

# South Hams Audit and Governance Committee



<b>Title:</b>	<b>Agenda</b>						
<b>Date:</b>	Thursday, 20th October, 2022						
<b>Time:</b>	2.00 pm						
<b>Venue:</b>	Council Chamber - Follaton House						
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Cllr Austen</p> <p style="text-align: center;"><b>Vice Chairman</b> Cllr Spencer</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Brazil</td> <td style="width: 33%;">Cllr Rowe</td> </tr> <tr> <td>Cllr McKay</td> <td>Cllr Taylor</td> </tr> <tr> <td>Cllr Pennington</td> <td></td> </tr> </table>	Cllr Brazil	Cllr Rowe	Cllr McKay	Cllr Taylor	Cllr Pennington	
Cllr Brazil	Cllr Rowe						
Cllr McKay	Cllr Taylor						
Cllr Pennington							
<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.						
<b>Committee administrator:</b>	Democratic.Services@swdevon.gov.uk						

<b>1. Minutes</b>	<b>1 - 6</b>
To approve as a correct record the minutes of the Audit Committee held on 8 September 2022;	
<b>2. Urgent Business</b>	
Brought forward at the discretion of the Chairman;	
<b>3. Division of Agenda</b>	
To consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;	
<b>4. Declarations of Interest</b>	
In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non-Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;	
<b>5. Grant Thornton Audit Progress Report and Sector Update</b>	<b>7 - 18</b>
<b>6. Ivybridge Regeneration Scheme - Project Closure Report</b>	<b>19 - 32</b>
<b>7. Ombudsman Annual Review Letter</b>	<b>33 - 46</b>
<b>8. Sundry Debt</b>	<b>47 - 56</b>
<b>9. Audit Committee Workplan 2022/23</b>	<b>57 - 58</b>

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,  
TOTNES ON THURSDAY, 8 SEPTEMBER 2022**

<b>Members in attendance</b>			
* Denotes attendance			
∅ Denotes apology for absence			
*	Cllr L Austen (Chairman)	*	Cllr R Rowe
*	Cllr J Brazil	*	Cllr B Spencer (Vice-Chairman)
∅	Cllr J McKay	*	Cllr B Taylor
∅	Cllr J T Pennington		

<b>Member(s) also in attendance:</b>
Cllrs H D Bastone; N Hopwood (via Teams) and J Pearce

<b>Item No</b>	<b>Minute Ref No below refers</b>	<b>Officers and Visitors in attendance</b>
All Items		Director of Strategy and Governance; Section 151 Officer; Head of Finance; Democratic Services Manager; Head of Strategy & Projects; Audit Manager; Audit Specialist (via Teams) and External Auditor (via Teams)

**AG.8/22      MINUTES**

The minutes of the Audit Committee meeting held on 30 June 2022 were confirmed as a true and correct record.

**AG.9/22      DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

**AG.10/22      DRAFT STATEMENT OF ACCOUNTS AND DRAFT ANNUAL GOVERNANCE STATEMENT 2021/2022**

The Committee considered a report that presented the draft Statement of Accounts and draft Annual Governance Statement for 2021/22

In discussion, the following points were raised:-

- (a) The Committee noted the intention for the audited Statement of Accounts for 2021/22 to be presented back to the 24 November 2022 Committee Meeting. In reply to Members repeating their previously raised concerns over the External Audit fees that the Council was required to pay, it was agreed that Members would be provided with a detailed response from Grant Thornton representatives outside of this Meeting;

- (b) With regard to the St Ann's Chapel Housing Scheme, Members attention was drawn to Sections 21 and 32 of the draft Statement of Accounts (as set out at Appendix A of the presented agenda report).

It was then:

**RESOLVED**

That the Draft Statement of Accounts (as set out at Appendix A of the presented agenda report) and the Draft Annual Governance Statement (AGS) (as set out at Appendix B of the presented agenda report) for the financial year ended 31 March 2022 be noted.

**AG.11/22 ANNUAL TREASURY MANAGEMENT REPORT 2021/2**

Members considered a report that set out the Council's annual Treasury Management performance for 2021/22. In addition, the report sought approval of the actual 2021/22 prudential and treasury indicators.

In discussion, the Committee recognised the impact of increasing interest rates on the Council's Treasury Management performance.

It was then:

**RESOLVED**

1. That the actual 2021/22 prudential and treasury indicators in the presented report be approved; and
2. That the Annual Treasury Management Report for 2021/22 be noted.

**AG.12/22 UPDATE ON PROGRESS ON THE 2022-23 INTERNAL AUDIT PLAN**

A report was considered that sought approval for the Audit Charter and Strategy and also provided an update to Committee Members on the principal activities and findings of the Council's Internal Audit team.

In discussion, reference was made to:

- (a) the publication and management of planning notices. Whilst a statutory requirement to publish planning applications in a local newspaper publication, this was felt to be a challenge given that there was currently only one local publication and a downward trend in newspaper sales;

- (b) an addition to the recommendation was **PROPOSED** and **SECONDED** as follows:

*'That Council be **RECOMMENDED** to close down, with effect from 31 March 2023, the Servaco Trading Company.'*

In making his proposal, a Member questioned the merits of retaining the Servaco Trading Company and, as a consequence, was of the view that, with effect from 31 March 2023, it should be formally closed down. During the ensuing discussion, support was expressed for this proposal and when put to the vote, it was declared **CARRIED**.

It was then:

**RESOLVED**

1. That the Internal Audit Charter and Strategy be approved;
2. That the progress made against the 2022/23 Internal Audit Plan (and any key issues arising) be noted and approved; and
3. That Council be **RECOMMENDED** to close down, with effect from 31 March 2023, the Servaco Trading Company.

AG.13/22 **GOVERNANCE REVIEW - HOUSING PROGRAMME**

The Committee considered a report that provided an update on the progress made against the recommendations contained within the Community Housing Governance Review. The report also provided an update on other improvements implemented to date.

In discussion, a Member expressed his specific concerns over the lack of local Member involvement in such strategic projects. Furthermore, the Member also felt that, in certain instances, there had been a lack of officer accountability and responsibility that had resulted in projects slipping from their original timetable.

It was then:

**RESOLVED**

That the content of the presented agenda report (and the improvements implemented) be noted.

AG.14/22 **INVESTMENT PROPERTIES - UPDATE AND MONITORING REPORT**

Members considered a report that provided an update on the financial information and the latest valuation in respect of the Council's Investment Property portfolio.

In respect of the lease arrangements for the property acquired in Dartmouth, officers confirmed that it was intended that the Council would enter into negotiations at the appropriate time. A Member proceeded to express his view that, given that the approximate net yield on the investment properties was only 1.5%, this did not represent good value for money to the Council.

It was then:

**RESOLVED**

That the 31 March 2022 valuation figures of the Council's two Investment Properties and the rental income being received be noted.

AG.15/22 **STRATEGIC RISK UPDATE**

The Committee considered a report that presented an updated assessment of the Council's strategic risks.

During discussion, reference was made to:

- (a) the 'inadequate staffing resource' risk score. In debate, Members were of the view that one of the most significant risks currently facing the Council was the ability to be able to recruit and retain staffing resource and this was not reflected in the current risk score of 16. As a result, it was **PROPOSED** and **SECONDED** that:

*'That the Executive be **RECOMMENDED** to revisit the 'inadequate staffing resource' risk score, with a view to it being increased from the current score of 16.'*

- (b) the risks associated with the waste and recycling service. Members were of the view that the associated risks should be divided into:

1. the delivery of the Waste and Recycling Service; and
2. the facilitation of the Waste and Recycling Service returning in-house;

- (c) the cost of living crisis. The Committee noted that the Executive was to consider a detailed report on the Council's response to the cost of living crisis at its next meeting to be held on 21 September 2022.

It was then:

### **RESOLVED**

That the Committee has reviewed the Strategic Risk Register (as set out at Appendix A of the published agenda report) and **RECOMMENDS** that the Executive revisit the 'inadequate staffing resource' risk score with a view to it being increased from the current score of 16.'

#### **AG.16/22 ESTATES PROPERTY AND RENTS FOLLOW UP INTERNAL AUDIT**

As per the formal request of the Committee at its last meeting (Minute AG.7/22 refers), the Head of Assets was in attendance to provide an update on the Estates Property and Rents Follow-Up Internal Audit.

Whilst accepting that there were further improvements to be made, the officer provided a statement that set out some of the measures that had already been undertaken in light of the findings of the follow up Internal Audit.

The Committee proceeded to thank the officer for her update and Members requested that they be sent a copy of it following the meeting.

#### **AG.17/22 PERFORMANCE MANAGEMENT (DATA QUALITY) FOLLOW UP INTERNAL AUDIT**

As per the formal request of the Committee at its last meeting (Minute AG.7/22 refers), the Head of Strategy and Policy was in attendance to provide an update on the Performance Management (Data Quality) Follow-Up Internal Audit.

In his introduction, the officer stated that the Internal Audit had been carried out against two key areas:

- Staff may not follow policy and procedures; and
- Data Integrity may not be assured.

Since the follow-up audit had been carried out, significant progress had been made against both of these areas which were summarised as follows:

- All employees had now formally agreed, documented objectives that were linked to the 'Better Lives for All' Strategy;
- The Council had now adopted a suite of Key Performance Indicators and had significantly enhanced the reporting arrangements for these through the implementation of quarterly monitoring reports to the Executive and six-monthly monitoring reports to the Overview and Scrutiny Committee;

- Steps had been taken to ensure that, where data was referenced, the data source and time period was recorded so that it was auditable in the future. In addition, data that was provided in reports and against Key Performance Indicators was now available in the Council's core systems without the need to extract data and manually calculate performance; and
- Data that was used in publications such as the Annual Report and other public facing documents was now provided directly from relevant services rather than being extracted from other reports. As a result, the risk was reduced that inaccurate data was being replicated in public facing documents.

The Committee was grateful for the update and was further assured when informed that the staff objective setting exercise was aligned to the annual staff appraisal process.

#### AG.18/22 **AUDIT & GOVERNANCE COMMITTEE WORKPLAN2022-23**

Members were presented with the latest version of the Committee Work Programme and noted its contents.

In discussion, a recommendation was made to add an appraisal report relating to the recent Lybridge Regeneration Project to the agenda for the next Committee meeting to be held on 20 October 2022. Members were supportive of this proposal and requested that the appraisal was an evaluation of all aspects of the Project and it was also requested that a copy of the most of to date Business Plan for the Project be appended to the agenda item.

When put to the vote, it was then declared **CARRIED** that this item be added to the 2022/23 Committee Workplan for consideration at the next meeting to be held on 20 October 2022.

(Meeting commenced at 2:00pm and concluded at 3.35 pm)

---

Chairman



# South Hams District Council Audit Progress Report and Sector Update

Year ending 31 March 2022

October 2022  
Page 7



Agenda Item 5

# Contents

Section	Page
Introduction	03
Progress at October 2022	04
Audit Deliverables	06
Sector Update	07

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

---

# Introduction

## Your key Grant Thornton team members are:

### Jackson Murray

Key Audit Partner

T: 0117 305 7859

E: Jackson.murray@uk.gt.com

### Oliver Durbin

Audit Manager

T: 0117 305 7785

E: Oliver.J.Durbin@uk.gt.com

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at October 2022

## Financial Statements Audit

In June 2022 we issued our audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

As planned, our audit fieldwork commenced in July 2022.

Our audit testing to date has not identified significant errors or control issues that we wish to bring to your attention.

Progress in the significant risk areas identified in the audit plan are set out below:

- Management override of controls: Journals testing has been completed with no indication identified that there has been an override of controls or error requiring adjustment in the financial statements from the samples that we have reviewed. As in previous years, a control recommendation will be raised in the Audit Findings Report reflecting that not every journal entry is required to be authorised prior to being entered on to the general ledger.
- Valuation of land and buildings: We have selected our sample for testing. This is the least progressed test of the significant risk areas, and we have received initial evidence from officers in the valuations team and now need to work through these.
- Valuation of investment properties: Work on this area has largely completed with some internal review comments to action and close. There are no significant issues arising as a result of this work.
- Valuation of pension fund net liability: responses have been received from the actuary which have resolved our initial queries. We await final confirmation from the pension fund auditors that there are no material issues for us to consider.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts

This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

We still aim to give our opinion on the Statement of Accounts by 30 November 2022 and plan to report our Audit Findings Report to the November 2022 Audit & Governance Committee.

# Progress at October 2022 (cont.)

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. We issued this letter to the Committee for 2021/22.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor’s Annual Report within three months of the signed opinion.

Our current expectation is that our Value for Money work will be completed within three months of our anticipated audit opinion date.

## Meetings

We met with Finance Officers in July as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

There is another planned meeting with the Officers in October 2022.

# Audit Deliverables

2021/22 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report</p>	June 2022	Completed
<p><b>Interim Audit Findings</b></p> <p>We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.</p>	June 2022	Completed
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the November Audit and Governance Committee.</p>	November 2022	Not yet due
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	November 2022	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	February 2023	Not yet due
2021/22 Audit-related Deliverables	Planned Date	Status
<p><b>Housing Benefit Subsidy – certification</b></p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	TBC – we are currently agreeing timescales with officers	Not yet due

# Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Governance Committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font.

Public Sector

A purple rectangular button with the text "Local government" in white, sans-serif font.

Local  
government

# Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make Audit and Governance Committees compulsory for all councils, with each Audit and Governance Committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)





# The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

## Culture and governance

The Audit and Governance Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

## Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

## Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

## Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



# Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit and Governance Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

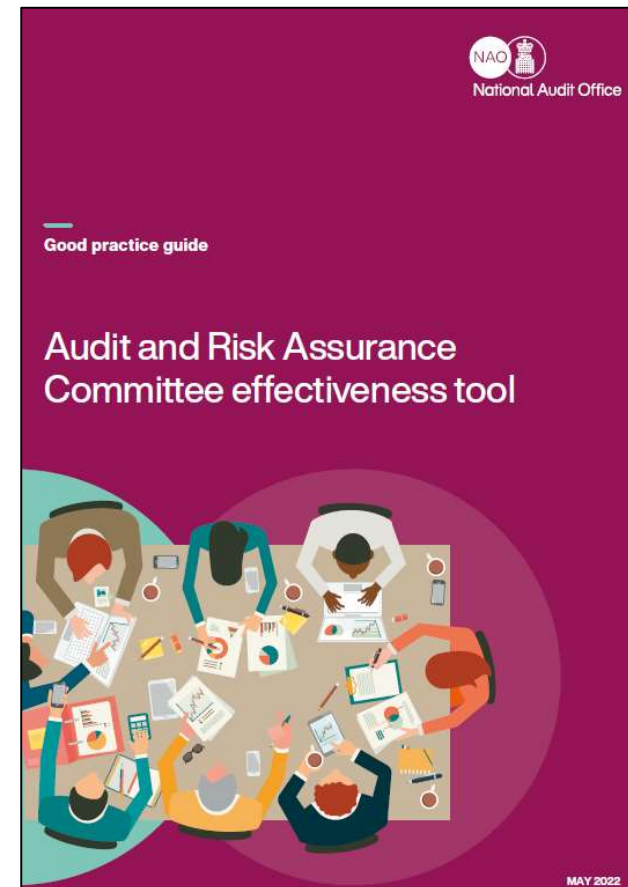
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit and Governance Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)

# Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

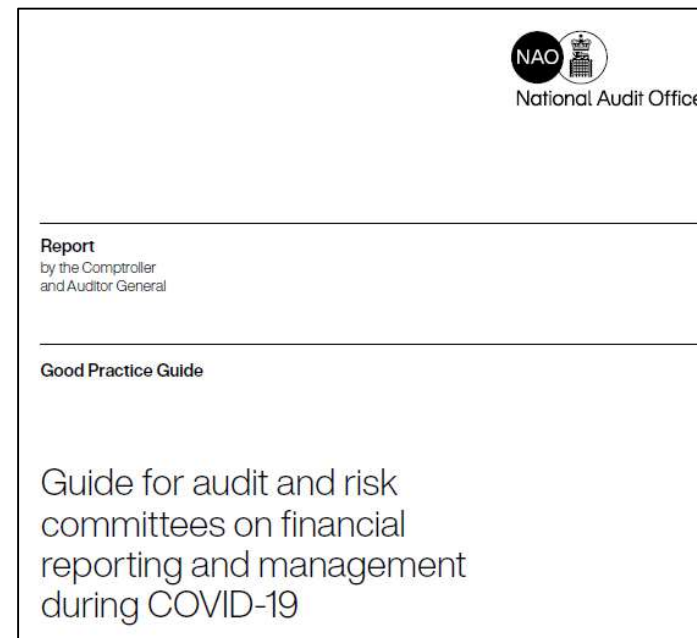
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





**NOT FOR PUBLICATION**

**Appendix A** to this report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Audit and Governance Committee**

Date: **20 October 2022**

Title: **Ivybridge Regeneration Scheme – Project Closure Report**

Portfolio Areas: **Cllr Hilary Bastone - Economy**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Drew Powell** Role: **Director – Governance and Assurance**

Contact: **Email: [Drew.Powell@swdevon.gov.uk](mailto:Drew.Powell@swdevon.gov.uk)**

**RECOMMENDATIONS**

**That the Audit Committee:**

- 1) Note the project closure report; and**
- 2) RECOMMEND the adoption of a planning protocol for major projects.**

## **1. Executive summary**

- 1.1 The Council had been working on an investment project in Ivybridge, as part of its capital programme up until July 2022.
- 1.2 The project ran from 2018 and was considered 13 times by formal committees of the Council until it was formally closed.
- 1.3 A review of the chronology of reporting, internal governance, stakeholder engagement and planning has been undertaken as part of project close out.

## **2. Committee History and Background**

### **2.1 Executive December 2018**

South Hams District Council considered a report to the Executive 13<sup>th</sup> December 2018 [Minute Ref. E.62/18] recommending the undertaking of an investment project in Ivybridge to boost footfall.

Following a lengthy debate, in which the relative merits of the proposals were weighed against the likely impact to carparking, it was resolved to defer the decision. This debate was prophetic in considering the issues that would prove significant to the project.

### **2.2 Executive March 2019**

The follow up report to Executive, 14<sup>th</sup> March 2019 [Minute Ref E.82/8] provided the Executive with further information including:

An informal town centre 'vox pops' consultation; a car park usage analysis; work to develop a future high street fund bid, and; discussions and drawings to address concerns regarding the potential car park capacity loss (including a decked car park element) and the physical location of the supermarket.

The Executive approved the principle of a supermarket development within the Council owned Leonards Road and Glanvilles Mill car parks be approved, subject to an acceptable detailed business case and agreement with third parties.

Officers were tasked with working up the business case and further details of the scheme for further consideration. The scheme layout had been amended reflecting feedback from the Town Council, businesses and local residents.

### **2.3 Executive July 2019**

On 18<sup>th</sup> July 2019 [Minute Ref 14/19], the Executive reviewed and approved the business case at £11m and considered the risks of the project, which included amongst others; the risk of planning permission not being secured, relocation of the skate park and impact of the layout on the existing site.

The Executive approved the business case, recommended further stakeholder engagement (a public consultation) to be brought back to a future committee and approved expenditure of £50k.

#### **2.4 Full Council July 2019**

This recommendation was subsequently approved by Council in July 2019, [Minute Ref. 29/19] and officers commenced work on the public consultation.

#### **2.5 Executive June 2020**

In June 2020, [Minute Ref E.89/19] the Executive were presented with an updated business case at £8.5m, the public consultation results and the workstreams that needed to be progressed at that time. It also set out some of the challenges the Highstreet faced that the project should help to address, as follows:

*In 2013 when the Town Council commissioned the Peter Brett town centre study, Ivybridge was ranked 2,420th, out of ~3000 under the Venuescore rankings (published by Accenture consultants). The town had dropped 232 places in three years since 2010.*

*The cause in part was due to the significant leakage of consumer spend outside the town – 83.5% of resident's Specialty shopping and 92.4% of their Commodity shopping was bought outside Ivybridge.*

It went on to set out that, the public consultation had a good uptake rate amongst the community and received over 2000 responses showing 69% supported the proposal.

The Executive recommended to spend a further £65,000 from the Economic Regeneration Earmarked Reserve, to commissioning further work in planning, ecology, carparking, lease documents and treasury management advice.

It was also recommended to bring a further report to Executive and Council ahead of any planning and tender work and to take a report to the Audit Committee.

#### **2.6 Full Council July 2020**

The above was considered and approved at Full Council, 16<sup>th</sup> July 2020 [Minute Ref 7/20].

## **2.7 Audit Committee 2020**

The Audit Committee considered the report 23<sup>rd</sup> July 2020 [Minute ref A5/19]. The committee reviewed the risks of the project and in particular debated the principle of only paying back 50% of the capital over the life of the borrowing.

It was debated at length and recommended specifically that the Business Case also takes into account the principle of paying back 100% of the Capital repayment (MRP) over a 50 year borrowing term.

## **2.8 Executive September 2020**

On 17<sup>th</sup> September 2020, the Executive received an update report [Minute ref E18/20]. This set out detail on the work streams commissioned (2.12 above). Of note were the following matters:

- 2.8.1 Treasury Management advice and a proposal from the S151 officer to repay 100% of the capital repayment (MRP) over the 50 year borrowing term, having considered the recommendation of the Audit Committee and the treasury management advice.
- 2.8.2 A proposal to commission a further economic impact study to address specific concerns raised by the Town Council over the positive economic impact the regeneration project could anticipate.
- 2.8.3 Details of the spend to date against approved budgets.

The Executive resolved: That the Council continue to support the project as it moves forward to planning and tender stage, with a decision on progressing the project further then being made at a subsequent meeting of the Executive and Council.

## **2.9 Council September 2020**

At the subsequent Council meeting, 24<sup>th</sup> September 2020 [Minute Ref 20/20], the Council considered the same information as had been presented to Executive.

The record of the discussion at that meeting demonstrates the range of views amongst members:

- (a) local community support for the project. Local Ward Members welcomed the proposed investment into Ivybridge and recognised the levels of local support that had been expressed for the project;
- (b) In their opposition to the project, some Members were of the view that the project would not offer any support for local businesses and they proceeded to question how the current proposals constituted regeneration.

It was then resolved that the Council continue to support the project as it moves forward to planning and tender stage, with a decision being made on progressing the project further at subsequent meetings of the Executive and Council.



### **2.10 Executive January 2021**

Executive, 28 January 2021 [Minute E.62/20] considered the final business case for the project so as to decide whether to approve a £450k spend at risk, to work up a full planning application for submission.

The key recommendations to Council were:

- 1) approve the Ivybridge Regeneration project through to planning, tender, construction and lease (subject but not limited to the regulatory statutory planning process and the total scheme cost being within the £9 million financial envelope),
- 3) approve the spend of up to £450,000, funded from the Business Rates Retention Earmarked Reserve, recognizing these will be abortive costs if the project does not proceed at any given stage pre-construction.

The report included updates on the following key matters:

The pre-app planning advice, the site layout, the economic impact assessment (2.17.2 above), the risk register, programme, business case and spend to date.

The pre-app advice was positive and suggested that approval, subject to a number of matters, was likely to be the officer recommendation to committee.

### **2.11 Council February 2021**

The report went to Council 11<sup>th</sup> February 2021 [Minute Ref. 41/20] and the recommendations received Council approval.

Following the Council resolution significant project work was undertaken, culminating in a planning application being submitted. The officer recommendation to the Development Management Committee (6<sup>th</sup> July 2022 [Minute Ref 15/22]) was for approval.

### **2.12 Development Management Committee July 2022**

The committee considered the application and did not approve it as below:

The Head of Planning in consultation with Cllrs Hodgson, Brazil, Chairman and Vice-chair be authorised to finalise the reasons for the refusal of planning permission based on the Committee's concerns about parking provision, the unacceptable impact on town centre businesses, the design and retail building not supporting the local vallecular and would cause harm to the visual appearance to site and aesthetics; and the loss of trees as a result of the development being likely to have a significant impact to biodiversity.

### 2.13 Executive July 2022

A report was taken to Executive 7<sup>th</sup> July 2022 [Minute Ref. E22/22] following the decision of the development management committee. Given the timing of the two committees a verbal update was given, including setting out a breakdown of spend undertaken on the project. It was resolved:

- That the Ivybridge Regeneration Project be now terminated; and
- That it be noted that £483,925 has been invested into this Project.

### Informal Member Briefings

2.14 Member briefings were given on the following dates:

Date	Detail
9 <sup>th</sup> March 2022	All members
10 <sup>th</sup> Feb 2021	Executive briefing
22 <sup>nd</sup> Jan 2021	All members
10 <sup>th</sup> Dec 2021	Exec briefing
31 <sup>st</sup> July 2020	All members

## 3. Stakeholder Engagement and Outcomes

3.1 The Council engaged with the residents of Ivybridge (and surrounding area) through the public consultation. Specific stakeholders were also identified including.

- 3.1.1 SHDC Local Cllrs
- 3.1.2 Ivybridge Town Council
- 3.1.3 Ivybridge Chamber of Commerce
- 3.1.4 Glanvilles Mill
- 3.1.5 PL21
- 3.1.6 Fusion Leisure

3.2 The project team met the Town Council and stakeholders on countless occasions over the years the project was live.

3.3 At the time the Council took the decision to progress through to planning in February 2021 the following summary represents the stakeholder position.

<b>Stakeholder</b>	<b>Support?</b>	<b>Comment</b>
Chamber of commerce	Y	Then chair of the chamber provided a supportive quote for the committee report.
Local Councillors	Y	Supportive following the positive public consultation outcome
Town Council	Y	Principle of the development supported. Concerns raised over wheeled sports facility and landscaping.
Glanvilles Mill	Y	Supportive quote provided for the report
Fusion Leisure	Y	Accepting of the proposals following design tweaks to ensure access and visibility of the centre is accommodated.
PL21	Y	Supportive provided that cycling and landscaping improvements are included in the proposals.

3.4 It is harder to quantify, but as the scheme progressed through the planning process a group of objectors to the scheme also emerged. This was noticeable within the Ivybridge Chamber of Commerce, who galvanised around a new spokesperson against the proposals.

3.5 This group understandably engaged with the Town Council, Local Cllrs and other Cllrs to try to secure an outcome aligned to their views.

3.6 The stakeholder position had changed by the time the planning application was made as set out below.

<b>Stakeholder</b>	<b>Support?</b>	<b>Comment</b>
Chamber of commerce	N	Objected through planning portal
Local Councillors	Mixed	
Town Council	N	Concerned about parking, trees, impact of the build phase and impact on independent businesses.
Glanvilles Mill	Y	No further comments given
Fusion Leisure	Y	No further comments given
PL21	N	Concerned that the scheme did not deliver sufficient cycling infrastructure and improvements

#### **4. Internal Governance**

- 4.1 The project ran for approximately four years, but benefitted from a consistent approach to governance.
- 4.2 Initially, the then Head of Paid Service, S151 Officer and Business Development Group Manager met monthly or two monthly with CCD the project managers to review progress, risks, spend and programme.
- 4.3 Over time the officers changed, but the process remained similar. As the project crystallised following the Council decision in 2020 to approve the principle, the governance was strengthened to include reports to SLT as required.

#### **5. Procurement**

- 5.1 The procurement of the project team was undertaken through a public sector framework the Southern Construction Framework. This decision followed a range of options being explored in consultation with the procurement officer and was set out in the Executive report, January 2021.
- 5.2 The arrangement was used to secure the detailed design and planning work necessary for the planning application.
- 5.3 The use of a Framework ensured that the project met the Public Procurement Regulations requirements.

#### **6. Business Case**

- 6.1 The business case for the project was set out to Executive and Council multiple times as it evolved. The final version was included in the report to Council February 2021 showing a forecast capital cost of £9m and a net income to the Council starting at £100k / yr – a net return of just over 1% (net income as a percentage of overall cost).
- 6.2 That business case included contingencies and was based on the outputs from the project commercial team and contractor commissioned through the Framework. Factors such as inflation and the rapidly rising costs of construction were included based on the understanding of the market at that time.
- 6.3 Between February 2021 and the planning application, the scheme costs continued to be modelled and refined. The final internal review of the project conducted at SLT in June 2022 showed that the project cost envelope was at that time estimated to be £9m including a contingency of £605k (Appendix A).
- 6.4 The full supply chain was never engaged as the project did not secure planning permission, so the final outturn costs remain unknown.

- 6.5 The business case in February 2021 (where the scheme was presented to Council for approval) was based on PWLB borrowing with a range of short term and long term borrowing and an average interest rate of between 1.6% and 1.8%. There was a mixture of annuity and maturity loans.
- 6.6 At the beginning of June 2022, PWLB rates has increased to 2.6% for 10 year borrowing and 3% for 50 year borrowing. The increase was due to a variety of factors impacting the market such as the war in Ukraine, Brexit uncertainty and factors affecting gilt markets.
- 6.7 An interest rate of around 2.85% was giving a breakeven position on the business case.
- 6.8 The risk register attached to the February 2021 Council report recognised 'interest rate risk' and scored this as a risk score of 12. The mitigation was through on-going treasury management advice and to vary the borrowing mix between short term and long term debt depending on market conditions.
- 6.9 Given the PWLB interest rates around June 2022, the Council would have employed the mitigating actions and sought to undertake a debt management strategy set out by treasury management advisors. This was to keep borrowing short term until markets had settled and inflation was brought under control.
- 6.10 The most attractive borrowing rates were from a combination of Local Authority to Local Authority borrowing at fixed short term rates, shorter term PWLB borrowing rates and internal borrowing (borrowing from a Council's own cash reserves). This would have reduced the borrowing costs down to a rate within the affordability of the original business case, with the Council undertaking longer term borrowing when the rates allowed and as part of debt restructuring.
- 6.11 The other mitigating actions that the project would have utilised had the project proceeded are:
  - 6.11.1 Construction costs. A costed risk register formed part of the business case, and value engineering in partnership with Aldi may have reduced build costs.
  - 6.11.2 Financial Treatment. Further specific treasury management advice would have been sought at the point of where the Council was in a position to proceed with the construction of the project so that the borrowing strategy could be tailored to prevailing market conditions at the time .
  - 6.11.3 Rental income. If the final construction costs and borrowing costs were outside of the original financial envelope of the February 2021 business case, a negotiated increase in rent to reflect the increase in construction costs and borrowing costs would have been undertaken, against a background of profitability in the low cost supermarket sector.

## **7. Planning**

- 7.1 The project was conceived to support the JLP and Neighbourhood Plan Policies for the site.
- 7.2 Formal pre-application advice was received for the project in October 2021 and made the following conclusion:
- 7.3 The proposal is to take place on a sustainable brownfield site, allocated for regeneration in the Ivybridge Neighbourhood Plan. Whilst there is some policy conflict as noted above, the proposal is considered broadly policy compliant.
- 7.4 The scheme planning application, 1059/22/FUL was submitted April 2022 and went to committee 07<sup>th</sup> July 2022.
- 7.5 The officer report recommended for approval subject to conditions – link here:  
<https://portal.southhams.gov.uk/CivicaTownLive/civica/Resource/Civica/Handler.ashx/doc/pagestream?DocNo=8802812&pdf=true>
- 7.6 As noted above, the planning committee did not approve the scheme for the reasons given.

## **8. Project Conclusions**

- 8.1 The Council undertook to deliver an investment project with regeneration benefits in Ivybridge, and to that end was unsuccessful. However, it reached that conclusion through a transparent, step by step process following member decisions.
- 8.2 The project outcomes evolved over time, from an Investment Project with regeneration benefits, to a pure regeneration project as the relative costs, financial return and place making outcomes of the scheme crystallised. This is reflected in the narrative of the reports that went to the Executive and Council over the life of the project.
- 8.3 As with any major project, significant resource is required to ensure that it is project managed appropriately and it is paramount that risks and budgets are reported appropriately.
- 8.4 The reporting to members on this project has been thorough, and it is good to note the role of the Audit Committee in shaping the business case.
- 8.5 The internal governance arrangements were robust, ensuring senior officers and SLT were informed. Future and current capital projects are managed through the Capital and Major Projects Programme Board, which takes the same approach.
- 8.6 The stakeholder engagement was successful in so far as each group had a forum for their views, which influenced the layout and proposals for the project. There clearly were a spectrum of views on the project, but that is healthy and to be encouraged.

- 8.7 The public consultation was robust and the targeted written consultation (sent 2000 homes), had a response rate of over 40%, which is very high. Outsourcing the process to a 3<sup>rd</sup> party to draft and administer the process was an effective way of introducing independence into the process. The Council should consider this approach again in the future should the need arise.
- 8.8 It is recommended that future projects look to adopt a formal planning protocol to give internal and external reassurance of the independence of the planning process (something that was clearly demonstrated in this project).
- 8.9 The protocol could form an appendix to a public report, such that councillors and the public would be clear on who would act in support of a project and who was a decision maker from a planning perspective and independent in that regard.
- 8.10 Such a protocol would also enable the Council's internal promoters to act in that capacity without accusation of bias within the Council. The risk is that without such a protocol, projects end up with less support than they would be afforded if they were non Council led, in mitigate the perception of bias.

## 9.0 Impact Assessment

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	Appendix A to this report is exempt from publication because it contains information about the Council's financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972.  The public interest test has been applied and it is considered the public interest lies in not disclosing this Appendix because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed.
Financial implications to include reference to value for money	Y	The financial implications are set out in Section 7 of the report.
Risk	Y	All development projects carry risk. These were as previously reported in the Risk Register appended in the Council report of February 2021.

Supporting Corporate Strategy		The project is included in the thematic delivery plan (reference TE1.5) for the Council's corporate strategy, 'Better Lives for All'.
Climate Change - Carbon / Biodiversity Impact		There are no climate change or biodiversity impacts arising from this report.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		There are no Equality and Diversity implications
Safeguarding		There are no Safeguarding implications
Community Safety, Crime and Disorder		There are implications crime and disorder reduction
Health, Safety and Wellbeing		There are no implications on Health, Safety and Wellbeing
Other implications		There are no other implications

### **Supporting Information**

Appendix A: Ivybridge Business Case (as reviewed by SLT June 2022)  
(EXEMPT document)



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Report to: **Audit & Governance Committee**

Date: **20 October 2022**

Title: **Ombudsman Annual Review Letter**

Portfolio Area: Customer Satisfaction & Improvement  
Cllr Nicky Hopwood

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

Author: **Jim Davis** Role: **Head of Customer Service Improvement**

Contact: [jim.davis@swdevon.gov.uk](mailto:jim.davis@swdevon.gov.uk) **01803 861493**

---

**RECOMMENDATIONS:**

**That the Audit & Governance Committee:**

- 1. Reviews the Ombudsman's Annual Letter for 2021 (attached at Appendix A); and**
- 2. Notes the steps set out to ensure that the Council continues to address complaints fairly and in line with best practice.**

**1. Executive summary**

- 1.1 The Local Government and Social Care Ombudsman (LGCSO) looks at complaints about councils where the complainant considers that the Council has not sufficiently addressed their concerns.
- 1.2 This report sets out the LGCSO's Annual Review Letter regarding complaints that they have considered during the period 1st April 2021 to 31st March 2022 (please see Appendix A).
- 1.3 During this period, the Ombudsman received twenty-seven complaints about South Hams District Council, of which five were put forward for investigation. Following detailed investigation, two of those complaints were upheld by the Ombudsman, with one recommendation issued.
- 1.4 On average, the Ombudsman upholds 66% of complaints about Councils. South Hams District Council has seen 40% of investigated complaints upheld, below the national average and an improvement on our performance from 2020/21.

- 1.5 Members are requested to review the Ombudsman's Annual Letter 2022 and consider what lessons have been learnt from the outcome of complaints.

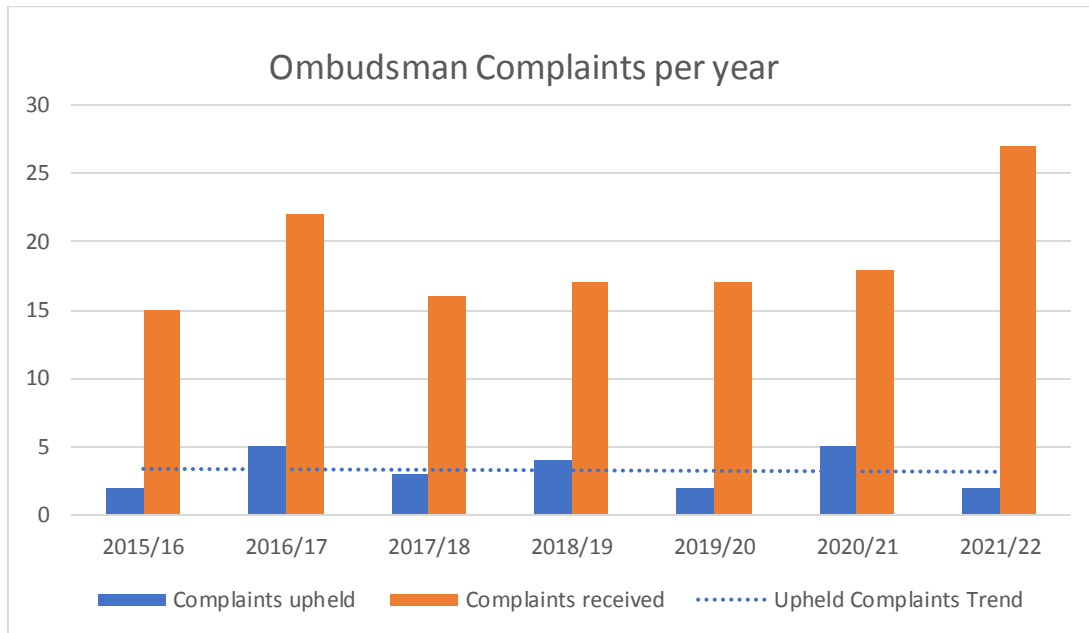
## **2. Background**

- 2.1 The Local Government and Social Care Ombudsman conducts independent, impartial and fair investigations into complaints that faults or service failure have led to an injustice. Where they find fault, they make recommendations to provide a remedy. Where evidence supports it, they can also recommend changes to ensure improvements are made and to avoid similar issues occurring.
- 2.2 The Ombudsman will only consider complaints where they have first been through the Council's internal complaints procedure. This is to allow the Council an opportunity to consider and respond to the complaint and where required, to offer a suitable remedy.
- 2.3 Once considered by the Ombudsman, a complainant cannot appeal against the Ombudsman's decision, but complaints may be reviewed if new information is presented to the Ombudsman.
- 2.4 The Ombudsman's Annual Review Letter 2022 is attached at Appendix A. More details on the complaints raised with the Ombudsman are included in Appendix B. This information is also published on the Ombudsman website along with anonymised details of the complaints and findings at <https://www.lgo.org.uk/your-councils-performance>
- 2.5 The Ombudsman publishes data on:
  - a. The number of complaints and enquiries received
  - b. Decision
  - c. Reason for the decision and where a complaint is upheld, any suggested remedy
- 2.6 Effectively handling complaints is an important part of what we do as a Council and an important tool to identify improvements. The Ombudsman has a crucial role in providing an independent check on our approach, our thinking, and identifying any possible preconceptions, prejudices, or assumptions in our views.

## **3. Outcomes/outputs**

- 3.1 In the Annual Letter 2022, the Ombudsman provides a breakdown of investigations that they have upheld in order to show the number of cases where the Ombudsman's recommendations have remedied the fault, and to also show where the Council had already offered a satisfactory remedy during its own investigation of the complaint.
- 3.2 Appendix B to this report shows complaints decided by the Ombudsman.
- 3.3 The mismatch between complaints received and investigated is due to the automatic reporting being based on the date of submission for complaints received, and the date of decision for investigations decided, and the Ombudsman only reports on matters within the financial year 2021 - 2022.

- 3.4 In its Review of Local Government Complaints 21-22, the Ombudsman sets out that they continue to uphold 66% of complaints that they investigate about local councils.
- 3.5 The figure for South Hams District Council is a 40% rate of upheld complaints which is below the national average. Furthermore, the Ombudsman found that in 100% of cases they were satisfied that we had implemented their recommendations.
- 3.6 One of the complaints upheld was received late last year, and one case reported this year has yet to be investigated.



- 3.7 Of the twenty-seven complaints received by the Ombudsman, eight were closed after initial enquiries, twelve were referred back to the council for local resolution, three were incomplete, two were investigated but not upheld, and two were upheld.
- 3.8 The level of complaints raised with the Ombudsman are slightly higher than the long-term average although the Ombudsman only received complaints for 9 months of last year due to Covid.
- 3.9 The number of complaints sent to the Ombudsman is due to higher than normal level of complaints around the waste service.
- 3.10 Of the 2 complaints marked as upheld;
  - a. One (Waste) resulted in an award and recommendations for dealing with waste complaints that were complied with.
  - b. One (Planning Enforcement) was caused by failure to take action to secure compliance with an enforcement notice.
- 3.11 The Council agreed to all the recommended remedies and were already in the process of adjusting our processes to prevent it happening again.

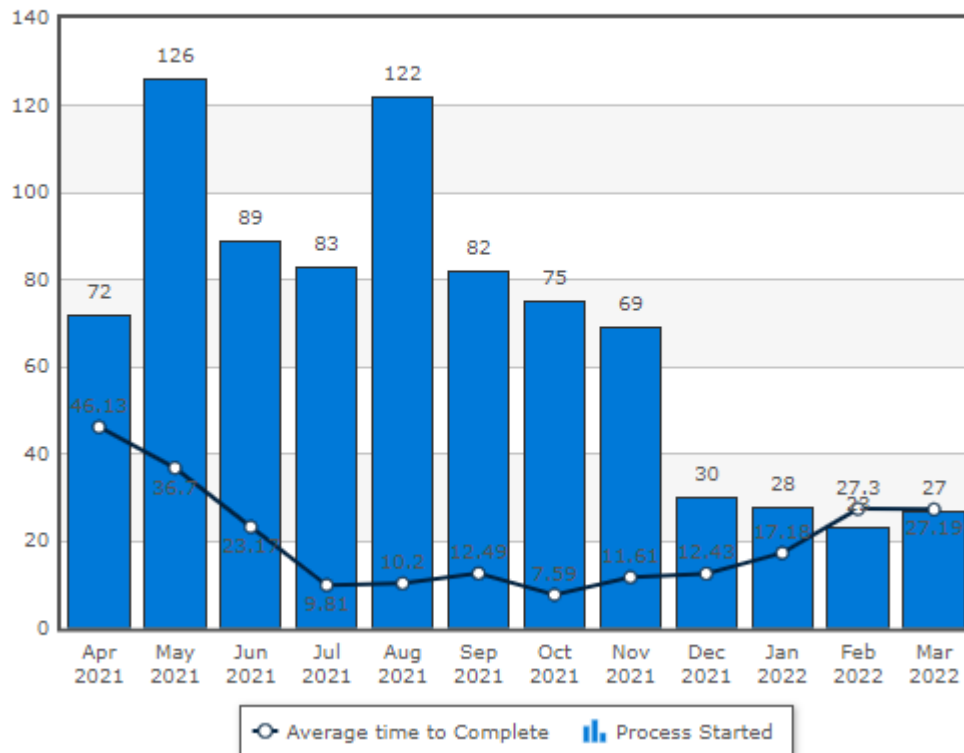
**Complaints**

- 3.12 Upheld complaint 1 relates to the Council failing to take timely action to secure compliance with an enforcement notice. It is

important to state that this complaint relates to actions taken by the Council from 2017. The Ombudsman found that there was some delay in the Council issuing an enforcement notice but that it did not cause significant injustice to the customer and that the Council had followed its enforcement policy in prioritising the case. No remedial action was requested by the Ombudsman.

- 3.13 Upheld complaint 2 relates to the Council not investigating complaints from a resident in respect of repeated missed recycling collections over several months. Although the customer submitted a formal complaint to the Council, it was handled as a service request with the focus being on fixing the missed collections. As such, the complaint did not follow our formal complaint process and therefore the Ombudsman upheld this complaint. The Council was required to apologise for the repeated missed collections and to make a financial goodwill gesture in respect of the failure to appropriately handle the complaint.
- 3.14 Since the Ombudsman’s report last year, we have continued to make improvements to how we deal with complaints. All complaints are handled through our software solution, Liberty Create.
- 3.15 Weekly meetings focusing on overdue complaints and improving customer contact have been in place for the last year.

## Average time to complete



- 3.16 Complaints have seen a general decrease across the Council although the biggest drop over the year was from the waste service.
- 3.17 There have been ongoing changes to the way we deal with complaints to improve the quality of our response and our response speed.
- a. Active management of overdue complaint response time has improved performance
  - b. A focus on talking to the customer directly and early in the process has improved contact in recent months.
  - c. Automated reporting for Heads of Service to actively monitor complaints.
  - d. Learning opportunities highlighted from complaints are better captured and reviewed quarterly.
- 3.18 Additionally, we have commissioned the Local Government Ombudsman to deliver training staff in key service areas in order to further improve our complaints handling. These sessions will be held in November and December.

#### 4. Proposed Way Forward

- 4.1 That the Audit and Governance Committee:
- 4.2 Notes the content of the Local Government Ombudsman Annual Review Letter as set out in Appendix A to this report.
- 4.3 Consider what lessons have been learnt (or can be learnt) from the outcome of complaints.

#### 5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Local Government & Social Care Ombudsman is governed by the Local Government Act 1974 and is responsible for considering complaints against local authorities which the complainant considers have not been resolved locally by the Council. The Overview and Scrutiny Committee is responsible for having an overview of complaints handling and for an overview of Ombudsman complaints, and the Ombudsman Annual Review letter is an important part of that process. The decisions in respect of each case are provided to the relevant service in order that any recommendations made by the Ombudsman are acted upon and lessons learnt can be implemented.
Financial implications to	Y	There are resource implications in officer time spent dealing with complaints in both the initial

include reference to value for money		<p>stages under our own policy as well as the resources in supporting an Ombudsman complaint. The Council does not have a dedicated Complaints Officer and it is therefore not possible to quantify this time. Good complaints management which we learn from mistakes is important in ensuring that the Council is efficient and provides value for money in the future by not making the same mistakes again.</p> <p>Where it is necessary to settle a complaint by the payment of compensation (or the Council has already offered a settlement) payment is made out of the current year's revenue budget for the service in question.</p>
Risk	Y	<p>It is important that the Council is aware of the number and type of complaints made to the Ombudsman together with the outcomes and lessons learnt. The Senior Leadership Team are updated on the numbers and types of complaints and the Business Managers and Customer Improvement Manager now monitor response times weekly to ensure timely replies to customers.</p> <p>Whilst it is not possible to eliminate complaints, it is possible to manage complaints efficiently and learn from the outcomes of these complaints to mitigate the risk of recurrence and deliver service improvement.</p>
Supporting Corporate Strategy		Efficient and Effective Council
Climate Change - Carbon / Biodiversity Impact		
Comprehensive Impact Assessment Implications		
Equality and Diversity		This has been considered in the Complaints policy and within the individual complaints where relevant. No complaints have been received regarding Equality and Diversity.
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None



Other implications		None
--------------------	--	------

**Supporting Information**

**Appendices:**

Appendix A - Ombudsman Annual Letter

Appendix B - Ombudsman Complaints - Decided

**Background Papers:**

None

This page is intentionally left blank

20 July 2022

*By email*

Mr Bates  
Chief Executive  
South Hams District Council

Dear Mr Bates

### **Annual Review letter 2022**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

### **Complaint statistics**

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

**Complaints upheld** - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

**Compliance with recommendations** - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Supporting complaint and service improvement**

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

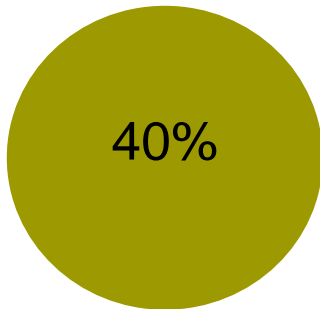
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

### Complaints upheld



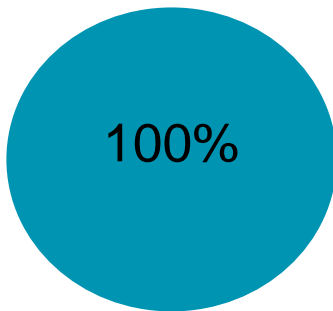
**40%** of complaints we investigated were upheld.

This compares to an average of **51%** in similar organisations.

**2**  
upheld decisions

Statistics are based on a total of **5** investigations for the period between 1 April 2021 to 31 March 2022

### Compliance with Ombudsman recommendations



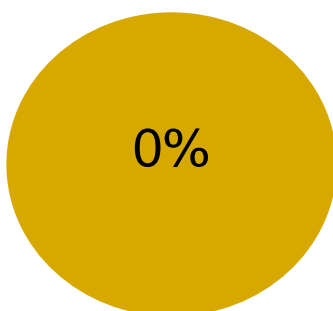
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **1** compliance outcome for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

### Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **20%** in similar organisations.

**0**  
satisfactory remedy decisions

Statistics are based on a total of **2** upheld decisions for the period between 1 April 2021 to 31 March 2022

This page is intentionally left blank

							Service improvement recommendations
Reference	Authority	Category	Decided	Decision	Decision Reason	Remedy	
20009752	SHDC	Environmental Services & Public Protection & Regulation	23/06/21	Not Upheld	no mal		
20011843	SHDC	Planning & Development	27/09/21	Upheld	mal no inj		
20012059	SHDC	Planning & Development	31/08/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
20012536	SHDC	Planning & Development	19/04/21	Closed after initial enquiries	Not warranted by alleged injustice		
20012583	SHDC	Environmental Services & Public Protection & Regulation	24/01/22	Upheld	mal & inj	Apology, Financial redress: Avoidable distress/time and trouble, Financial redress: Loss of service, Procedure or policy change/review	Review the way it responds to refuse complaints, ensuring that it follows its own complaints policy and provides responses to complaints within its published timeframes. Look into why reports of missed collections were not dealt with sooner, given the Council were passing reports onto its contractor. It should assess whether any issues relating to this are still outstanding
21000825	SHDC	NULL	20/04/21	Incomplete/Invalid	Insufficient information to proceed and PA advised		
21000873	SHDC	Planning & Development	15/11/21	Not Upheld	no mal		
21001467	SHDC	Environmental Services & Public Protection & Regulation	04/05/21	Referred back for local resolution	Premature Decision - advice given		
21002585	SHDC	Environmental Services & Public Protection & Regulation	24/05/21	Referred back for local resolution	Premature Decision - advice given		
21002802	SHDC	Planning & Development	08/07/21	Closed after initial enquiries	26(6)(b) appeal to Minister		
21003992	SHDC	Environmental Services & Public Protection & Regulation	18/06/21	Referred back for local resolution	Premature Decision - advice given		
21004065	SHDC	Environmental Services & Public Protection & Regulation	30/06/21	Referred back for local resolution	Premature Decision - advice given		
21005298	SHDC	Environmental Services & Public Protection & Regulation	13/07/21	Referred back for local resolution	Premature Decision - advice given		
21005612	SHDC	Environmental Services & Public Protection & Regulation	21/07/21	Referred back for local resolution	Premature Decision - advice given		
21006629	SHDC	Environmental Services & Public Protection & Regulation	09/08/21	Referred back for local resolution	Premature Decision - advice given		
21006745	SHDC	Planning & Development	18/10/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21008251	SHDC	Planning & Development	27/01/22	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21008285	SHDC	Highways & Transport	19/10/21	Closed after initial enquiries	26(6)(a) tribunal TPT/PATAS		
21008306	SHDC	Corporate & Other Services	10/11/21	Closed after initial enquiries	Not warranted by alleged injustice		
21009885	SHDC	Planning & Development	07/10/21	Incomplete/Invalid	Insufficient information to proceed and PA advised		
21010063	SHDC	Environmental Services & Public Protection & Regulation	11/10/21	Referred back for local resolution	Premature Decision - advice given		
21010758	SHDC	Corporate & Other Services	23/11/21	Closed after initial enquiries	Other reason not to investigate		
21011575	SHDC	Environmental Services & Public Protection & Regulation	29/03/22	Not Upheld	Other reason not to continue with investigation		
21013245	SHDC	Planning & Development	03/12/21	Referred back for local resolution	Premature Decision - advice given		
21013813	SHDC	Planning & Development	21/01/22	Referred back for local resolution	Premature Decision - referred to BinJ		

21014318	SHDC	Environmental Services & Public Protection & Regulation	04/01/22	Referred back for local resolution	Premature Decision - advice given		
21014733	SHDC	Planning & Development	10/01/22	Referred back for local resolution	Premature Decision - advice given		
21018907	SHDC	Planning & Development	28/03/22	Incomplete/Invalid	Insufficient information to proceed and PA advised		



Report to: **Audit and Governance Committee**  
Date: **20 October 2022**  
Title: **Sundry Debt**  
Portfolio Area: **Finance and Assets – Cllr H Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: N/A

Author: **Clare Scotton** Role: **Principal Accountant**  
**Pauline Henstock** **Head of Finance Practice and Deputy S.151 Officer**

Contact: **01803 861559** [clare.scotton@swdevon.gov.uk](mailto:clare.scotton@swdevon.gov.uk)  
**01803 861377** [pauline.henstock@swdevon.gov.uk](mailto:pauline.henstock@swdevon.gov.uk)

---

**Recommendation:**

**That the Audit Committee note the position in relation to Sundry Debt.**

## 1. Executive summary

- 1.1 The Council is responsible for the collection of: Sundry Debts, Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates (NNDR).
- 1.2 This report provides Members with an update of the position of Sundry Debt and Housing Benefits Overpayments up to 30<sup>th</sup> September 2022.

## 2. Background

- 2.1 The Council's management arrangements underpin delivery of all the Council's priorities, including the commitment to providing value for money services. Incorporated within this, is the timely collection of monies due to the Council. Debts are recovered in accordance with the Council's Recovery Policy as published on our website.

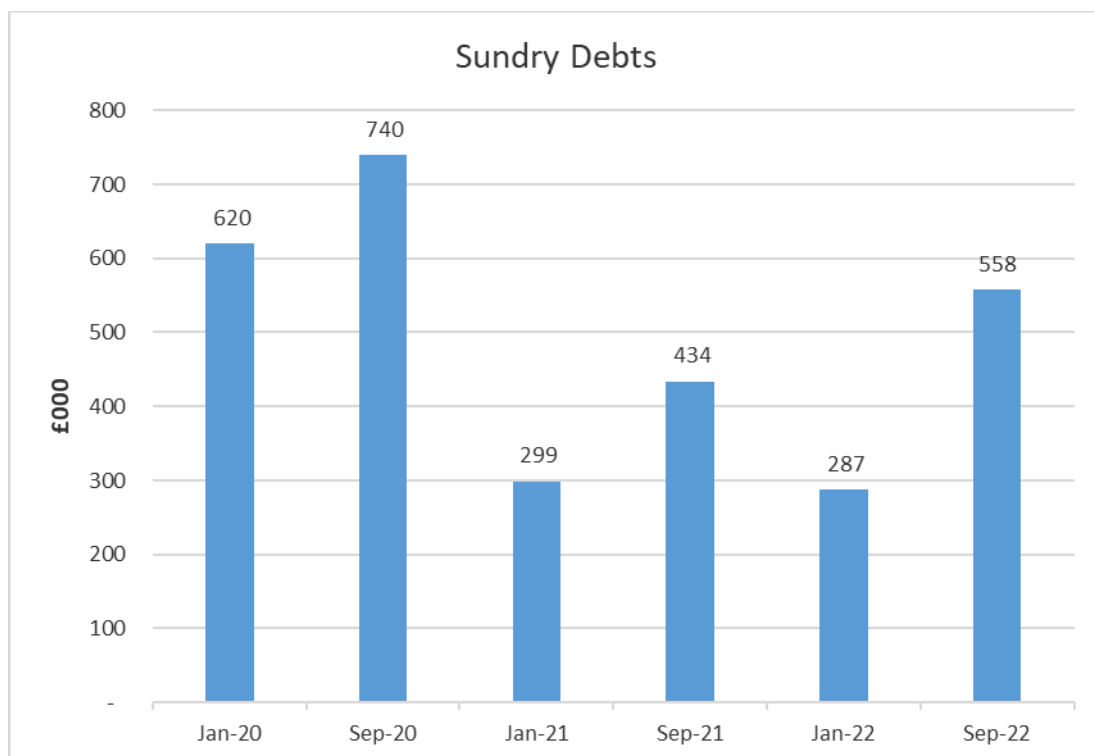
- 2.2 Following the centralisation of debt recovery into one service from October 2017 and the implementation of the Debt Recovery Action Plan, Members requested a series of updates to demonstrate robust control of debt recovery procedures, particularly relating to sundry debt.
- 2.3 The implementation of a comprehensive action plan has resulted in robust recovery procedures. This report outlines the latest positions in collection relating to Sundry Debt and Housing Benefit Overpayments by providing data that demonstrates the progress made.

### **3. Outcomes/outputs**

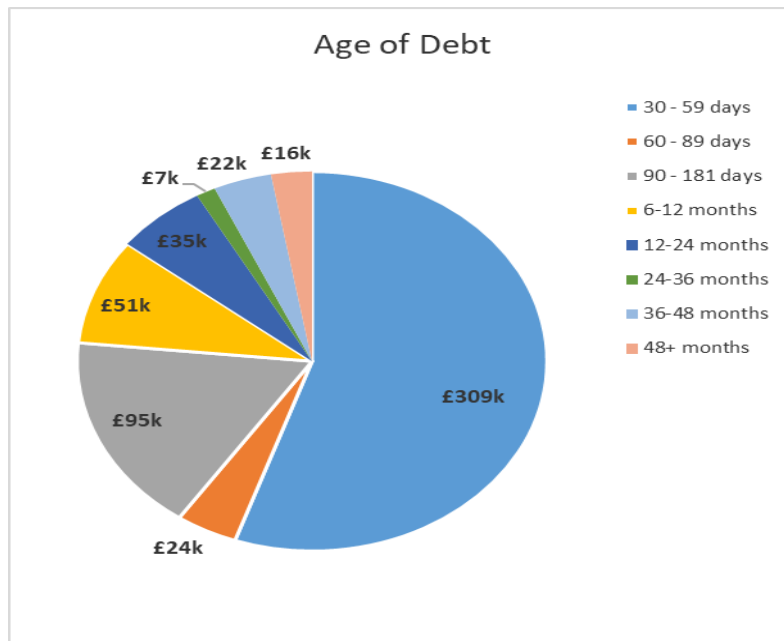
- 3.1 The arrears covered in this report are split into three categories as follows:
  - a. Sundry Debts
  - b. Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit
  - c. Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit
- 3.2 All Council sundry debts are actively pursued, and in most instances are collected in a timely manner. In cases where payment is not received on time, a series of reminder letters are issued promptly to the debtor. If this fails to secure payment, recovery is pursued through the courts.
- 3.3 The Council took the decision to pause the chasing of Sundry Debts at the very start of the pandemic but this process was resumed last Summer and reminder letters are being sent out regularly.

## Sundry Debts

- 3.4 The balance of arrears for Sundry Debts over recent years is summarised below. This figure has increased to £558k since January 2022. The figure will always show an increase in September due to the trade waste invoices being raised. These invoices are paid monthly on direct debit so whilst they are showing as outstanding debt, arrangements are in place for them to be paid. The total trade waste figure is £287k which if excluded, would bring the sundry debt figure down to £271k, £16k lower than January 2022. Sundry Debts consist of Estates Management, Licensing, Trade Waste and Housing. This excludes car parking fines which are included on a different system.



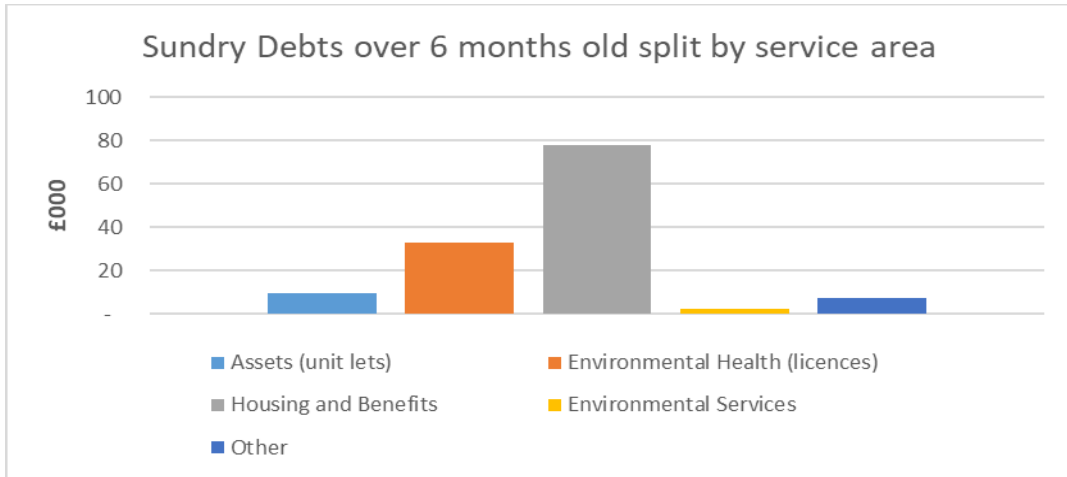
3.5 This balance of £558k can be further broken down by age category to give a clearer picture of the nature of Sundry Debt arrears as follows.



3.6 The current balance for Sundry Debts of £558k does not include any individual debts over £20k.

3.7 The Assets team have been actively pursuing unpaid debtor invoices and supporting our customers with options such as payment arrangements.

3.8 Sundry debts over six months old total £131k and can be further analysed by service area below. It can be seen that just over £78k relates to Housing and Benefits which are difficult debts to recover. This makes up 60% of the total debt in this age category. £33k relates to Environmental Health invoices. The majority of these are licences and therefore low value, high volume. £10k relates to rental income from unit lets and slow recovery is expected in the current financial climate. The Assets team are working closely with tenants to work out a payment plan to recover these debts.

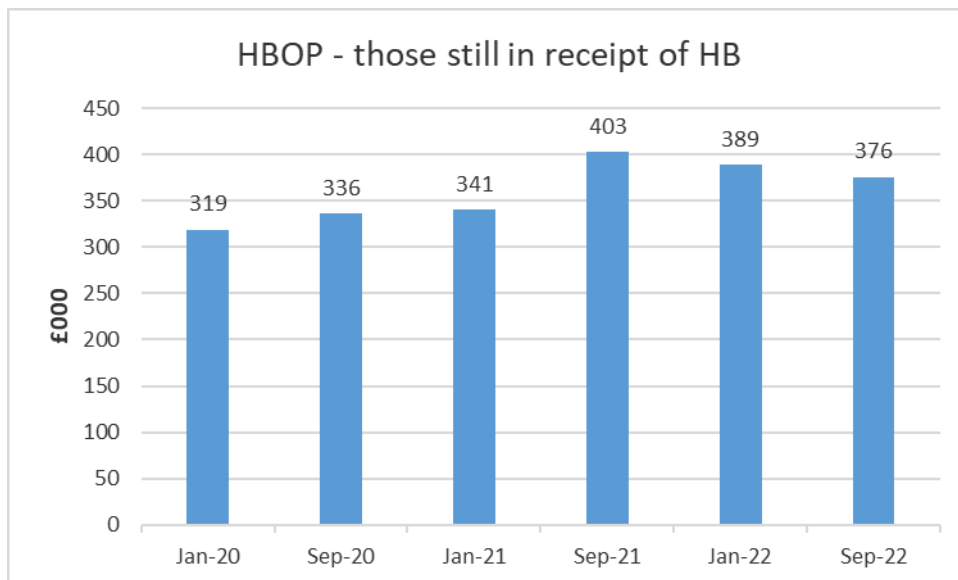


### Sundry debt written off

3.9 Sundry debts totalling £3,459 were written off in the first six months of 2022/23 due to their size and likelihood of being recovered.

### Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit

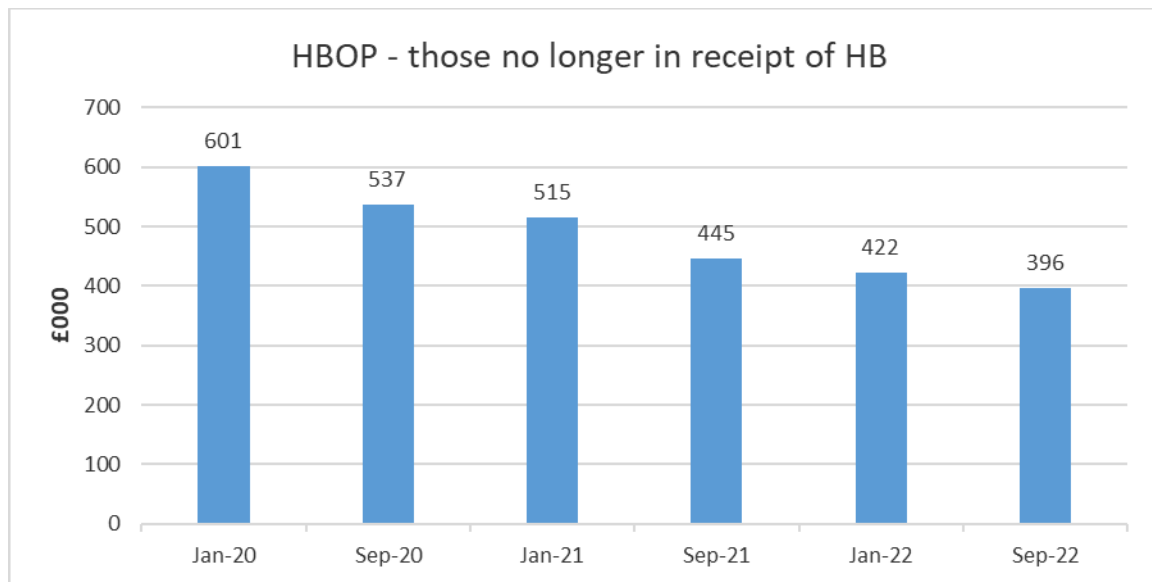
3.10 The balance of arrears for Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit is £376k as at 30<sup>th</sup> September 2022, a decrease on the balance of £389k as at 31<sup>st</sup> January 2022. The balance over time can be seen on the chart below.



3.11 Recovery action was paused following the initial lockdown in March 2020 but this process is now back up and running. The Business Support team make every effort to identify overpayments promptly and so begin the recovery process whilst amounts are still relatively low. By recovering these debts whilst people are still in receipt of Housing Benefit, the ease of recovery is greater, as is the likelihood of full recovery.

### **Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit**

3.12 The balance of arrears for Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit is £396k as at 30<sup>th</sup> September 2022, a decrease on the balance of £422k as at 31<sup>st</sup> January 2022. The balance overtime can be seen on the chart below.



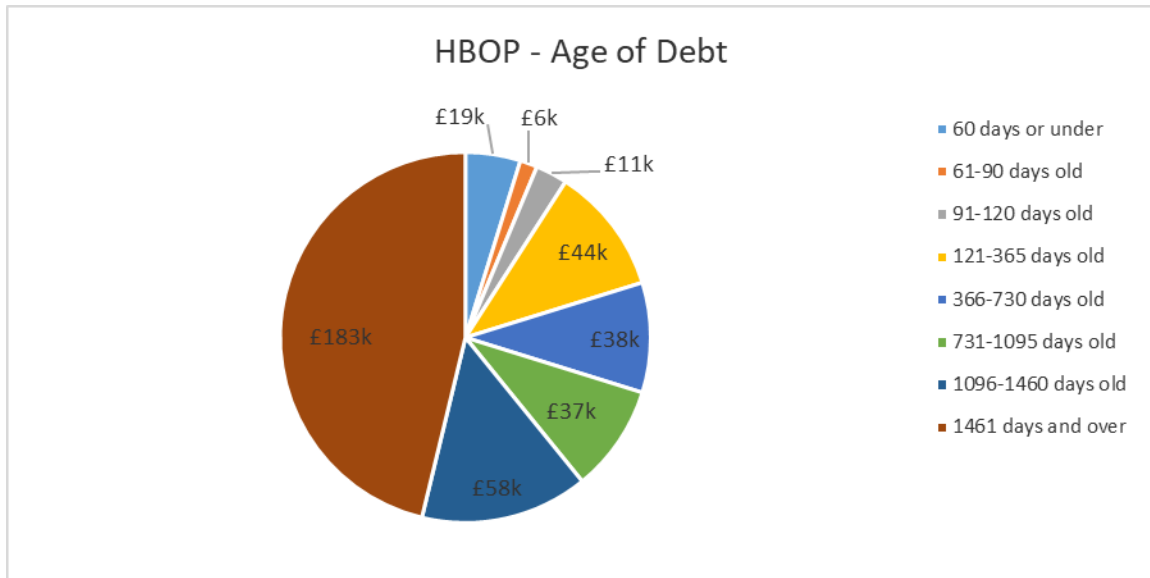
3.13 The amount outstanding is continuously monitored and well managed for both categories of Housing Benefit Overpayment Recoveries. A downwards trend is expected as members of the public move increasingly from the Housing Benefit system over to the Universal Credit system.

3.14 The effect of this will be that less Housing Benefit will be administered by the Authority and so the amount that is overpaid will reduce.

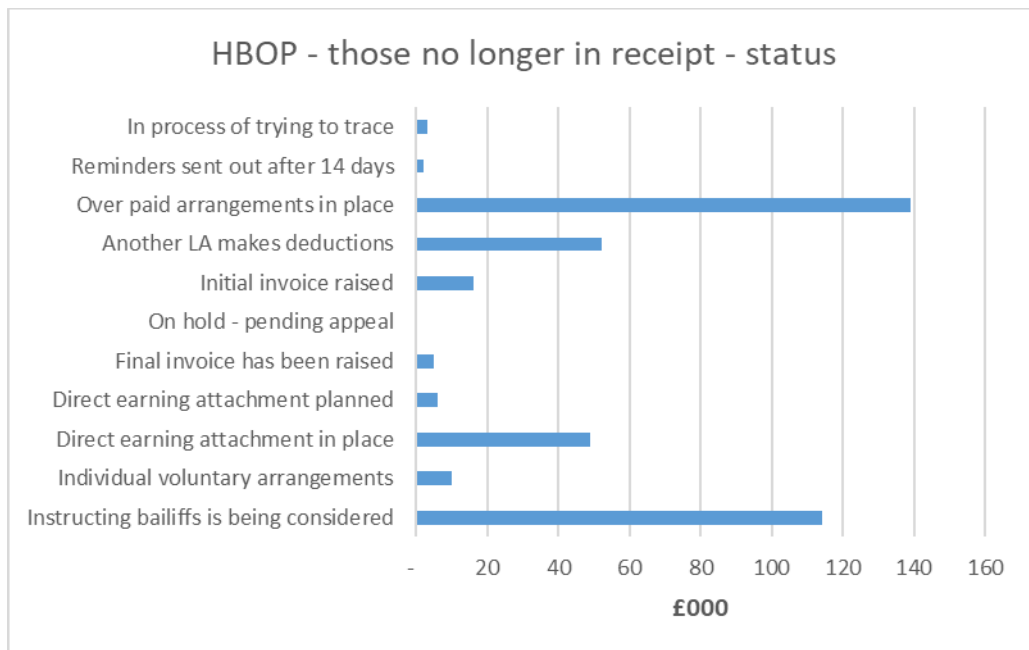
### **Housing Benefit write offs**

3.15 Since 1st April 2022, just over £12k of this debt has been written off.

3.16 This balance of £396k can be further broken down by age category to give a clearer picture of the nature of these arrears, as follows.



3.17 Of this balance, £139k relates to debt where overpayment arrangements are in place and consideration is being given to instructing bailiffs on debt totalling £114k. £49k relates to debt where a direct earnings attachment is in place. A full picture showing the status of this debt can be seen below.



#### 4. Options available and consideration of risk

- 4.1 The Business Manager for Business Support is keen to continue to focus on debt recovery and it is anticipated that every effort will be made to recover monies owed to the Council promptly. Where this isn't possible, the debt recovery procedures will be followed and overdue debts will be duly followed up.

#### 5. Proposed Way Forward

- 5.1 The Committee note the content of this report and continue half yearly reporting.

#### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The guidelines for Statutory Interest Charging and adding recovery costs falls under the European Directive 2011/7/EU on Combating Late Payment in Commercial Transactions. Enforcing successful legal action for recovery of debt is dependent upon a robust system of ensuring correct business names are recorded within our systems.
Financial implications to include reference to value for money	Y	Improved income collection, resulting in less impact of uncollectable debt on the Income and Expenditure Account, due to fewer write offs.
Risk	Y	There remains a risk of income not being collected. The Debt Recovery Plan alongside the Debt Recovery Policy seeks to minimise this. Risk to reputation is managed carefully by prompt recovery of amounts due wherever possible. This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue and these are written off in accordance with the Council's Write Off Policy
Supporting Corporate Strategy		The debt recovery process supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change - Carbon / Biodiversity Impact		None directly arising from this report.



Comprehensive Impact Assessment Implications		
Equality and Diversity	N	All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	N	N/A
Other implications	N	None

**Supporting Information**

**Appendices:**

None

**Background Papers:**

None

This page is intentionally left blank

## Proposed Workplan for the Audit & Governance Committee for the 2022/23 Financial Year

Committee Meeting Date	Agenda Items
24 November 2022	<ul style="list-style-type: none"> <li>i) Grant Thornton Report: Accounts – the Audit Findings for South Hams District Council;</li> <li>ii) Grant Thornton Report: Auditor’s Annual Report for 2021/22</li> <li>iii) Audited Annual Statement of Accounts 2021/22 and Audited Annual Governance Statement;</li> <li>iv) Internal Audit Progress report 2022/23</li> <li>v) Treasury Management Mid Year report 2022/23</li> </ul>
5 January 2023	<ul style="list-style-type: none"> <li>i) Grant Thornton update report</li> <li>ii) Update on Progress on the 2022/23 Internal Audit Plan;</li> <li>iii) Strategic Risk Update;</li> </ul>
9 March 2023	<ul style="list-style-type: none"> <li>i) Grant Thornton – External Audit Plan 2022/23</li> <li>ii) Grant Thornton Update Report;</li> <li>iii) Grant Thornton – Informing the Risk Assessment for 2022/23 (Planning for the 2022/23 Accounts);</li> <li>iv) 2023/24 Internal Audit Plan;</li> <li>v) 2023/24 Capital Strategy, 2023/24 Investment Strategy and 2023/24 Treasury Management Strategy;</li> <li>vi) Draft Budget Book 2023/24;</li> <li>vii) Cost Methodology for Shared Services 2022/23;</li> <li>viii) Update on Progress on the 2022/23 Internal Audit Plan;</li> <li>ix) Strategic Debt update</li> </ul>

This page is intentionally left blank