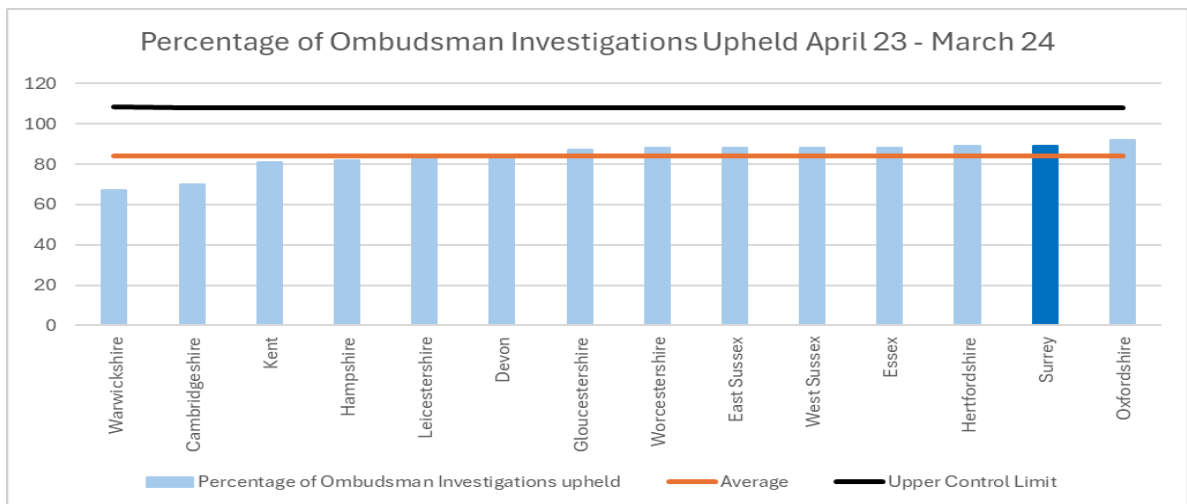
**Figure 1: Number of Ombudsman Investigations**



Year	Good to be	Surrey value	Direction of Travel	CIPFA Ranking	CIPFA Av.	CIPFA Median
22/23	Low	81	↑	14/14	37.9	35.5
23/24	Low	158		14/14	53.3	37.5

11. Of the complaints investigated, 89% (141) were upheld by the Ombudsman because there was evidence of fault. This compared to an average of 85% for similar councils. Surrey County Council’s performance was broadly in line with benchmarked peers (as below), where the average was 83.9%:

**Figure 2: Percentage of Investigations Upheld**

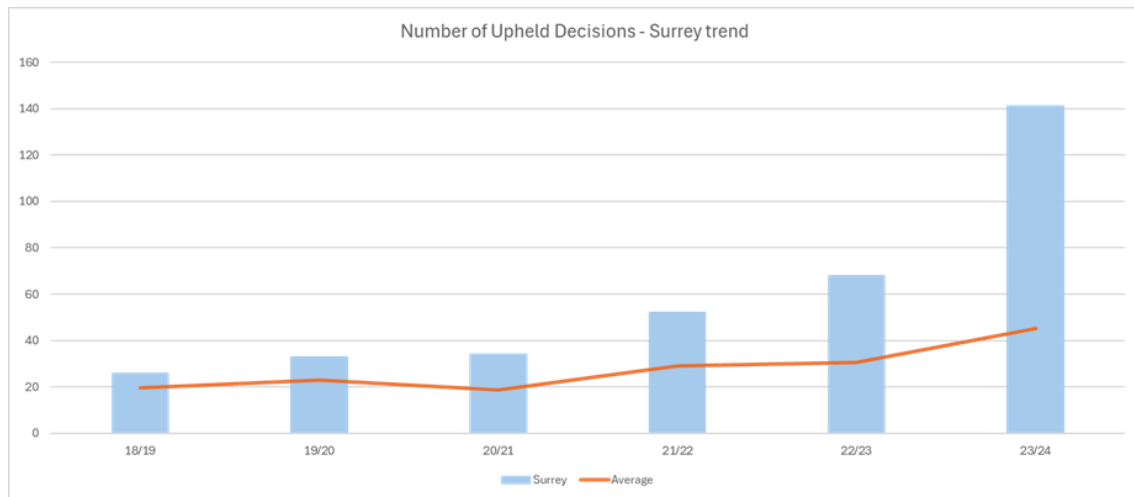


Year	Good to be	Surrey value	Direction of Travel	CIPFA Ranking	CIPFA Av.	CIPFA Median
22/23	Low	84.0%	↑	11/14	79.4%	79.4%
23/24	Low	89.0%		12/14	83.9%	87.5%

12. It should be noted that it is not unusual for upheld rates to be high because the LGSCO prioritises cases where it is in the public interest to investigate, so are less likely to carry out cases on borderline issues. This means there is naturally a higher proportion of fault being found for councils overall.

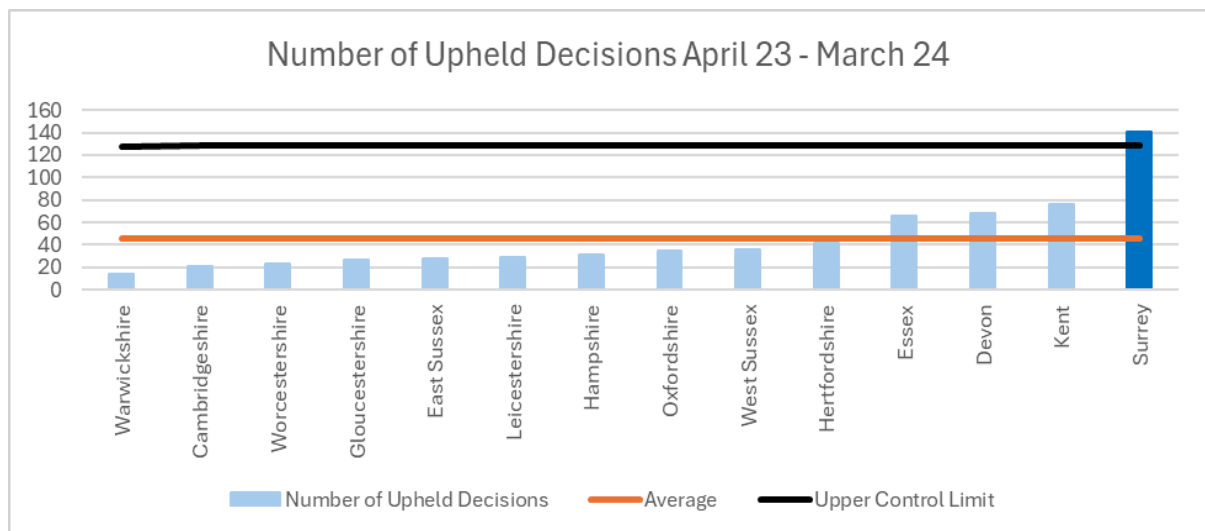
13. Surrey County Council did, however, see an upward trend in the volume of Ombudsman investigations and the number of complaints upheld in 2023/24, and is significantly different from peers in terms of the number of upheld decisions, as shown in Figures 3 and 4 (below):

**Figure 3: Trend of Upheld Decisions**



Note: Average trend line denotes the average number of upheld decisions over time for Surrey County Council's CIPFA peer group

**Figure 4: Number of Upheld Decisions**



14. Surrey County Council had 11.6% complaints upheld by the Ombudsman per 100,000 population; this was higher than the average of 4.5% for similar councils. Surrey ranked 14 out of 14 councils when benchmarked against its CIPFA peer group, as shown in Figure 5 (below):

**Figure 5: Upheld complaints per 100,000 population**

	<b>Local Authority</b>	<b>% of upheld complaints per 100,000 population</b>
1.	Hampshire	2.2
2.	Warwickshire	2.3
3.	Cambridgeshire	3
4.	Hertfordshire	3.5
5	Worcestershire	3.8
6 =	Gloucestershire	4
6 =	Leicestershire	4
6 =	West Sussex	4
9	Essex	4.3
10	Oxfordshire	4.6
11	Kent	4.8
12	East Sussex	5.1
13	Devon	8.2
14	Surrey	11.6

15. A satisfactory remedy was offered by Surrey County Council (before the complaint reached the Ombudsman) in 3% of investigations. This was lower than the average of 7% and a drop in performance from the previous year (9%).
16. Surrey County Council had a 100% compliance rate with the Ombudsman's recommendations, in line with previous years. Non-compliance is rare and so anything below 100% would be cause for concern.
17. Despite the higher volume of Ombudsman investigations compared to peers, no concerns were raised in the 2023/24 Annual Review Letter about the timeliness or quality of Surrey County Council's responses to Ombudsman enquiries. Several councils in the peer group received specific feedback about lateness and poor quality / incomplete responses, along with the need for the Ombudsman to consider potential witness summons. This suggests that Surrey County

Council's processes for responding to Ombudsman enquiries are robust and fit for purpose.

18. We also welcomed the Ombudsman's recognition in the annual letter of Surrey County Council's investment in complaints handling training for staff.

### **Subjects of LGSCO complaint and root causes**

19. As a County Council, the key service areas which are a focus for Ombudsman investigations are social care services and education. This is unsurprising because complaints about these services tend to be more complex and emotive and less transactional than other services.
20. The breakdown of the 141 complaints that were upheld by the Ombudsman following investigation was as follows:

<b>Service Area</b>	<b>Total upheld by LGSCO following investigation</b>
Education Services	116
Children's Social Care	11
Adult Wellbeing and Health Services	14

21. It is positive to note that there were no complaints about other Council services upheld following investigation in 2023/24.

#### **Key Area 1: Special Educational Needs & Disabilities (SEND) Services**

22. Most Ombudsman investigations and upheld decisions in 2023/24 related to Children's Services and Education and we saw an increase in the number of complaints, particularly about services related to Special Educational Needs and Disabilities (SEND), referred to the LGSCO. This was not surprising given the demand in Surrey (over 15,000 children and young people on Education, Health and Care Plans - EHCPs) and recognised challenges (throughout previous years and the reporting year) in completing assessments for EHCPs, staffing resource pressures and the high volume of contacts and complaints about this service area as a result.
23. Education Services in Surrey continue to face well-documented national challenges in recruiting and retaining appropriate Education Psychologists to meet the demand for Education Health and Care Needs Assessments, which determine whether a child or young person should have an Education Health Care Plan. This, along with staffing resource challenges within the SEND service, has been contributing to delays in completing the assessment process, leading to complaints

from families whose concerns are then being referred to the Ombudsman.

24. Surrey County Council took significant action in 2023, with a £15m investment to support the EHCP Recovery Plan that is now delivering clear performance improvements in 2024-2025. For example, a backlog of outstanding Educational Psychology reports in 2023-2024 has now been cleared, enabling the Council to perform above national averages for timeliness of completing EHCPs (71% in July 2024). Although this is now leading to a reduction in complaints made to the Council at Stage 1 of its local complaint procedure about delays in completing assessments, the timeline for raising complaints with the LGSCO (12 months) means that it may be a further one to two years before we see a significant reduction in Ombudsman investigations in this area. For example, an upheld decision in 2025 may relate to a delay in assessment that occurred in 2023.

25. In 2023/24, the LGSCO upheld 116 complaints related to Education services, with the vast majority of these about Additional Needs and Disability services (nationally referred to as Special Educational Needs and Disabilities or SEND for short). The table below provides a breakdown of the investigations that were upheld in this area.

**Figure 6: Upheld Investigations about Education services:**

<b>Theme of investigation</b>	<b>Number of complaints upheld</b>
Delay in EHCP process	74
Periods of missed provision	26
Delay in EHCP Annual Review process	9
Delay in alternative provision	2
Delay in providing post-16 support	2
Delay in providing Personal Budget	2
Change of specialist placement	1

26. The situation in Surrey reflects what is happening nationally, with the LGSCO stating that the highest area of complaint across the Ombudsman’s casework is complaints about services for children and young people with Special Educational Needs and Disabilities. The Ombudsman found fault in 92% of the education cases it investigated nationally (a higher rate than in Surrey) and has stated that complaints about this issue are increasing rapidly.

27. In 2023/24, the LGSCO also issued one public report about Surrey County Council. This was about delays in issuing an Education, Health & Care Plan for a child with autism, largely due to challenges in

receiving advice from an Educational Psychologist. The Council's communication with the family during the process was also found to be poor. The Ombudsman noted their satisfaction with the actions taken by the Council to address the complaint and acknowledged that there were plans in place through an established recovery plan to reduce delays for others.

28. Recognising the high number of Ombudsman complaints and upheld decisions about Education Services for children and young people with additional needs and disabilities, and the importance of learning from complaints to improve services, a risk has been raised and actions are underway to tackle the underlying causes of complaint (as mentioned in paragraph 26 above).
29. Further analysis on the causes of complaints and improvement actions being undertaken for services relating to Children, Families and Lifelong Learning can be found in the Annual Complaints Report issued in June 2024, with additional notes in Appendix 2 of this report.
30. It is anticipated that these improvement actions will, over the next one to two years, result in a reduction in the number of Ombudsman complaints and upheld decisions, as well as a reduction in financial redress payments. It is positive to note that local data is showing a reduction in Stage 1 complaints to the Council about delays in needs assessments. However, this won't be immediately reflected in the Ombudsman's data, as there is often a time lag between the original complaint being made and the conclusion of the Ombudsman's investigation. For example, 17 complaints upheld by the LGSCO in 2023/24 originally dated from the year 2021/22 and a further 83 related to events in 2022/23.

## **Key Area 2: Adult Wellbeing and Health Services**

31. For Adult Wellbeing and Health Services, the 14 complaints upheld by the Ombudsman included a failure to offer the services of an independent advocate, waiting times for Deprivation of Liberty Safeguards (DoLS) assessments and failings in the transfer of care responsibilities between the Council and the Integrated Care Board (ICB).
32. Other areas of fault identified for Adult Social Care services included a failure to ensure continuity of care when a person moved between council areas, a lack of timeliness in communicating outcomes to service users and/or their representatives, a failure to provide information on the Safeguarding enquiry process and a failure to provide full information about paying for costs of care, including how a person's contribution towards those costs will be calculated, personal budgets and what happens if a person chooses a care home or care package that exceeds this. It was also identified that the Council needed to ensure that, in reaching any decisions on any potential changes to a person's care, the likely impact on the person's wellbeing was also being fully considered.



33. The breakdown of subject/theme for the 14 upheld complaints about Adult Wellbeing and Health Services is shown in Figure 7 (below):

**Figure 7: Upheld complaints about Adult Wellbeing and Health Services**

<b>Subject / Themes of Complaint</b>	<b>Number of complaints upheld</b>
Funding / Contributions to care	4
Communication / Delays / Staff Conduct	3
Safeguarding / Service Provision	3
Decision making / Record Keeping	2
Assessment Process	1
Deprivation of Liberty Safeguards	1

34. Improvement actions have been undertaken because of the learning from these investigations, which include a new Transfer of Care Protocol, additional investment to improve the timeliness of DoLS assessments and training and awareness sessions for staff.

**Key Area 3: Children’s Social Care:**

35. Upheld investigations about Children’s Social Care Services found fault in relation to the handling of statutory complaints about Children’s Services; specifically, clarity around when complaints should progress to Stage 2 of the procedure and the use of mediation / Alternative Dispute Resolution.

36. It was also identified that social workers and team managers would benefit from training, which has now been carried out, on completing assessments for kinship carers (under Regulation 24 the Care Planning, Placement and Case Review Regulations 2010), and about the advice, support and financial resources that should be made available.

37. A delay in the Council reviewing its post-adoption support procedure was also identified by the Ombudsman, with the Council agreeing to take forward a review in response to this specific complaint.

**Financial Impact:**

38. Where fault is found during a complaint investigation, the Ombudsman can recommend a financial remedy to put the person back in the position they would have been in had the situation not happened, or to

recognise time and trouble and/or distress caused. The Council can also award a financial remedy through its own local complaint handling procedure where appropriate.

39. All financial remedies must be approved by the relevant Head of Service and, if greater than £1000, in consultation with the relevant Cabinet Member.
40. The total amount of financial redress paid for 2023/24 is set out in Figure 8 (below):

**Figure 8: Financial Redress breakdown 2023/24**

Service Area	Local remedy	LGSCO remedy	Total remedy
Adult Wellbeing and Health Partnership (AWHP)	Nil	£15,400.00	£15,400.00
Children Families and Lifelong Learning (CFLL) – Children’s social care	£26,168.16	£74,441.12	£100,609.28
Children Families and Lifelong Learning (CFLL) Education	£169,283.73	£255,918.58	£424,802.31
<b>TOTAL</b>	<b>£195,451.89</b>	<b>£345,759.70</b>	<b>£540,811.59</b>

41. Ombudsman directed financial redress totalled £345,759.70 for the year 2023/24.
42. Ombudsman directed financial redress for Adult Social Care Services totalled £15,400. This included a payment of £9,150 made due to the care provider, acting for the Council, being at fault because they charged an additional fee with no top up agreement being in place. The Council were instructed to repay the top up fee.
43. Ombudsman directed financial redress for Children’s Services and Education totalled £330,359.70. 61.4% of this amount was to reimburse for missed education provision that the Council would have needed to fund, irrespective of the complaint being made.
44. As set out in the annual complaints report considered by Audit & Governance Committee on 5 June 2024, Surrey County Council saw a significant increase in the total amount of financial redress paid in 2023/24 compared to previous years.
45. Our procedures for the payment of financial redress as part of the complaint procedure will be reviewed to ensure there is a consistent approach across the Council and appropriate central oversight in place to closely monitor financial redress payments to identify any risks and issues, so these can be addressed early.

<b>Improvement Actions</b>
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46. The Ombudsman's Annual Review Letter 2023/24 for Surrey County Council indicated that a growing number of complaints were being investigated and upheld, particularly for Education Services. Benchmarking with peers also indicates that Surrey County Council is statistically different in key areas. It is important that, as an organisation, we use this insight to identify how we can improve practice.
47. It should be noted that 71% of the complaints upheld by the Ombudsman in 2023/34 related to failings or events that happened in previous years. Therefore, it will take time (at least a year) for the impact of improvement actions outlined in this report and in Appendix 2 to be fully reflected in the Ombudsman's data. We do, however, expect to see some improvement in 2024/25 based on current data. For example, our records are showing positive signs of a decrease in the number of Ombudsman complaints so far this year, with notification of 54 to date compared to 84 for the same period in 2023/24.
48. As well as the service specific improvement actions being undertaken within the Children, Families and Lifelong Learning Directorate (as set out in Appendix 2), an operational review was undertaken in Q4 2023/24 to identify how complaints handling practice could be further improved to enhance effectiveness, quality and strategic oversight. The focus of this review was on improving our process for managing complaints. It is, however, recognised that complaints are often a symptom of failures in service delivery and that the whole organisation has a responsibility to use the learning from complaints as an opportunity to improve how services are delivered to customers.
49. This review made several recommendations for improvement in relation to complaints handling practice. These recommendations included the following actions, which are due to be completed by 31 March 2025:
- To reinstate the role of Senior Complaints Practice Lead (now in post)
  - To carry out an evaluation of SCC's existing complaints case management system (in progress)
  - To review complaints reporting (content and frequency) along with key performance indicators to ensure they are fit-for-purpose and provide the right insight (in progress – included as part of a wider review of customer experience performance reporting)
  - To design and roll out a comprehensive training programme for staff in complaint handling (in progress)

- To establish a community of practice within Customer Relations to share best practice, address performance challenges and create consistency in approach (in development)
- To set up a framework for continuous improvement to manage the learning from complaints and support ongoing service improvement (in design)

50. The Customer Transformation Programme underway in Surrey County Council to deliver better outcomes for customers by streamlining our processes, making better use of technology and making it easier for staff to deliver good services, provides an excellent opportunity to also take a cross-council approach to improving complaints performance. Therefore, over the next six to twelve months the Customer Transformation Programme will review the complaint handling process and structures within the scope of transformation.

### **Conclusions:**

51. As an organisation, we recognise the important opportunities that complaints provide for us to learn and improve. The Ombudsman notes in the annual letter that difficult financial circumstances and service demands can make continuous improvement a challenging focus for the local government sector. We remain committed to learning from complaints to improve how we deliver services for Surrey residents.
52. Complaints statistics for Surrey County Council for 2023/24 saw a decrease in performance from previous years, with a higher volume of complaints that proceeded to investigation and a higher proportion upheld by the Ombudsman. This decrease in performance was primarily driven by an increase in Ombudsman investigations into complaints about Education Services, specifically Education, Health and Care Needs Assessments and missed education provision. There is a comprehensive recovery plan underway to address the root causes of complaints in this area, as referenced in paragraph 26 with further details provided in Appendix 2.
53. In addition, improvements have been identified to further strengthen complaints handling within the authority and to build on good practice such as the quality and timeliness of complaint responses.
54. While it will take time for the impact of improvement actions to be fully reflected in the Ombudsman's data (for the reasons explained in paragraph 49), we have seen a reduction in the number of Ombudsman enquiries to Surrey County Council so far this year. This is an improved position when compared to the same period last year.
55. We will continue to analyse complaints that escalate to the LGSCO to identify any learning opportunities and will continue to regularly report

on the complaints that we receive, with a firm focus on finding swift resolutions and putting things right for Surrey residents.

#### **Financial and value for money implications:**

56. Payment of financial redress is the financial implication of complaint handling. Responding to complaints quickly and resolving concerns as early as possible ensures complaints do not escalate unnecessarily through the process and minimises the requirement to pay financial redress.

#### **Section 151 Officer Comments:**

57. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost-of-service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending to achieve a balanced budget position each year.

58. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for most of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, to ensure the stable provision of services in the medium term.

59. The learning from this Annual Review Letter will enable services to make improvements and as such the s151 Officer endorses this report.

#### **Equalities and Diversity Implications:**

60. Ensuring we maintain good complaint handling practice enables our services to be accessible to all and to ensure people are not disadvantaged in any way.

61. We will review best practice in collecting and analysing the characteristics of people using our complaints procedure to ensure we are adopting a consistent approach across the Council. This will enable us to better understand the experiences of specific groups and identify improvement opportunities to make sure our complaints processes are inclusive and accessible to all.

62. Any specific learning actions arising from the annual letter will be taken forward with Equality Impact Assessments completed as appropriate.

#### **Risk Management implications:**

63. The potential for complaints is part and parcel in undertaking any customer facing role. Typically, complaints are not included in SCC risk registers as the focus needs to be on the key risks impacting that part of the organisation. Given the disproportionately high number of complaints received in CFLL and associated redress payments a risk has been raised. Specifically, a risk in the CFLL Directorate risk register sets out the planned actions to try and reduce the underlying causes of the problems with the intention of minimising future complaints.

#### **Legal Implications:**

64. The Local Government Act 1974 established the Local Government and Social Care Ombudsman and gives the Ombudsman wide powers to investigate complaints about the actions of local government.

65. The matters in this report comply with the above legislation. This report is a noting report and there are no legal implications directly arising from the contents.

#### **Next steps:**

66. The Audit & Governance Committee to receive a mid-year complaints report covering the first 6 months of 2024/25, along with an update on improvement actions.

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**Report author:** Sarah E.M Bogunovic - Assistant Director Registrations, Coroner's Service & Customer Strategy

**Contact details:** [Sarah.Bogunovic@surreycc.gov.uk](mailto:Sarah.Bogunovic@surreycc.gov.uk)

#### **Sources/background papers:**

- [Surrey County Council's Annual complaints report 2023/24 – 5 June 2024.](#)
- [LGSCO Annual Letter 2023/24 for Surrey County Council](#)

#### **Annexes/Appendices:**

- Appendix 1 – CIPFA Benchmarking Group
  - Appendix 2 – Analysis of Children's Services & Education Complaints
-

## **Appendix 1: CIPFA Benchmarking Group**

SCC's CIPFA group contains the following authorities:

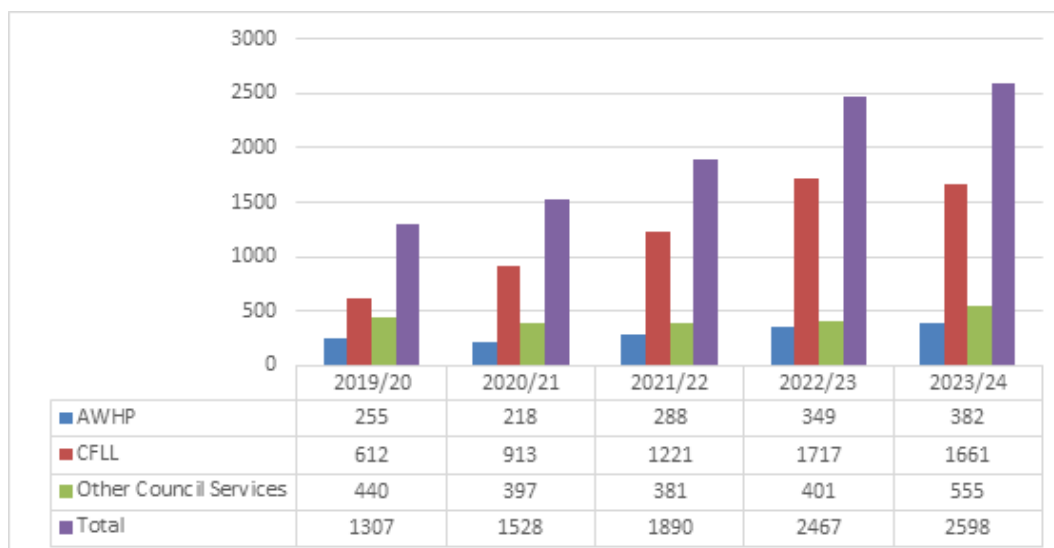
- Hampshire
- Hertfordshire
- Kent
- Leicestershire
- Devon
- Cambridgeshire
- Warwickshire
- Surrey
- Worcestershire
- Oxfordshire
- West Sussex
- Essex
- Gloucestershire
- East Sussex

## Appendix 2: Local Government and Social Care Ombudsman Decisions 2023-2024

### Analysis for Children Families and Lifelong Learning services

#### Introduction

1. In 2023-2024 CFLL services received 1,661 complaints at Stage 1, with 495 related to Children’s Social Care and 1,078 about Education services. Education-related complaints increased slightly from the previous year; however, it was a much lower increase than predicted, and showed a slowing compared to year-on-year average increase over the past four years. Overall, complaints about all CFLL services reduced for the first time in five years.



2. The Annual Complaints Report presented to Audit & Governance Committee in June 2024 provides a breakdown of complaint volumes at each stage, including Ombudsman investigations, as well as detail on financial remedies, root causes, learning from complaints and service improvements underway.

<https://mycouncil.surreycc.gov.uk/documents/s97137/Item+6+-+Annual+Complaints+Performance+Report.pdf>

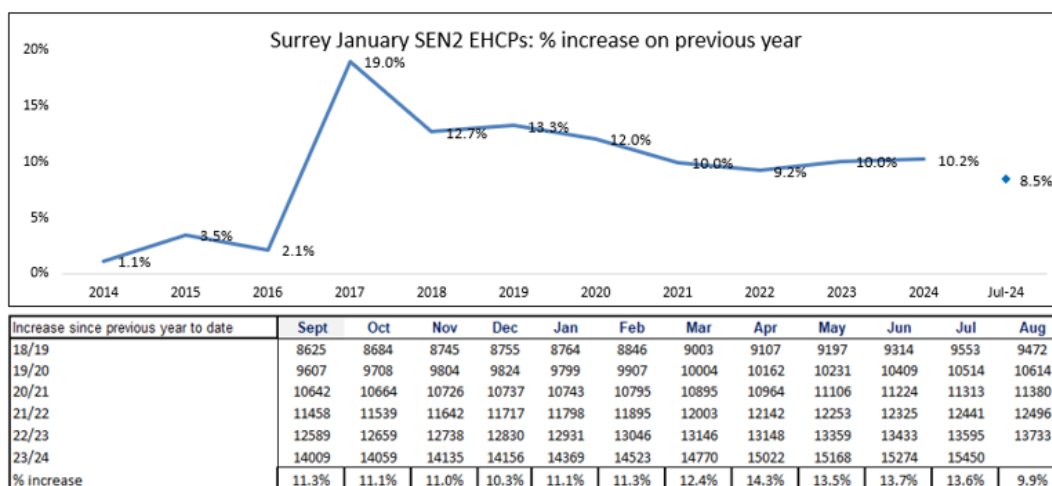


- The annual letter from the LGSCO, issued in July 2024, reports on enquiries raised with their office and on the outcome of their investigations. The accompanying statistical analysis provides an opportunity for analysis of LGSCO decisions and benchmarking our outcomes with other local 'comparator' authorities.
- During the year 2023/24 there were 116 upheld decisions relating to Education services, and a further 11 relating to Children's Social Care.

## Context

- The Children Families and Lifelong Learning directorate serves over 350,000 children and young people aged 0-24, who live, study and work in Surrey, or who are in our care, as well as to the wider population of Surrey via our Adult Learning services (source: Surrey's Children and Young People with Additional Needs and Disabilities Joint Strategic Needs Assessment 2022).
- Of the many services we deliver, one area that has experienced a significant increase in demand over the past few years is our support for children with additional needs and disabilities. 15,469 children had Education Health and Care Plans (EHCPs) on 6 August 2024 (data source: Tableau), with many more children receiving SEN Support in school and other educational settings.

Surrey EHCP based on SEN2 census



- This increase reflects a historic upward trend in requests for assessment, which for the first time has seen a reduction over the last academic year. This may be attributed to our increased focus on early

intervention and support as part of the Ofsted Improvement Plan. The table below shows the year-on-year increase in requests for EHC needs assessments (EHCNA) and the recent reduction.

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
2023-2024	176	202	265	225	268	248	338	212	299	273	346		2,852
2022-2023	182	256	300	236	302	256	392	199	327	314	356	92	3,212
2021-2022	175	180	284	244	236	241	341	238	346	314	357	115	3,071

8. Parents, carers, children and young people can contact the Council at any time. The Learners' Single Point of Access (LSPA) Contact Centre received 18,630 calls between 1 April 2023 and 31 March 2024; there are many other ways that families reach us during the year, to add to the overall number of contacts.

9. Families can also raise formal complaints through our well-advertised complaint procedures.

### Data analysis

10. We analysed data on LGSCO enquiries captured by the CFLL Customer Relations team throughout the year. The data will show minor variation compared to the LGSCO data, due to differences in recording processes, but it accurately represents weightings in performance and key themes.

11. The majority of LGSCO decisions were about SEND services. SEND-related complaints made up a higher percentage of total complaints for SCC than for other comparable local authorities, as shown in the table below.

Local Authority	Total complaints upheld	SEN complaints	Number of public reports	Satisfactory remedy decisions
Surrey	141	105* (74%)	1	4 (3%)
Kent	76	42 (55%)	1	2 (3%)
Hertfordshire	42	25 (59%)	0	3 (7%)
Hampshire	31	10 (32%)	0	1 (3%)
Oxfordshire	34	19 (55%)	0	3 (9%)
Essex	66	40 (60%)	1	3 (5%)

\*This figure was taken from an internal report, which records date received as opposed to date of decision. The LGSCO decision data is slightly higher.

12. Whilst SCC had higher numbers of LGSCO upheld complaints than our statistical neighbours, the percentage of upheld SEND complaints was slightly lower than the national average of 92% of all education cases reported by the LGSCO as upheld; they report that numbers are increasing rapidly. For the full report visit <https://www.lgo.org.uk/assets/attach/6627/Annual-Review-of-Local-Government-Complaints-2023-24.pdf>.

### Themes of investigations

13. The main complaint theme of delays in EHC Needs Assessment, as shown in the table below, is unsurprising given the well-documented national challenges in recruiting and retaining sufficient Educational Psychologists to match the increase in requests for Needs Assessments alongside staffing capacity pressures in the SEN service.

Theme of investigation	Number of complaints upheld
Delay in EHCP process	74
Periods of missed provision	26
Delay in EHCP Annual Review process	9
Delay in providing alternative provision	2
Delay in providing post-16 support	2
Delay in providing Personal Budget	2
Change of specialist placement	1
Not found*	1

\*Case details not found on LGSCO website or on SCC's internal case tracker, but included in LGSCO statistics.

14. SCC took significant action in 2023, with a £15m investment to support the EHCP Recovery Plan that is now delivering clear performance improvements in 2024-2025.

15. This has led to all outstanding Educational Psychology reports being completed from the backlog in 2023-2024, enabling the County Council to perform above national averages for timeliness of completing

EHCPs at 71% in July 2024. We have already seen a reduction in Stage 1 complaints about delays in needs assessments as a result and this is likely to lead to fewer escalations to Stage 2 and to the LGSCO moving forward.

16. It should be noted however, that current LGSCO investigations often relate to experiences from at least six months, and often more than a year prior, so it is likely the number of upheld LGSCO investigations on this theme will continue at a higher level for the next twelve to eighteen months before beginning to reflect the current recovery work.
17. The second key area of complaints relate to children enrolled at school but not attending. In many cases schools make alternative provision available to support their access to education. There are also cases where parents and carers believe that Surrey Council should commission services to support their child who is not attending school. The responsibility to provide a suitable education is set out in Section 19 of the Education Act 1996.
18. In 2023 the services reviewed 139 complaints about missed education as defined by our Section 19 duties. The review was designed to understand operational practice and to identify gaps in knowledge. Following the review, Surrey Council established a small Section 19 working group to oversee an action plan that addressed the operational and policy issues needed to ensure we are able to meet our duties. The actions included a policy review, and delivery of training across all services. The reasons that children are not in school are complex and often the children involved have several vulnerabilities.
19. It is also worth noting that delays in the Annual Review process have become a recurring theme in complaints in the first months of 2024-2025. Complaints centre around incomplete annual reviews where annual review meetings have taken place in schools but the final action to complete the process by issuing a 'no change' letter or updating an EHCP has not been completed. There is a recovery team in place to address this and as a result there has been an increase in the completion of the annual review process from 25% in July 2023 to 55% in June 2024 with over 3,700 reviews having been finalised through

this work. The target is to complete 75% of all outstanding annual review actions by December 2024 which should have a significant impact upon complaints and Ombudsman actions.

### **Factors affecting volumes and escalation rates**

20. The benchmarking exercise (para. 12) has shown SCC to be an outlier among its comparator local authorities, for complaints about SEND services.
21. There are two metrics to address when analysing these figures, one being the overall volume of contacts, in particular complaints at Stage 1, and the other being the percentage of complaints escalating from Stage 1 to Stage 2, and from Stage 2 to the Ombudsman.
22. A high volume of complaints and enquiries can be expected in Surrey, owing to a range of factors including:
  - The number of children with an EHCP has been increasing year on year, with demand outstripping our ability to perform well for a period.
  - Insufficient places to meet demand.
  - Lack of inclusive culture in some schools and early support, resulting in alternative places being sought for children and young people.
  - Well-publicised complaints procedures and active parent and carer forums.
23. The delays in completing EHCNAs and issuing plans has been well documented. This resulted in a significant increase in complaints about this topic from the beginning of the 2023 calendar year.
24. The second key metric is the percentage of complaints escalating through the complaint procedure. The 37% in Education services for 2023-2024 is significantly above the suggested 10-18% target range.

25. Factors affecting escalation include:

- Timeliness of responses at Stage 1.
- Quality of response, particularly all questions being fully answered, and actions set out clearly.
- Agreed actions are completed within the promised timeframe.
- Appropriate remedies being put in place if the complaint is upheld.

### **Summary of improvement work underway**

#### **Data and reporting consistency:**

26. The current case management system for complaints does not provide the level or consistency of data needed to generate actionable insights at a service level. The reporting process is complex and disconnected, which creates the risks of inconsistency and misinterpretation of data and challenges in effectively learning from complaints to improve practice. We are escalating the changes needed from the current provider, and renewing the contract in the short-term, while working with IT&D colleagues to design and procure a better system in the medium-term.

27. Within the confines of the current system, we have worked with colleagues in Business Intelligence and IT&D to automate our reporting for consistency and efficiency, as well as creating a Tableau dashboard for real-time data and accessibility for all services.

28. These improvements have enabled CFLL to start a new reporting timetable in September 2024, enabling quicker response and intervention; and including:

- a weekly update for operational service teams on active complaints and time taken to complete complaints closed in the preceding seven days
- a monthly update to leadership team on key complaint volumes, timeliness and escalation rates, with breakdown by services and graphs showing year-to-date

- a quarterly learning from complaints report, including attendance at Practice Leadership team in Children's Social Care, and presenting insights at the Additional Needs & Disabilities Partnership Board.

### **Service delivery:**

29. The EHCP Recovery Plan has been referenced above and is a major programme of work focused on improving quality and timeliness of service delivery, which should in time lead to reduced volumes of complaints about these themes.
30. Implementation of the Local Area SEND Improvement Plan began following the Ofsted and Care Quality Commission (CQC) inspection in September 2023, with six delivery groups, including early intervention and better signposting and support for families, to ensure the right support at the right time, as well as improved service delivery and experiences for those who do apply for and receive an EHCP.
31. In recognition of the significant feedback through complaints and other contacts regarding communication and information access, one of these delivery groups is focused solely on Relationships, Communication and Collaboration. The CFLL Customer Relations team inputs to this group on a regular basis, providing insights from complaint volumes, themes and individual case work to ensure we are providing the right information at the right time, managing expectations, resolving concerns as soon as possible and improving our communication style where needed.

### **Quality and timeliness of complaint responses:**

32. Following additional resourcing within the team, the CFLL Customer Relations team has also recently reintroduced a quality assurance check for all enquiries and complaints, to address issues mentioned in para.24, using a framework that covers both content and style. This will be fully in place in September 2024.

33. Across Inclusion & Additional Needs services, the introduction of temporary area complaint leads has also enabled better oversight and coordination of responses, leading to a notable reduction in response time over the first few months of this current financial year and some improvement in quality. A permanent solution will be agreed with service leads in Autumn 2024.

**Quadrant-based analysis:**

34. The four geographic areas of Surrey each experience slightly different levels of demand and are currently served by four different Inclusion & Additional Needs services. Some analysis of 2023-24 data, including demand volumes, complaint escalation volumes and financial remedy amounts has already been completed. This will be discussed with Assistant Directors responsible for each of the four quadrant areas to consider any shared learning and further changes to procedure or practice that could be made.



Audit & Governance Committee  
11 September 2024

**Audit and Governance Committee - Annual Report 2023/24**

**Purpose of the report:**

For the Committee to review and comment on its Annual Report.

**Recommendations:**

It is recommended that:

The Committee reviews and comments on the Annual Report 2023/24, commending it to October's Council meeting.

**Introduction:**

1. The Audit and Governance Committee was established to monitor, review and report on the governance arrangements of the County Council.
2. Undertaking oversight of the management of the internal control systems is fundamental, the Committee provides a high-level and independent focus on financial accounts, and audit and governance matters including the Member Code of Conduct. The Committee's activities are in line with the core functions of the Committee's Terms of Reference: Regulatory Framework, Audit Activity, Accounts, Ethical Standards.

**Detail:**

3. CIPFA (the Chartered Institute of Public Finance and Accountancy) recommends that audit committees produce a publicly available annual report, which provides assurance to those charged with governance on how the committee demonstrates impact and fulfils its purpose.
4. The attached Annual Report (Annex A) covers the work of the Audit and Governance Committee during the period May 2023 to May 2024. It provides a summary of work and engagement undertaken by the Committee.

### **Conclusions:**

5. The Annual Report provides assurance that the Committee is undertaking its role effectively to ensure that the Council's governance, risk management, internal controls and financial reporting are effective.

### **Financial and value for money implications:**

6. Internal training is delivered by the Council's officers. Regarding external courses and conferences, there is a budget set aside for training and development for Members. Information on entitlement to Travelling and Subsistence Allowances, is contained in the Members' Allowances Scheme.

### **Equalities and Diversity Implications:**

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

### **Risk Management Implications:**

8. There are no direct risk management implications of this report.

### **Legal Implications – Monitoring Officer:**

9. There are no direct legal implications of this report.

### **Next steps:**

10. The Annual Report will be presented to October's Council meeting for noting.
11. The Committee will continue to undertake its assurance role and help the Council with its oversight and governance responsibilities by commending effective processes and procedures and providing challenge to ineffective ones and making recommendations for improvement.

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### **Sources/background papers:**

- Audit committees: practical guidance for local authorities and police publication, CIPFA, 2022
- Audit and Governance Committee agendas and minutes: [Browse meetings - Audit and Governance Committee - Surrey County Council \(surreycc.gov.uk\)](#)

- Council Budget meeting, 8 February 2022: [Appointment of Independent Member to the Audit and Governance Committee](#)
- Council AGM, 21 May 2024: [Appointment of Independent Member to the Audit and Governance Committee](#)
- Council's Constitution
- Members' Allowances Scheme

**Annexes/Appendices:**

- Annex A - A&G Committee - Annual Report 2023/24
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## Audit and Governance Committee - Annual Report 2023/24

### Introduction

I am pleased to present the Committee's Annual Report. The Committee is accountable to the Council and welcomes the scrutiny of its effectiveness in fulfilling its terms of reference and its impact on the improvement of governance, risk and control within the authority.



This report covers the work of the Audit and Governance Committee during the period **May 2023 - May 2024**. In addition to outlining the role and purpose of the Committee and presenting a summary of work undertaken, the report includes details of Committee membership and attendance, training, officer support to the Committee and how the Committee has engaged with others. For a deeper dive into the Committee's effectiveness, a report conducting such a review is scheduled later in the year.

I would like to thank officers and Committee members who have supported the work and achievements of the Committee.

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**Victor Lewanski**  
**Chairman**  
**Audit and Governance Committee**

### Contents

- Role and purpose
- Meetings
- Work undertaken
- Membership
- Attendance
- Training
- Looking forward

## Role and purpose

CIPFA (the Chartered Institute of Public Finance and Accountancy) defines the purpose of an audit committee as:

*“to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.”*<sup>1</sup>

Therefore, the Committee is primarily concerned with assuring itself, and advising the Cabinet and County Council as necessary, that the Council’s policies are being implemented and that appropriate systems are in place which provide adequate controls over the Council’s resources and assets to prevent the risk of loss through fraud and corruption. It is not the role of the Committee to be responsible for the arrangements.

An audit committee should be independent of the Cabinet and Scrutiny functions of the authority, have clear reporting lines and rights of access to other committees (primarily the Cabinet and County Council), and its members should be properly trained to fulfil the role.

The purpose of the Committee is stated in the Council’s Constitution:

*“The Council recognises the importance of undertaking scrutiny of the management of the internal control systems and the Audit and Governance Committee provides an independent and high-level focus on audit, governance and financial accounts matters.”*<sup>2</sup>

## Meetings

The Committee meets six times a year in person at Woodhatch Place, Reigate and met on the following occasions for the reporting year 2023-2024:

- [5 Jun 2023 2.00 pm](#) - Agenda, Minutes
- [12 Jul 2023 10.00 am](#) - Agenda, Minutes
- [13 Sep 2023 10.00 am](#) - Agenda, Minutes
- [22 Nov 2023 10.00 am](#) - Agenda, Minutes
- [17 Jan 2024 10.00 am](#) - Agenda, Minutes
- [13 Mar 2024 10.00 am](#) - Agenda, Minutes

The administration of the Committee is supported by a Committee Manager in Democratic Services. Officers (report authors) provide expertise in relation to: finance - accounts and treasury management, internal audit, external audit, corporate governance, legal compliance, risk, and complaints.

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<sup>1</sup> CIPFA’s Position Statement 2022: Audit committees in local authorities and police

<sup>2</sup> Surrey County Council Constitution: Part 3 Scheme of Delegation, 6.8

## **Work undertaken**

The Committee's Terms of Reference is included in the Council's [Constitution](#), see Part 3, Section 1, paragraph 6.7. The [Work Plan](#) details upcoming agenda items in line with its core and wider functions, it is flexible as items can be added at the request of the Committee and officers in consultation with the Chairman to ensure it remains current. The [Recommendations Tracker](#) outlines the actions raised at Committee meetings which is reviewed at every meeting of the Committee.

### ***Regulatory Framework***

- Received six-monthly updates on Risk Management at its September and March meetings. It reviewed the Corporate Risk Heat Map, querying the risk ratings, additions and deletions.
- Approved the updated Risk Management Strategy querying the length of time items were on the risk registers for and mitigations in place for risks materialising, in line with the agreed approval route recommended by the Constitution Review Group. It performed its function of monitoring the effective development and operation of the risk management and corporate governance arrangements of the Council, reviews the strategy annually.
- Reviewed the Counter Fraud Annual Report and work of the Counter Fraud team in countering and raising awareness of fraud risk. Sought follow up information on whether a check had been undertaken across all schools in Surrey to make sure that all the business managers were on the right salary level; and requested that next year's annual report includes a National Fraud Initiative (NFI) results section summarising the major areas identified in the cases.
- Reviewed the contents of the draft Annual Governance Statement (AGS), was satisfied that the Council's governance arrangements were regarded as fit for purpose and were in accordance with the governance framework. Received a half year update report on the AGS outlining the progress on the improvement areas identified, requesting an update on the improvement of health integration.
- Following the update received in June 2022 from the Corporate Strategy and Policy team, it requested a follow up report in July 2023 on: Update on the Surrey Forum and the Four Associated Strategic Partnership Boards, to understand their governance role. It requested greater transparency through the publication of the minutes, agendas and membership lists.

### ***Audit Activity***

- Considered the Internal Audit Annual Report and Opinion, noting the work undertaken and the performance of Internal Audit. It queried what improvements had been made regarding the Pension Administration audit, accessing additional audits undertaken, definitions of the audit opinions, when follow-up audits would commence on those ranked Partial Assurance, and requested a staffing update. It determined that there were no matters that the Committee wished to consider for inclusion in the Council's AGS; and considered that the Council's arrangements for internal audit had proved effective during the year.

- Approved the Internal Audit Strategy, Internal Audit and Corporate Fraud Plan, and Internal Audit Charter. It sought an update on staffing, whether there had been many identified cases from the NFI, Blue Badge fraud activity, and the resources allocated to counter fraud.
- Considered the quarterly Internal Audit reports. It requested that the suggestion be considered around individual services and teams responsible for completing the medium and low priority actions report back to Internal Audit on their completion. It requested a response on the Council's provision made several years ago in its accounts around equal pay claims, Internal Audit's methodology regarding school audits, rewording future reports 'encouraged' to 'required' regarding school staff declaring any relevant interests, confirmation whether the Council's Officer Code of Conduct applied to school staff, and sought written responses to the questions asked concerning the Surrey Fire and Rescue Service Customer Relationship Management (CRM) System and Adult Social Care (ASC) Data Handling audit.
- Requested a progress update on the Internal Audit follow-up audit on Home to School Transport (H2STA), inviting the service manager to answer questions on the report. It queried how many children and young people who applied for transport by 31 July that did not have transport confirmed by two weeks before the start of term, requested information regarding data quality issues around two sets of addresses, addressing a Committee member's concerns regarding H2STA, where the barriers are around the provision of specialist vehicles and training of specialist drivers, sought further detail on the H2STA team not knowing which school children would be starting at until they made an H2STA application, and requested a breakdown of costs between special needs and general provision, and pressures.
- Raised concerns on the transition from SAP to Unit4/MySurrey, requested a report from the Resources and Performance Select Committee's Digital Business & Insights Task and Finish Group, for it to review alongside the later report from Internal Audit; ensuring that the Committee member gets an up-to-date response as to how all the complaints around late payments concerning the new system were being progressed. A Committee member is the Chairman of that Group and provided updates on the progress made in producing the report.
- Approved Grant Thornton's External Audit Plan, and it requested that the External Audit Update Report includes a separate report on the Value for Money (VfM) arrangements, and to confirm whether Public Sector Audit Appointments has approved the proposed audit fee.
- Approved the Surrey Pension Fund External Audit Plan, querying whether the £20,000 fee for 'IAS19 Assurance letters to scheduled and admitted bodies' was a new requirement, and whether the IT audit strategy took into account the Council's transition from SAP to Unit 4.
- Noted the External Audit Update Report, welcomed the progress made and asked whether there were any major areas that still required auditing that might cause a delay.
- Noted the External Auditor's Annual Report and considered the improvement recommendations outlined by Grant Thornton. It queried how Surrey compared to other authorities, the external auditors noted that Surrey's position was strong, towards the top of the group compared

to other counties in the area. It noted the difficulty of achieving a Green rating for financial sustainability.

- Considered the contents of the Audit Reports for the Council's subsidiaries, receiving the Financial Statements for each company as background information. It welcomed that there were no material misstatements and queried the companies' differing external auditors.

### **Accounts**

- Considered the draft Statement of Accounts for the Council and Surrey Pension Fund (2022/23). It requested that a note be included in the final version explaining that the schools grant is included in the Council's gross expenditure of just over £2 billion, that the draft accounts on the Council's website would be updated to include the final draft Annual Governance Statement, and that Committee members feedback any queries on the Narrative Report in the accounts. It sought an update on the Surrey Pension Fund 2022 triennial valuation, and the work to improve financial resilience regarding the Council's reserve position.
- Noted the final audited and signed Statement of Accounts 2021/22 which the Committee had received earlier in the year, reasons for the delay were highlighted. Lessons learned by the Council and Grant Thornton would be incorporated for the 2022/23 audit and onwards.
- Noted the contents of the Audit Findings Report (AFR) and approved the 2022/23 Statement of Accounts for publication on the council's website. Concerning the IT system, it queried whether Grant Thornton had discovered cases where someone had breached the segregation of duties or had user access when they should not have, queried the lateness of the report and reasons for the delays and timetable, queried the fee, and requested an audit plan from the new external auditors (Ernst & Young) before the end of the financial year.
- Noted the content of the Treasury Management Outturn Report and compliance with all Prudential Indicators. It queried how internal borrowing was managed, and whether the Minimum Revenue Provision (MRP) was a prescribed amount or a value judgement.
- Noted the content of the Treasury Management Mid-Year Report. It asked for detail on the Council's management of the Police and Crime Commissioner for Surrey's (PCC) funds, and whether the Council reviewed its investment returns via benchmarking.
- Approved the Treasury Management Strategy Statement including the Prudential Indicators. It requested an update on where the work on Environmental Sustainability is shared regarding the reporting of carbon impacts of the Capital Programme, for the figures in Table 7 concerning Commercial Investments: Property to be reviewed around the expected gain for Retail, and for the numbering and lettering of the various annexes to be reviewed to ensure clarity going forwards.

### **Ethical Standards**

- Noted the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct, including Registration of Interests and Gifts and Hospitality, and complaints made in relation to Member conduct;



and noted the further training and development planned for the coming year. It requested that it receives the report on gifts and hospitality, interests and whistleblowing at a senior officer level alongside the annual report on Members. It agreed that it would be disproportionate to ask all Members to submit a nil return regarding the gifts and hospitality register.

- The Council's Constitution was last reviewed in 2017, a cross-party, Constitution Review Group (CRG) was set up at the end of 2022 and considered several issues which had been raised with Democratic Services in recent years by Members and officers. The Committee received the Constitution Review 2023 report where Committee members were supportive of the changes to the Standing Orders, welcoming the delegation of approval of the Risk Management Strategy to the Committee; leading to better governance. It did not think there was anything that would compromise governance or audit.
- Reviewed the contents of the Annual Whistleblowing report to satisfy itself that the governance arrangements were operating effectively. Made the following recommendations for improvement: That existing employees alongside new employees would be asked to sign the Code of Conduct too. That the headcount figures regarding the whistleblowing cases be updated to include other employees such as those in schools and contractors. It requested that the two recommendations for improvement be incorporated into next year's annual report, and next year's annual report to include the comparison of how other councils track their grievances and whistleblower cases.
- Received the Behaviour and Cultural Governance - Update on Action Plan, reviewing actions taken by officers in response to the Centre for Governance and Scrutiny report and made no recommendations; it was satisfied by the progress underway.
- Noted the recruitment process being undertaken regarding the Independent Member (IM) and following an interview process, recommended the preferred candidate to County Council to be appointed. The appointed IM had a suitable breadth of experience and knowledge needed to fulfil the role.
- Noted the Annual Complaints Performance Report. It made comments and suggestions to be actioned a) - i), for example a) comparative complaints figures with other local authorities; refer to the tracker action A7/23 for updates.
- Noted the LGSCO Annual Letter and Complaints Handling Update. It made two additional recommendations: All Members would be provided with the information set out in paragraph 11 of the report regarding the notification of LGSCO cases and decisions, to show the improvements made and to extend communication and transparency. The risks regarding the complaints process would be considered in line with the council's Risk Management Strategy to actively manage those risks going forward. It made eight actions for improvement.
- Noted the 6 Month Complaints Performance Update Report. It requested an update on the head count of how many FTE staff are in the team (across the three services) compared to last year. Several queries were

made such as around financial remedies, resourcing, development of a recovery plan, and the revised approach.

## Membership

The Committee is composed of six elected Members plus one Independent Member. The membership provides knowledge and expertise, promoting good governance principles and challenge. Committee members have received training to fulfil their role, to provide an objective and independent approach. The membership is politically proportionate and operates in an apolitical manner. The Chairman directs the Committee's work and to help maintain the Committee's independence, he is not a member on any of the Council's scrutiny committees nor is he a member of the Cabinet.

Further details about Members can be found on the [Your Councillors](#) webpage.

- **Victor Lewanski (Chairman)** - Conservative Group.
- **Richard Tear (Vice-Chairman)** - Conservative Group.
- **Ayesha Azad** - Conservative Group.
- **Helyn Clack** - Conservative Group.
- **Steven McCormick** - Residents' Association & Independent Group, replaced Joanne Sexton.
- **Stephen Cooksey** - Liberal Democrats Group.
- **Matthew Woods** - non-voting co-opted Independent Member, replaced Terry Price.

## Attendance

Attendance at Committee meetings:

Member	Total expected attendances	Total attendances
Victor Lewanski	6	5
Richard Tear	6	6
Ayesha Azad	6	4
Helyn Clack	6	5
Joanne Sexton	4	2
Steven McCormick	2	2
Stephen Cooksey	6	5
Terry Price	6	5
Matthew Woods	N/A	N/A

## Training

The Committee received training covering the following topics (including any new members):

- Introduction to the Committee's purpose and Terms of Reference
- Treasury Management
- Risk Management
- Governance: Code of Corporate Governance, the Annual Governance Statement and the Members' Code of Conduct
- Internal Audit and Counter Fraud

For 2023/24 the Committee also received the following training sessions on:

- Internal Audit Plan
- Treasury Management: a joint training session with the Resources and Performance Select Committee
- Statement of Accounts - Local Government Finance

All Committee members have access to external training and webinars, using resources from organisations such as CIPFA and the Local Government Association.

## Looking forward

Throughout 2024/25, the Committee will continue to undertake its assurance role and help the Council with its oversight and governance responsibilities by commending effective processes and procedures and providing challenge to ineffective ones and making recommendations for improvement.

Reports will cover the key areas: Risk Management, Internal Audit Progress Reports and Strategy and Annual Plan, updates on complaints: performance, handling, and the complaints task and finish group, Annual Governance Statement - half year update, Statement of Accounts 2023/24 and accounts of the Council's subsidiaries, External Audit update report and Annual Report, Treasury Management mid-year report and Strategy Statement, Ethical Standards Annual Review.

Reintroduced to the Committee will be its evaluation of its impact and effectiveness in line with CIPFA's guidance on best practice, is to be reported in the Audit & Governance Committee Effectiveness Review 2024.

The Chair will work closely with the Select Committees on matters of common interest to secure good governance, exploring areas of concern collaboratively. For example, the Committee's Chairman to explore with the Chair of the CFLLC Select Committee a joint informal session on Special Educational Needs and Disabilities (SEND) and the Safety Valve Agreement to try and avoid duplication and have a joint approach.

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Audit & Governance Committee  
11 September 2024

**Amended Arrangements for Dealing with Allegations of Breaches of the Member Code of Conduct and Appointment of Independent Persons**

**Purpose of the report:**

The Surrey County Council Arrangements for Dealing with Allegations of Breaches of the Member Code of Conduct form part of the Council's Constitution. The Interim Monitoring Officer has reviewed the arrangements and identified a number of areas in which these could be further strengthened.

The arrangements also make provision for the appointment by Council of at least one Independent Person, whose views must be sought by the Council before it takes a decision on any allegation which it has decided should be investigated.

The current Independent Persons have notified the Interim Monitoring Officer that they will be stepping down at the end of their term in December 2024. This report sets out the process for recruitment for two new Independent Persons.

**Recommendations:**

That the Audit and Governance Committee:

1. Notes the new Code of Conduct for Councillors complaint form that has been implemented (Appendix A).
2. Agrees the proposed amendments to the Arrangements for Dealing with Allegations of Breaches of the Member Code of Conduct (Part 6(02) of the Constitution) set out in Appendix B to this report and recommends them to the County Council for approval.
3. Approves the updated Independent Person Role Profile set out in Appendix C to this report.
4. Notes the proposed recruitment process being undertaken.

5. Following an interview process, recommends the preferred candidates to the 10 December County Council meeting to be appointed as Independent Persons.
6. Agrees that the newly appointed Independent Persons be invited to attend meetings of the Audit & Governance Committee in an advisory capacity in relation to Member Conduct matters only.

#### **Introduction:**

1. The process for submitting a complaint regarding the behaviour of a Councillor has been reviewed and streamlined to assist with the assessment of whether a breach of the Member Code of Conduct has been made. As a result of this the arrangements for dealing with breaches of the Code of Conduct have been updated.
2. In 2020, the Council appointed two Independent Persons (Akbar Khan and Philippa Harding) for a period of four years, following the recommendation of the Committee for Standards in Public Life and the Member Code of Conduct Working Group.
3. Both Independent Persons have notified that they will be standing down at the end of their four year term in December 2024, and it is therefore necessary to begin a recruitment process for their successors. The Council would like to thank them for their service over the four year term.

#### **Amended Arrangements for dealing with breaches of the Member Code of Conduct:**

4. The arrangements for dealing with breaches of the Member Code of Conduct (the Code) have been reviewed and the Monitoring Officer has introduced a form that helps complainants focus their complaint and identify where they believe a breach of the Code has occurred.
5. The form has been made available on the Council's website and can also be found as **Appendix A**.
6. As a result of the introduction of the form, the arrangements for dealing with breaches of the Member Code of Conduct have been updated to reflect this change in the process. Further updates include clarifying that complaints will only be considered if they are submitted within 30 days of the alleged incident. The updated arrangements can be found as **Appendix B**.

#### **Updated Independent Person Role Profile:**

7. An updated role profile is attached as **Appendix C**. This has been benchmarked against the role profile of other local authorities to ensure that it is robust and fit for purpose.
8. It is also proposed that the Independent Persons be invited to attend meetings of the Audit & Governance Committee in an advisory capacity in relation to ethical standards matters.

### **Proposed Recruitment Process:**

9. The proposal is for an advertisement placed on Surrey County Council's website and all the usual recruitment websites used by the Council: Guardian Jobs, Surreyjobs, JobsGoPublic, Indeed, Find a Job (GOV) and LinkedIn.
10. Applicants will be asked to send a covering statement to express their interest and explain how they meet the desired requirements set out in the role profile, together with a CV before the closing date.
11. A cross-party recruitment panel will be convened to interview suitable candidates, consisting of the following Members drawn from the Member Conduct Panel and nominated by their respective Group Leaders:  
  
Amanda Boote (Residents Associations/Independent Group)  
Helyn Clack (Conservative Group)  
John Robini (Liberal Democrat Group)
12. Following the interview process, members of the Audit and Governance Committee will be updated, and a recommendation to appoint the successful candidates will be submitted to County Council for approval on 10 December 2024.

### **Financial and value for money Implications:**

13. The Independent Persons will receive an annual allowance of £1,000, which will be covered from the existing budget.

### **Legal Implications - Monitoring Officer:**

14. The report complies with the statutory duty for the Council under the Localism Act 2011 to promote and maintain high standards of conduct by members and co-opted members of the authority and in discharging this duty, the Council must adopt a code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity.
15. The Council must also have in place arrangements under which allegations of breaches of the Code can be investigated, and under which decisions on allegations can be made.
16. These arrangements must include provision for the appointment by the Council of at least one independent person— (a) whose views are to be sought, and taken into account, by the authority before it makes its decision on an allegation that it has decided to investigate, and (b) whose views may be sought— (i) by the authority in relation to an allegation in circumstances not within paragraph (a), (ii) by a member, or co-opted member, of the authority if that person's behaviour is the subject of an allegation.

17. For these purposes a person is not independent if the person is a Member, coopted Member or officer of the authority or a relative, or close friend, of a person who is a Member, co-opted Member or officer of the authority.

**Risk Management Implications:**

18. Appointing two Independent Persons to assist the Monitoring Officer when considering whether alleged breaches of the Member Code of Conduct had taken place has the advantage of widening the scope of expertise and experience available. It is in line with the best practice recommendations of the Committee for Standards in Public Life, and also provides an opportunity for the community to play an enhanced role in the governance of the Council.

**Next steps:**

19. The Constitutional amendments will be recommended for approval by the County Council on 8 October 2024.

20. Following the interview process, the successful applicants will be recommended for appointment by the County Council on 10 December 2024.

21. The newly appointed Independent Persons will be invited to attend future meetings of the Audit & Governance Committee in an advisory capacity in relation to Member Conduct matters only.

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**Sources/background papers:**

Constitution of the Council

**Annexes/Appendices:**

Appendix A - Surrey Code of Conduct for Councillors complaint form

Appendix B - Amended Part 6(02) of the Constitution (Arrangements for Dealing with Allegations of Breaches of the Member Code of Conduct)

Appendix C - Amended Independent Person Role Profile

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## SURREY COUNTY COUNCIL

### CODE OF CONDUCT FOR COUNCILLORS COMPLAINT FORM

This form is for making a formal complaint that a Surrey County Councillor has broken the **Code of Conduct for Members ('the Code')**.

Before completing this form please note the following:

- the **Code** only applies to Councillors of Surrey County Council when they are acting as a councillor – other complaints cannot be investigated.
- we can only consider a complaint about a breach of the **Code**. The Code is [part 6 – Codes and Protocols](#) of the Surrey County Council Constitution. This means
  - We cannot consider complaints which are just about other parts of the constitution.
  - We cannot consider complaints which are just about the 'principles' in the appendix to the Code.
- not all complaints are investigated, even if they allege a breach of the code. For example, we do not investigate minor complaints or ones which are more accurately described as a complaint about the council rather than the conduct of a Councillor.
- District / Borough and Parish Councils have their own code, so if the member is acting as a district councillor or is not a county councillor send details of your complaint to the district council's monitoring officer.
- If you are not sure whether or not to complain then you are welcome to complain anyway or please email the address below for advice.

Please read the [Code](#) and the [Council's Arrangements for dealing with Member Conduct](#) for dealing with alleged breaches of the Code before filling in this form and fill in all the details, as an incomplete form may not be accepted or may be returned to you. If you do not have a copy you can get them from the Council's website ([Surrey County Council \(surreycc.gov.uk\)](#)) or from the address below.

Once completed the form can be returned to:

Email: [monitoringofficer@surreycc.gov.uk](mailto:monitoringofficer@surreycc.gov.uk)

#### 1. YOUR DETAILS

<b>Title:</b>	
<b>First Name:</b>	
<b>Last name:</b>	
<b>Address:</b>	
<b>Daytime telephone:</b>	

<b>Mobile telephone:</b>	
<b>Email address:</b>	

Please indicate which category best describes you:

- An elected or co-opted member of an authority
- Member of Parliament
- Local authority monitoring officer
- Other council officer or authority employee
- Member of the public
- Other (please state) \_\_\_\_\_

## 2. WHO YOUR COMPLAINT IS ABOUT

Please provide us with the name of the member(s) (ie Councillors) you believe have breached the Code of Conduct for Members.

Title	First name	Last name

Please explain in the box below (or on separate sheets) what the member has done that you believe breaches the **Code**. It is important that you identify which part(s) of the Code you believe have been breached and how it is that you think that their behaviour breaches the **Code**. Please note, we can only investigate complaints alleging a breach of the **Code of Conduct**. If your complaint relates to something else then please contact the monitoring officer for advice.

If you are complaining about more than one member you must explain what each individual person has done.

It is important that you provide all the information you think the Monitoring Officer should consider when they are deciding whether to take any action on your complaint. For example:

- You should be specific about exactly what you are alleging the member said or did. For instance, instead of writing that the member 'insulted you', you should state what they said and when they said it.
- You should provide the details of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.
- Any relevant documents should be sent with the complaint.

Please state which paragraph(s) of the **Code** you think have been breached (the Code of Conduct is set out in Part 6 – Codes and Protocol Member Code of Conduct County Council constitution).

Please provide us with the details of your complaint. Continue on a separate sheet if there is not enough space on this form. If you have supporting evidence (eg emails or other documents) please submit the evidence with the form.

### 3. REQUEST TO KEEP IDENTITY CONFIDENTIAL

**(Only complete this section if you are asking us not to tell people that you have made a complaint)**

In the interests of fairness, we normally tell Members who are subject the complaint, the name of the person who has made the complaint. Most complainants are happy with this.

In exceptional cases we may consider withholding your name. We are unlikely to agree to withhold your identity or the details of your complaint unless you have good reason to believe that for example you may be subject to victimisation or harassment.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The monitoring officer will consider the request alongside your complaint. We will then contact you with the decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint. Please note the decision of the monitoring officer is final.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

#### Additional Help

If you require additional help, in line with the requirements of the Equality Act 2010, we will make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint.

If you need any support in completing this form, please let us know as soon as possible.

#### Using your information

We will use the information you give us to deal with your complaint and to promote high standards of conduct within Surrey County Council. Information you give us may be passed where necessary to the Member concerned, any investigator, the Audit and Governance Committee, any independent person we use to advise us about standards issue and any witnesses

Please 'sign' this box to confirm that you wish to make a complaint about the Councillor(s) named on this form, that you understand how we will use your information  
**Signed:** (you can sign by typing your name here or by printing)

**Date:**

### **What Happens Next?**

1. We will acknowledge receipt of your complaint, normally within 5 working days of receipt.
2. The Monitoring Officer will assess your complaint and decide whether a formal investigation should take place.

**PLEASE MARK ALL CORRESPONDENCE 'PRIVATE AND CONFIDENTIAL'**

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## ARRANGEMENTS FOR DEALING WITH ALLEGATIONS OF BREACHES OF THE MEMBER CODE OF CONDUCT

### 1 Context

- 1.1 Surrey County Council is committed to promoting and maintaining high standards of conduct amongst its 81 elected Councillors, known as Members, and has adopted a Member Code of Conduct setting out the conduct it expects of its Members and co-opted Members as they carry out that role.
- 1.2 These are the Council's arrangements for dealing with any complaint it receives alleging that an elected or co-opted Member of Surrey County Council has failed to comply with its Member Code of Conduct. These arrangements will form the basis for investigating and deciding any such complaints.
- 1.3 The Council will appoint at least one Independent Person, whose views must be sought by the Council before it takes a decision on any allegation which it has decided should be investigated. The Council may also seek the view of the Independent Person at any other stage it chooses and a Member against whom an allegation as been made can also consult the Independent Person.

### 2 The Code of Conduct

- 2.1 A copy of the Council's Member Code of Conduct is set out in the Constitution, which is available for inspection on the Council's website and upon request from Democratic Services.
- 2.2 The Member Code of Conduct applies to Members when they go about the work of the Council or their role as a Member. The Council will not investigate complaints relating to a Member's private life.

### 3 Making a complaint

- 3.1 Anyone wishing to make a complaint about the behaviour of a Surrey County Councillor ("Member"), should **complete the online form that can be accessed on the council's website ([County councillor complaints - Surrey County Council \(surreycc.gov.uk\)](https://www.surreycc.gov.uk) or by email to [monitoringofficer@surreycc.gov.uk](mailto:monitoringofficer@surreycc.gov.uk)** write or email to—

The Monitoring Officer  
Surrey County Council  
Woodhatch Place

11 ~~Cockshot Hill~~  
Reigate  
Surrey  
RH2 8EF  
Or email [monitoringofficer@surreycc.gov.uk](mailto:monitoringofficer@surreycc.gov.uk)

- 3.2 The Monitoring Officer is the member of the Council's staff who has statutory responsibility for maintaining the Register of Members' Interests and who is responsible for administering the system in respect of complaints of Member misconduct.
- 3.3 Only ~~written~~ **submitted** complaints **that meet the threshold** will be investigated and the Council will require a name and a contact address or email address to acknowledge receipt of the complaint and keep the complainant informed of its progress. The Council does not normally investigate anonymous complaints, unless there is a clear public interest in doing so. The Monitoring Officer will disclose the name of the complainant to the Member unless specifically asked to withhold it. Only in very exceptional cases will the Council be able to progress a complaint to an investigation without disclosing the identity of the complainant to the Member.
- 3.4 The Monitoring Officer will acknowledge receipt of the complaint within 5 working days of receiving it and will keep the complainant informed of the progress of the complaint. The Monitoring Officer will also inform the Member that a complaint has been received.

#### 4 Will the complaint be investigated?

- 4.1 The Monitoring Officer will review every complaint received.
- 4.2 The complaint must be:
- **Regarding an incident that has taken place within 30 days;**
  - against one or more named Members of the authority;
  - in relation to a named Member who was in office within the authority at the time of the alleged conduct and the Member Code of Conduct was in force at the time; and
  - in relation to an alleged breach of the Member Code of Conduct.
- 4.3 If the complaint does not fall within 4.2 above, the matter will not be considered and the complainant will be informed that there will be no further action.
- 4.4 Where the complaint passes the above test, and in order to establish a preliminary view of the circumstances of the complaint and whether



there may be a course of action which could be taken to resolve the issues promptly without the need for formal action, the Monitoring Officer may consult or meet with any other relevant persons, which may include the Leader of the Council or Group Leaders, the Chief Executive or any other officers, the complainant and the Member against whom the complaint has been made.

- 4.5 The Monitoring Officer will then consult with the Independent Person and decide whether the complaint merits formal investigation. The Independent Person should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial. This decision will normally be taken within 14 days of receipt of the complaint. The complainant and the Member against whom the complaint is made will be informed of the Monitoring Officer's decision and the reasons for that decision.
- 4.6 In assessing whether a complaint should be investigated the following factors will be taken into consideration:
- Public interest – the decision whether to investigate will be a proportionate response to the issues raised and expected outcomes will take into account the wider public interest and the costs of undertaking an investigation. Complaints will only be investigated where the allegations are reasonably considered to be serious matters.
  - Alternative course of action – a complaint will only be investigated where there is no other action which could be taken which would achieve an appropriate outcome in the circumstances of the case.
  - Member's democratic role – where a complaint relates to a matter more appropriately judged by the electorate at the local elections, the Monitoring Officer will not normally refer these matters for investigation.
  - Previous action - if the complaint has already been subject to a previous investigation or some other action relating to the code of conduct or other related process, the matter will ordinarily not be referred for further action.
  - Vexatious/repeated complaints – the Monitoring Officer will not refer for investigation a complaint that is the same or substantially the same as one previously made by the complainant.
  - Timing of the alleged conduct – if there **is a delay of over 30 days** ~~are significant delays~~ between the incident complained of and the

complaint the matter will not ordinarily be considered further unless there are very good reasons for the delay.

- Ulterior motive – no further action is likely to be taken if the complaint is considered to be motivated by malice, political motivation or retaliation.

4.7 In appropriate cases the Monitoring Officer in consultation with the Independent Person may consider resolution of the complaint without the need for a formal investigation. This may involve:

- The Member accepting that his/her conduct was unacceptable and offering an apology or other remedial action by the authority.
- Referring the matter to group leaders or officers.
- The Member being required to attend training.
- The Member being required to meet with the Monitoring Officer and/or other relevant officers.
- Such other action as is considered appropriate by the Monitoring Officer and Independent Person.

4.8 Matters which might appropriately be dealt with as described in 4.7 above may include:

- Misunderstanding of procedures or protocols.
- Misleading, unclear or misunderstood advice from officers.
- Lack of experience or training.
- A general deterioration of relationships, including those between Members and officers, as evidenced by a pattern of allegations of minor disrespect.
- Allegations and retaliatory allegations from the same individuals.

4.9 If this action does not resolve the complaint, the Monitoring Officer, in consultation with the Independent Person, will reconsider whether the complaint merits formal investigation. An investigation will only be conducted where the Monitoring Officer and Independent Person agree that this is the appropriate course of action. The Monitoring Officer reserves the right, in exceptional circumstances, to refer a complaint to the Member Conduct Panel to determine if an investigation is the appropriate course of action.

- 4.10 If the complaint identifies criminal conduct or breach of other regulation by any person, the Monitoring Officer has the power to refer the matter to the Police and other regulatory agencies.
- 4.11 If the Monitoring Officer or the Independent Person in considering any complaint, at any time, become aware that they have an actual or potential conflict of interest, they will record and declare this to the complainant and councillor concerned. They will withdraw from consideration of the complaint and ensure the complaint is considered independently by an alternative Deputy Monitoring Officer, or an alternative Monitoring Office appointed from another Local Authority as appropriate, and an alternative Independent Person.

## **5 How is the investigation conducted?**

- 5.1 If the Monitoring Officer decides that a complaint merits formal investigation, he/she will appoint an Investigating Officer. This may be a member of the Council's staff or an external investigator. The Investigating Officer will decide whether to speak to the complainant and to any other witnesses and may collect written evidence, such as correspondence, or minutes of meetings.
- 5.2 The Investigating Officer will contact the Member and provide them with a copy of the complaint and ask the Member to provide his/her explanation of events, and to identify what documents the Investigating Officer needs to see and anyone they should interview. In very exceptional cases, where the Monitoring Officer, after consulting the Independent Person, considers that disclosing details of the complaint to the Member might prejudice the investigation, these will be withheld from the Member until the investigation has progressed sufficiently.
- 5.3 At the end of their investigation, the Investigating Officer will produce a draft report and will send copies of that draft report, in confidence, to the complainant and to the member concerned, to give them both an opportunity to identify any inaccuracies in the report and to comment on their findings. Having received and taken account of any comments that you may make on the draft report, the Investigating Officer will send his/her final report to the Monitoring Officer.
- 5.4 The investigation and the Investigating Officer's report will be kept confidential at this stage.

## **6 What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Member Code of Conduct?**

The Monitoring Officer will send a copy of the Investigating Officer's report to the Chairman of the Member Conduct Panel and to the Independent Person

and seek their views on whether to convene a Member Conduct Panel hearing. Where a hearing is inappropriate the Monitoring Officer will write to the parties, notifying them that they are satisfied that no further action is required. The Monitoring Officer will send them both a copy of the Investigating Officer's final report, which will no longer be confidential at this point.

## **7 What happens if the Investigating Officer concludes that there is evidence of a failure to comply with the Member Code of Conduct?**

Where the Investigating Officer concludes that there is evidence of a failure to comply with the Member Code of Conduct the Monitoring Officer will arrange for the Member Conduct Panel to hold a meeting, within three months of the Investigator's final report being issued, so that it can take a decision on the complaint.

- 7.1 The Monitoring Officer will invite the Member to reply in writing to the Investigation Officer's report, in particular to identify what is likely to be agreed and what is likely to be in contention at the hearing. The Member will be invited to give a view on whether the Panel should meet in public or in private. The Chairman of the Member Conduct Panel will set a date for the hearing and may issue directions as to the manner in which the hearing will be conducted, including whether or not the Member Conduct Panel will meet in public or private.
- 7.2 At the hearing, the Investigating Officer will present their report, call such witnesses as they consider necessary and make representations to substantiate their conclusion that the Member has failed to comply with the Member Code of Conduct.
- 7.3 The Member will also have an opportunity to give evidence, to call witnesses and to make representations to the Member Conduct Panel as to why they consider that they did not fail to comply with the Member Code of Conduct.
- 7.4 After hearing from all the parties the Member Conduct Panel may conclude either:
  - that the Member did not fail to comply with the Member Code of Conduct; or
  - that the Member did fail to comply with the Member Code of Conduct, in which case it will also decide what action to recommend or to take.

The Member Conduct Panel will not announce its decision at the Hearing. Before reaching a final decision on the complaint and any sanction, the Chairman of the Member Conduct Panel will report its

finding to the Independent Person, whose views will be sought and taken into account by the Panel before a final decision is made.

## **8 What action can the Member Conduct Panel take where a Member has failed to comply with the Member Code of Conduct?**

The Council has delegated to the Member Conduct Panel the power to take such action in respect of individual Members as may be necessary to promote and maintain high standards of conduct. Accordingly, the Member Conduct Panel may –

8.1 Decide that no action is needed.

8.2 Issue a statement of censure.

8.3 Recommend to the Member's Group Leader (or in the case of ungrouped members, recommend to Council or to Committees) that he/she consider all or any of the following sanctions:

- the Member be removed from any or all Committees or Sub-Committees of the Council;
- the Member be removed from the Cabinet, or removed from particular Portfolio responsibilities;
- the Member be removed from all outside appointments to which he/she has been appointed or nominated by the authority.

8.4 Report its findings and recommendations to the next available meeting of the County Council.

The Member Conduct Panel has no power to suspend or disqualify the Member or to withdraw members' or special responsibility allowances.

## **9 How are the Panel's findings communicated to a Member?**

As soon as reasonably practicable after the Panel has made its final decision, the Monitoring Officer will prepare a formal decision notice in consultation with the Chairman of the Member Conduct Panel, and send a copy to the complainant and to the Member and will make that decision notice available for public inspection.

## **10 Who is on the Member Conduct Panel?**

The Member Conduct Panel is a cross-party Panel of Members of the Council. The pool consists of 10 Members, including the Chair and Vice-Chair of Council. Any hearing will be conducted by three Panel Members, and the election of one of their number to chair the hearing will be the first item of business at the meeting.

## **11 Who is the Independent Person?**

The Independent Person is a person who has applied for the post following advertisement of a vacancy for the post and is appointed by a positive vote from a majority of all the Members of Council.

A person cannot be “independent” if he/she –

- is, or has been within the past 5 years, a member, co-opted member or officer of the Council; or
- is a relative, partner or close friend, of a member, co-opted member or officer of the Council; or
- is an active member of a political party.

## **12 Revision of these arrangements**

The Council may by resolution agree to amend these arrangements, and has delegated to the Chairman of the Member Conduct Panel the right to depart from these arrangements where they consider that it is expedient to do so in order to secure the effective and fair consideration of any matter.

## **13 Appeals**

A Member is expected to comply with the decisions taken through the process and has no right of appeal against a finding of breach of the Member Code of Conduct. However, a Member may require that a further Member Conduct Panel meeting reviews any sanction imposed at a hearing.

## **14 Local Government Ombudsman**

Where a complainant concludes that the authority has failed to deal properly with a complaint, they may make a complaint to the Local Government Ombudsman.

## INDEPENDENT PERSON

### ROLE PROFILE

1. To assist the County Council in promoting high standards of conduct by elected, appointed and co-opted Members of the County Council, and in particular to uphold the Member Code of Conduct and the seven principles of public life, namely selflessness, honesty, integrity, objectivity, accountability, openness and leadership.
2. To be consulted by the County Council through the Monitoring Officer and/or the relevant panel or committee.
3. To be consulted by any Council Member who is the subject of an alleged breach of the Code of Conduct.
4. To participate on Panels appointed to consider the dismissal of relevant officers, as defined in the Council's Standing Orders, namely the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.
5. To recommend any disciplinary action, other than suspension, to be taken in respect of relevant officers.
6. To liaise effectively with the Monitoring Officer, Members of the County Council and the Member Conduct Panel.
7. To acquire understanding of the work of the Council and how it operates. Support will be provided by the Council's Monitoring Officer, who will arrange any necessary training and the provision of such information which is considered necessary to enable the Independent Person to perform the role properly.
8. To attend Audit & Governance Committee in an advisory, non-voting capacity in relation to Code of Conduct matters only.
9. By law a person may not be appointed as an Independent Person if that person:
  - (a) is a Member, co-opted Member or officer of the Council or of a parish council within Surrey.
  - (b) is a relative, or close friend of such a person, or
  - (c) has been a Member, co-opted Member or officer of the Council or of a parish council within Surrey in the previous 5 years.

The person will be appointed for a fixed term of 4 years.

### ROLE DESCRIPTION

1. The Independent Person is a statutory role under Section 28(6) of the Localism Act 2011 with the purpose of assisting the County Council in promoting high standards of conduct by elected, appointed and co-opted Members of the County Council and in relation to disciplinary matters concerning the Council's Head of Paid Service, Monitoring Officer and Chief Finance Officer.
2. The Independent Person should have a keen interest in standards in public life, personal integrity, an ability to act with independence, tenacity and objectivity, and sound inter-personal, decision making and analytical skills. They must demonstrate and promote their commitment to the Council's equality, diversity and inclusion policies.
3. The Independent Person may be called upon where the Council has received an allegation that one of its councillors has breached the Member Code of Conduct. If the Council decides to investigate the allegation, the Member Conduct Panel must consult the Independent Person and take their views into account before making a decision on that allegation. The Monitoring Officer and/or Member Conduct Panel may seek the views of the Independent Person about any other aspect of the allegation, whether or not it decides to investigate.
4. A Member of the Council who is the subject of an allegation may also seek the views of the Independent Person at any time. This advisory role to an individual Council Member will only arise where the Member is subject to an alleged breach of the relevant code of conduct. An Independent Person will not be expected – and should decline – to give advice to Council Members or to the public in any other circumstances.
5. In practice, when the Council receives a written allegation of a breach of the Code of Conduct, its Monitoring Officer may contact the Independent Person at any of the following points:
  - a) To discuss whether a complaint relates to a potential breach.
  - b) Exceptionally, to discuss whether disclosing the identity of a complainant to the Member might prejudice the outcome of an investigation.
  - c) To decide whether or not a complaint should proceed to investigation where informal resolution is not possible due to lack of agreement by the parties.
  - d) When a complaint has been investigated and the investigating officer concludes that there is no evidence of a failure to comply with the Member Code of Conduct, the Independent Person will receive a copy of the investigation report from the Monitoring Officer and asked for their view on whether to convene a Member Conduct Panel.



- e) Where a complaint has been investigated and the investigating officer concludes that there is evidence of a failure to comply with the Member Code of Conduct, the complaint will be considered by a Member Conduct Panel.
  - f) The Chairman of the Member Conduct Panel will report to the Independent Person and seek their views before a final decision is reached on whether the Member has or has not failed to comply with the Code of Conduct.
6. There will only be limited occasions when the Independent Person is required to travel to a specified location in Surrey. However, the nature of the role requires the Independent Person to be readily contactable by telephone and email and to respond within agreed timescales.

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