

Mendip District Council

Annual Governance Statement 2022/23

The undersigned are satisfied that the assessment is accurate and indicates that appropriate governance arrangements are in place at Mendip District Council. We will ensure that steps to address matters raised in the assessment to further enhance our governance arrangements will be taken over the coming year.

Signed:Date:

Chief Executive on behalf of Mendip District Council

Signed:Date:

Chair of Audit Committee on behalf of Mendip District Council

Version Control

Version 1	28/02/2023	Draft version to Audit Committee 6 March 2023
Version 2	13/06/2023	Revised post published Accounts
Version 3	21/11/2023	Revised from External Audit review
Version 4	09/01/2024	Revised with Audit Opinion added

N.B Final version to be approved post Year end by the new Somerset Council /Audit Committee

1. Introduction to Governance

1.1. The governance framework comprises the systems, processes, culture, and values by which the authority is directed and controlled. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The governance framework has been in place at Mendip District Council for the year ended 31st March 2023

1.2. and up to the date of approval of the Statement of Accounts.

1.3. As a public body Mendip District Council is responsible for providing services to approximately 116,100 residents, thousands of varied businesses, and hundreds of thousands of visitors per year. Therefore, the Council needs to have a strong governance framework that ensures that:

- Its business is conducted to the highest standards.
- Resources are directed in accordance with agreed policy and according to priorities whilst having regard to economy, efficiency and effectiveness.
- There is sound and inclusive decision making, conducted in accordance with the law and proper standards.
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- Public money is safeguarded and properly accounted for.
- Continuous improvement is achieved in the way in which its functions are exercised.

1.4. The Council's Corporate Plan sets out the priority areas for Mendip District Council and is reviewed regularly to ensure the strategic objectives meet the needs of the community. The Authority through the activities for which it is accountable for engages with and leads the community. Our residents and businesses are central to everything we do, and we are committed to improving the health and wellbeing of our communities. In February of 2020 the Council published its new three-year Corporate Plan with the intention to build a fairer, greener, and more vibrant Mendip that values our distinctive towns and rural communities.

1.5. Mendip District Council is responsible for ensuring that its business is conducted in accordance with the law, regulations and proper standards, and that public money is safeguarded from waste, extravagance, or misappropriation. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness in the exercise of its responsibilities.

As part of ensuring the highest standards are set and maintained, the Council regularly reviews its governance arrangements. This statement reflects how Mendip District Council has met those standards in 2022/23 and the ongoing actions it is taking to maintain and improve its governance arrangements.

2. The Annual Governance Statement (A.G.S)

- 2.1. The Council is required by Accounts and Audit (England) regulations 2015 regulation 6(1) (b), as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2021/22. This will be signed by the Council's Chief Executive and Chair of Audit Committee, after final approval by the Audit Committee. The AGS will form part of the Annual Statement of Accounts for 2022/23.
- 2.2. The AGS is drafted by those who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead Officers within the organisation, internal and external auditors, and inspection agencies. The governance of the Council will continue to be monitored by Cabinet, other Councillor Committees, and the Council's Senior Leadership Team.
- 2.3. The AGS is primarily retrospective in respect of the 2022/23 financial year. It reports on the assurance framework and measures in place for the previous financial year but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
- 2.4. Evidence of how the Council has assessed itself in line with the seven core principles of good governance set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering good governance', listed below, is detailed in Sections 6 -12.
- 2.5. The AGS also requires the Council to identify any significant internal control issues affecting the Council during the relevant period. CIPFA guidance suggests that an internal control issue is to be regarded as significant if the issue has:
- Seriously prejudiced or prevented achievement of a principal objective.
 - Resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business.
 - Led to a material impact on the accounts.
 - Required the Audit Committee, or equivalent, to be advised.
 - Been reported by the Head of Internal Audit in the annual opinion on the internal control environment.
 - Has attracted significant public interest or has seriously damaged the reputation of the organisation.
 - Resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
- 2.6. The Council's internal auditors have given an overall audit opinion of **tba** for 2022/23.

3. Governance responsibility

- 3.1. Elected Members are collectively responsible for the governance of the Council. Full Council's responsibilities include:

- Agreeing the Council's constitution, comprising the key governance documents, including the executive arrangements, and making any necessary changes to ensure that the Constitution remains fit for purpose and reflects legislation and best practice.
- Agreeing the budget and policy framework, including key strategies.
- Appointing the head of paid service.
- Appointing Members to Committees responsible for scrutiny functions, audit, standards, and regulatory matters.

3.2. The decision-making structure of the Council is available.

3.3. The Council operates a leader and cabinet executive model in accordance with the Localism Act 2011. Under these arrangements the Cabinet carries out all the Council's functions which are not the responsibility of any other part of the Council. Cabinet meets monthly and its decisions in 2022/23 can be found on the Council website. (.

3.4. The Cabinet is held to account by Scrutiny Board whose function is to review and/or scrutinise decisions made; or actions taken in connection with the discharge of the Council's functions; and assist with policy development.

3.5. Cabinet recognised that transformational success will be driven by a strong, empowered, flexible and timely governance structure. As a result, it formed a new Board in 2016/17, named Phoenix Sponsorship Board. In 2020/21 the work of this Board was refocussed in order to provide the Council with support and assurance on the effective delivery of the enterprise and commercial investment agenda. Thus, at a strategic level, the Phoenix Board was shaping and driving the Council's Investment Programme ensuring it is delivered effectively and efficiently, and that it meets the financial and corporate objectives of the Council. Going forward Somerset Council will provide the strategic direction and will own and be responsible for all district commercial properties.

4. Internal Control

4.1. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives.
- Evaluate the likelihood of those risks being realised and the impact should they be realised.
- Manage the risks efficiently, effectively, and economically.

4.2. The process that has been applied to maintaining and reviewing the effectiveness of the governance framework includes:

- The Monitoring Officer has a duty to monitor and review the operation of the constitution to ensure its aims and principles are adequate. The Council reviews the constitution annually, with the Standards Committee having an ongoing oversight role.
- The Council's Section 151 Officer (S151 Officer) has confirmed the Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- The Council has a Scrutiny Board that can call in any decision made by Cabinet before implementation. This enables them to consider whether the decision is appropriate.
- The Audit Committee reviews the Annual Statement of Accounts, the review of the Effectiveness of Internal Audit and the Annual Governance Statement. It has a call-in role for any service that receives a "limited" or "no assurance" audit opinion and monitors the action plans to ensure they are completed. It monitors the performance of internal audit at each meeting and agrees the annual internal and external audit plans.
- Internal Audit, delivered for the authority through the South West Audit Partnership Ltd (SWAP), is responsible for monitoring the quality and effectiveness of systems of internal control. The Audit service has a Charter approved by the Audit Committee and there are no restrictions on the scope of their work. A risk model is used to formulate the plan, which is then approved by the Corporate Management Team. The reporting process for internal audit requires a report of each audit to be submitted to the relevant Head of Service or Senior Managers, with copies to S151 Officer and the Monitoring Officer.

5. Review of effectiveness of the governance framework

The Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the council who have responsibility for the development and maintenance of the governance environment, the SWAP Internal audit manager's annual report, and by comments made by the external auditors and other review agencies and inspectorates. The use of Audit reports by the Council is discussed in more detail in section 13.

5.1. Leadership of governance and internal control

Responsibility for governance and internal control lies with the Chief Executive and the Strategic Leadership Team (SLT) which meet on a bi-weekly basis to steer the organisation's activity. SLT receive a regular suite of assurance reports from several sources, including the Internal and external Audit reports, Corporate Risk Register, and the Corporate Performance Report, which allows the Council to track performance towards its agreed objectives. Every other week SLT combine with the Heads of Service as Corporate Management Team (CMT). Once per year SLT review the progress in addressing the significant governance challenges which have been identified.

The following highlights our review of our governance framework and sets out the assurances of Committees, Officers, and external organisations.

5.2. Review of Objectives

The Council's current strategic objectives are contained in the Corporate Plan. A Corporate Performance Report based on the key commitments /priorities of the Corporate Plan, is produced quarterly and progress against milestones is recorded and a RAG (Red, Amber and Green) indicator is used to demonstrate progress and direction of travel based on a combination of qualitative and quantitative data.

From the **Q3** Corporate Delivery plan at present there are a total of 14 remaining priority actions. This number may change during the lifetime of the plan as actions are achieved. The status of these actions at the end of Q3 2022/2023 is as follows;

- 12 (86%) are green
- 1 (7%) are amber
- 1 (7%) are red
- 0 (0%) are not yet due to start

This report provides a summary of the Council's Corporate Performance for 2022/23, providing status updates for the Corporate Plan actions and projects that are currently live. Several strategic actions are monitored against each priority. The performance report is based on strategic actions as identified in the corporate plan, along with a basket of service-related key performance indicators. The Corporate Performance report is subject to a rigorous approval process, whereby it is checked by Corporate Management Team as data owners and signed off by the appropriate Portfolio Holder. The report is then considered by Scrutiny Board with any comments or recommendations made by the Board incorporated into the report when it is subsequently considered by Cabinet. On a quarterly basis, Cabinet members discuss the report. At any point, Councillors may request the

addition of any aspects of poor performance to the agenda of the next Scrutiny Board meeting.

Quarterly analysis of the performance report demonstrates that the Council is meeting the majority of key performance measures. In addition, the analysis shows a long-term, on-going trend of improvement.

5.3. On 24 February 2020, Mendip District Council adopted the new Corporate Plan 2020-2023.

It informs the Council's decision-making, the activities, and services we offer, and how we allocate resources.

5.4. Our Aim is:

To build a fairer, greener, and more vibrant Mendip that values our distinctive towns and rural communities.

5.5. Our Corporate Priorities are to:

5.5.1. Make Mendip a fairer place.

Our district has much to offer in terms of quality of life. However, we know that not everyone has the same level of opportunity and that austerity and growth inequality mean that some people experience real challenges.

The Council has a crucial role to play in ensuring that all our residents can access the services and support they are entitled to, open opportunities, lead more secure lives and be able to play a full role in the community.

5.5.2. Deliver on our climate and ecological commitment.

The Council has declared a Climate Emergency and we are committed to the aim of becoming carbon neutral by 2030. Our Climate and Ecological Emergency Group (CEEG) has been set up to oversee and co-ordinate this work under a number of themes:

Behaviour Change, Built Environment, Energy, Food and Nature, Money and Investment, Transportation, Waste and Water.

5.5.3. Protect and enhance our towns and rural communities.

This priority focuses on the city, towns and villages in Mendip and addressing the housing, services and infrastructure needs of the Communities who live in them. It is also about working with local people and partners to contribute to the protection and enhancement of the built and natural environment.

5.5.4. The above priorities/commitments are supported by:

4 Key Principles	Supported by 3 Core values &
Be transparent and open in our decision making	Leadership
Be an inclusive employer that invests in our workforce	Creativity
Be a relationship builder with local, regional, and national partners	Achievement
Be smart in how we manage resources	Related Values
	Integrity
	Respect
	Challenge

This year has yet again been challenging for our staff due balancing business as usual requirements with the impact of the transitional work and awaiting clarification on new structures and roles, to deliver the necessary workstreams (including a new Enterprise Resource Planning system Microsoft Dynamics) that enable us to safely and efficiently deliver on the legal requirement to become a Unitary Authority, which was announced in July 2021.

As part of the impact of LGR the Cabinet proposed a reduction in the areas of focus over the final two years of the council, recognising that in this the final year particularly there would be a rising need to redeploy staff to set up the new organisation.

5.5.5. Assessment of the robustness of corporate governance across services

Services have processes for setting objectives, in line with Corporate and service priorities, and planning to deliver them.

Officers are aware of and know how to engage with and support the Scrutiny Board Committee and working groups.

Services welcome peer challenge, internal and external review and audit, and inspections from regulatory bodies, and give thorough consideration to arising recommendations. They put in place arrangements for the implementation of actions agreed to be taken as a result, including them in relevant business plans, and there is clear oversight from elected Members on the conclusions and resultant actions.

The Council strives for continued improvement of governance and communication of workforce policy and associated guidance, so that it is clear, easily accessible, and monitors that policies are consistently followed across services.

The Council has continued its approach of asking budget holders /Managers to forecast whether they are on track to deliver year-end outcomes. For each target or action that is 'below target', the owner must provide an action to get back on track or an explanation as to why the target may need review. The Council has a standard process for monitoring the performance of key contractors, whose performance is scrutinised and as part of this process they are regularly invited to attend the Scrutiny Board.

The consequence of all the approaches listed above is that the Council has a strong focus on delivering priorities, managing performance against targets, and progressing actions.

The review process, applied in respect of maintaining and reviewing the effectiveness of the system of internal control, is informed by:

5.5.6. Internal Audit Reviews

The views of SWAP Internal Audit are regularly reported to Audit Committee via the 'Internal Audit quarterly progress update Report' which include executive summaries of new reports published where critical weaknesses or unacceptably high levels of risk were identified. In addition, where appropriate, the relevant Head of Service is required to attend a meeting to update the Committee regarding progress and to detail any necessary actions.

5.5.7. External Auditor's Review of the Effectiveness of Governance Arrangements

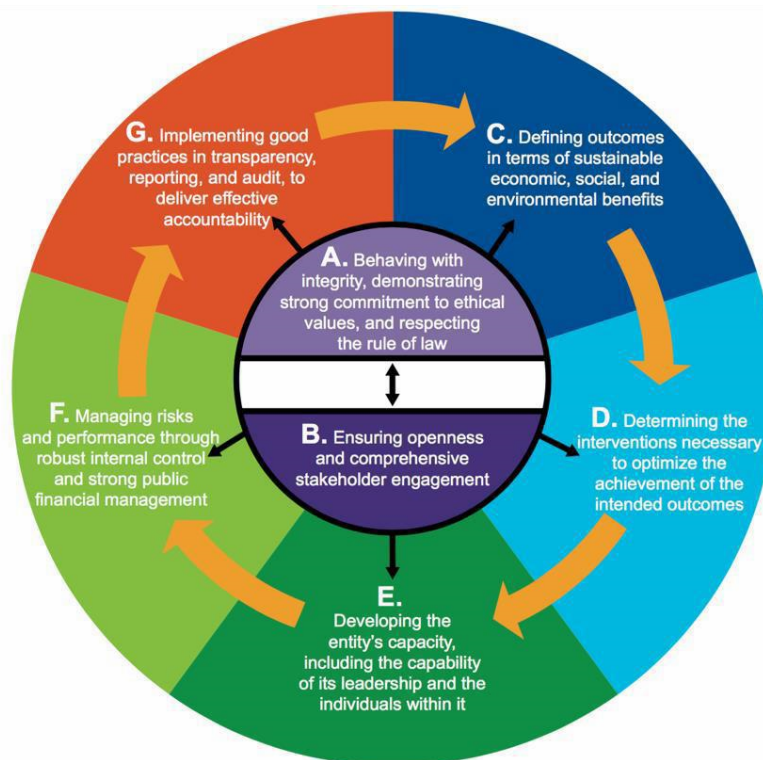
Ernst & Young LLP are the Council's External Auditors. The Auditors carry out auditing of the Council's activities in accordance with the National Audit Office (NAO) Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014. Their key responsibilities are to:

- Give an opinion on the Council's financial statements and assess the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources (the value for money conclusion).
- Produce an Annual Audit Letter which summarises the key areas highlighted by the work they have carried out.

After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance-TBC.

6. Mendip District Council's Annual Governance Statement 2022/23

6.1. The diagram from the International Framework, below illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity should be committed to improving governance on a continuing basis through a process of evaluation and review.



6.2. The following sections set out how Mendip District Council delivers good governance, how it performed in that role in 2022/23 and what it is doing to continually improve.

A) Behaving with integrity, demonstrating strong commitment to ethical values, and representing the rule of law.

B) Ensuring Openness, Transparency and Comprehensive Stakeholder Engagement – delivering Accountability

C) Defining Outcomes in terms of Sustainable Economic, Social and Environmental Benefits

D) Determining the interventions necessary to optimise the achievement of intended outcomes

E) Developing capacity, including the capacity of the Council's leadership and the individuals within it

F) Managing risks and performance through robust internal controls and strong public financial management

G) Implementing good practises in transparency reporting and audit to deliver effective accountability

6.3. Ongoing Issues/Projects identified in 2022/23 and update prior years.

7. Behaving with integrity, demonstrating strong commitment to ethical values, and representing the rule of law.

7.1. Mendip District Council's Constitution provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent, and accountable. The Constitution is reviewed on an ongoing basis. This practice ensures that the Constitution remains fit for purpose and is updated for national and local changes in circumstances.

7.2. The Constitution, published on the website, includes the Members' Code of Conduct which makes clear the obligation of elected Members in promoting and maintaining high standards of conduct and ensuring the principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) are adhered to. Pecuniary and non-pecuniary interests are registered in accordance with the requirements of the Code of Conduct and the underlying legislation.

7.3. The Council also has an Officer Code of Conduct as well as guidance on the registration of interests, gifts and hospitality for both staff and members. This is also reviewed regularly by the Council's Monitoring Officer. The reports to Standards Committee regarding the registers are available for public scrutiny via the website. The Code of Conduct for Members requires declarations at meetings to be made by Members where necessary and these declarations are recorded in the minutes of the meeting.

7.4. There is a strong culture operating in the Council of acting to the highest standards. This is rooted in the behaviours expected of Councillors and staff and upheld by the senior leaders. This culture has been underpinned by a joint staff and Councillor development plan, known as Shape our Future, and is reflected in our values.

7.5. Where any resident feels the Council has not acted properly the Council has a robust process for dealing with complaints. The quarterly Corporate Performance Reports submitted to Cabinet and Scrutiny Board Meetings report on the performance of each service in responding to feedback as well as the nature of the feedback received, the actions that have been taken and the lessons that have been learnt. In line with our corporate feedback guidance, if a resident is not satisfied with the initial response to their complaint, they may appeal. Should they not be satisfied with the Council's final response in relation to the complaint, they can complain to the Local Government Ombudsman.

- 7.6. As mentioned above the Council publishes and promotes a code of conduct for its staff that details what is expected of all employees. The performance coaching review scheme provides an opportunity for the manager and post holder to come together to talk about performance, competency targets and personal development. The review discussion is complemented by regular one-to-one meetings which are held throughout the year. Effective performance and continual improvement are essential parts of the Council's service delivery.
- 7.7. The Council has established recruitment policies to ensure that appointments to the Council are fair and ethical and meet the requirements of equalities legislation and takes account of the need to ensure diversity. Any applicant who has identified themselves as disabled and who meets the essential requirements of the person specification will be automatically invited to interview. This policy is part of the Council's wider Equality and Diversity Policy that ensures all appropriate decisions are taken with issues of equalities in mind. Ethical considerations will be evident in the Council's Procurement Strategy where Social and Environmental factors are a key feature.
- 7.8. As previously advised working with the Head of Law & Governance Services, a new Procurement Target Operating Model (TOM) was developed in 2021/22 with 2 procurement roles who will report to Section 151 Officer, subsequently we are now assisted by Somerset County Council.
- 7.9. The Council operates an Anti-Fraud and Corruption Policy <https://www.mendip.gov.uk/article/9800/Report-Fraud-Corruption-or-Whistleblowing-Concerns> which operates as part of the governance framework to ensure the Council operates within the law. The Council also has policies on Whistleblowing, Complaints and other Human Resources Policies that are available on SharePoint to all employees.
- 7.10. The Council has appointed independent external auditors (Ernst and Young LLP) and the South West Audit Partnership Limited (SWAP) who provide an internal audit function. Ernst & Young LLP and SWAP's Annual reports and interim reports were considered during 2022/23 by the Council's Audit Committee (here). No governance concerns of significance have been raised in 2022/23.
- 7.11. The Council appoints an Independent Remuneration Panel when required to advise and make recommendations to the Council on the setting of Member allowances in accordance with the Local Authorities (Member Allowances) (England) Regulations 2003.
- 7.12. The Council has developed numerous partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. These have their own governance arrangements, including Somerset Waste Partnership, Shape Mendip, Legal Shared Service, Somerset Building Control Partnership, Five Councils Partnership (5C Partnership).
- 7.13. Statutory Officers' responsibilities are defined in the Constitution and are employed in accordance with statutory guidance. The S151 Officer leads the promotion and delivery of good financial management through attendance at Council, Cabinet and

Committee meetings and organises specialist workshops/training for Officers and Members as appropriate and as part of the new Member induction programme.

- 7.14. The Monitoring Officer and S151 meet regularly with the Chief Executive and Corporate Management team to discuss any matters relevant to their statutory functions.

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8. B) Ensuring Openness, Transparency and Comprehensive Stakeholder Engagement – delivering Accountability

- 8.1. The Constitution sets out the legal and constitutional framework for good decision making, including the principles of decision making, schemes of delegation, recording of decisions and access to information relating to decisions. All Council, Cabinet and Committee report templates include a section on legal and financial considerations. These can be seen in all decisions made.
- 8.2. The Council publishes a rolling forward plan which is updated weekly that provides details of key decisions to be made by the Council and its Committees for at least three and typically four months ahead. Also included is detail of other business to be considered during the period of the plan. This provides an open culture by demonstrating, documenting and communicating the Council's commitment to openness. Reports are written on standard templates providing clear reasoning and evidence for decisions. Both formal and informal consultation and engagement as appropriate is used to determine the best course of action.
- 8.3. The Council's scrutiny arrangements were improved in 2017/18 and now in 2022/23 consist of a Scrutiny Board which meets at least quarterly and five Scrutiny working groups which are: Policies and Strategies, Managing Contracts, Access, Climate and Ecological and Breaking the Cycle of Disadvantage. and a new one formed this year with the remit of scrutinising the approach of the Glastonbury Town Deal Project to gain assurance that the project followed the Treasury Green Book process, that individual projects within the over Town Deal met the cases and criteria of the Green Book and that the project was fit to proceed.

Most scrutiny work is done by small groups of elected Members who meet to review issues in their own areas. Interested parties including consultants and contractors are often invited to contribute to this work. Each working group then produces a report presenting their findings to the quarterly scrutiny board. The Scrutiny Board produces a report for Full Council in May each year and makes recommendations to Cabinet and others as necessary on how the issue or service could be improved.

- 8.4. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and Officers to public account for their executive policies, decisions and actions and serves to make sure that decisions are taken based on sound evidence and are in the best interests of the people of Mendip.

- 8.5. In 2022/23 Scrutiny considered a wide range of subjects and the latest Forward Plan can be found within the latest meeting papers on the website. In addition, see Section.11.10 for more detail rework of scrutiny in year.
- 8.6. The Council consults appropriately in line with its consultation policy and legal requirements in order to inform its decision making. During the year the Council carried out several public consultations whose feedback was reported to Cabinet as part of informing their decision making.

8.7 Consultations

In respect of public consultations, a consultation exercise was undertaken with all partner agencies who are members of the current District Council Safety Advisory Groups (SAG) and new Terms of Reference draw up for the new Somerset Council SAG. This exercise has informed how the new SAG will operate and has ensured stakeholders have contributed to and are engaged with the SAG process and that advice and guidance will continue to be offered to Event Organisers across the County

The Council attended all Police managed Community Trigger panels involving engagement with applicant and key stakeholders to define agreed action plans and assure appropriate accountability by all attending.

In Year there were further consultations in respect of **Glastonbury Town Deal** on 24 November 22, with another planned on 18 March 23 (a Saturday, to enable people who are busy during the week to attend).

Other projects under Glastonbury Town deal have held consultation events including Glastonbury Abbey, The Life Factory and Glastonbury Food & Regenerative Farming. Also, all these projects have public engagement strategies.

The Council actively use social and broadcast media to ensure a good reach into the community.

Finally, during 2022, the HM Treasury Green Book Business Cases for Town Deal Projects were taken through MDC's Scrutiny Committee and also the full Council, as part of the local Assurance Process, with both sets of meetings and minutes being in the public domain.

There were no Mendip Local Plan consultations in 2022-23 pending preparation of a new unitary development Plan. A Joint Statement of Community Involvement was published in February 2023. Consultations were also undertaken on Supplementary Documents and work on design codes, including a greenspace SPD in Oct-Nov 2022 to support the adopted Plan.

In terms of local businesses Mendip lent support as part of county/sub-regional (i.e., LEP level) business engagements. This includes supporting and promoting the Somerset-wide business survey which was undertaken in November/December 2022 to ensure a further supply of economic intelligence as we move into the new UA.

Also, the Council is supporting and promoting Somerset Chamber's consultations with businesses as part of the wider Devon & Somerset Local Skills Improvement Plans which are taking place this Feb/March across the 2 counties at present. The

purpose is to ensure that the current and future skills need of local employers are captured and fed back to the Department for Education for future policy support.

The Council makes available a range of important information on its website including its strategic aims and ambitions as part of the Corporate Plan. Further information is available on request and through the Council's arrangements for dealing with requests under Freedom of Information (FOI) legislation. Complaints data is published in the narrative of the Statement of Accounts.

- 8.8 Under the Transparency Code the Authority publishes data such as payments to suppliers, senior Officers' salaries and structure, contracts and tenders and annual pay policy statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information Request and the procedure that will be followed to answer them.

The annual accounts were published on the Council website on 13 June 2023 and in accordance with specified timescales so that the financial position and performance of the authority is open to public scrutiny in a timely manner.

- 8.9 Committee meetings, agendas and minutes are published in accordance with the Forward Plan and publication of agendas is done in accordance with the Local Government Act 1972. Where statutory timescales are not met then the appropriate consultation takes place with the Members. The public are able to speak at Council, Cabinet and Scrutiny Committee. Public speaking is also available slots are also available at other Committee meetings, e.g., Licensing, Planning. All meetings are held in public unless exempt business is under discussion.

- 8.10 Engagement with staff happens in a number of ways; whole authority staff sessions held a minimum of once a year, services team meetings, project team meetings one-to-one meetings and weekly My Mendip newsletter. The Shape our Future development programme has also been a conduit to engage with staff, and the Staff Matters Group meet on a regular basis to consider and provide feedback and suggestions on matters of relevance to staff.

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9. C) Defining Outcomes in terms of Sustainable Economic, Social and Environmental Benefits

- 9.1. Mendip District Council has a three-year Corporate Plan, adopted in February 2020. This plan has been prepared to reflect both the significant external challenges and changes that the council will have over the coming years as well as the changes to the way the council will have to operate to manage these challenges.
- 9.2. Part of the building of communities involves capital developments of buildings and other such infrastructure. The Council sets out a five-year Capital Programme as presented to Full Council in February tied into its Corporate Plan. This strategy is seen as a key strand of the future delivery of the Council's business. The Council's decision-making framework has ensured that all these decisions are reported through Cabinet and approved by Full Council.
- 9.3. Ethical considerations are evident in the Council's corporate procurement strategy along with social economic and environmental impacts. The Council is committed to achieving sustainable outcomes through skilful management of the procurement process and will endeavour to accompany this with value for money. The Council will consider the impact of its procurement by involving the community where possible and practical. Also, Mendip will investigate new ways to deliver services which will enhance the local environment and promote social inclusion.
- 9.4. The Council considers and balances the combined economic social and environmental impact of policies and plans when making decisions about service provision. It receives periodic reports on the combined economic, social, and environmental impacts of its policies.
- 9.5. The Council actively seeks development opportunities in the district which will bring economic benefit to the region in the long term, using its appointed agents to provide professional advice. As updated in Section 8.7 above during 2020/21 we were successful working with partners in securing accelerator for Glastonbury town fund and subsequently nearly a further £24m in 2021/22.

Mendip District Council worked as part of a Somerset wide project aimed at boosting the demand and supply for Somersets retrofit market. The project delivered 52 retrofit plans to homeowners on where to start improving the energy efficiency of their homes. 29 free training courses for local businesses on an introduction to retrofit work. 4 virtual open home webinars showcasing real life examples of what homeowners have done and a green directory designed a one stop shop for residents in Somerset to find local businesses near them that can carry out work.

Mendip District Council lead on a countywide project to develop a Somerset Tree Strategy. Funding was pooled from all five authorities along with a number of environmental NGOs. Over 10,000 trees were planted through a combination of Queen's Green Canopy and Treescapes funding across the district through

partnership work with Mendip Hills AONB, Somerset Wildlife Trust and Reimagining the levels.

10. D) Determining the interventions necessary to optimise the achievement of intended outcomes

- 10.1. In 2020/21 the Council refreshed its 5-year Medium Term Resource Strategy (MTRS) as part of a four-year financial settlement with the Department for Communities and Local Government (DCLG). As part of that, and in setting the 2017/18 budget, the Council has identified several key programmes of transformational activity intended to improve outcomes for its residents and to generate new income streams to replace reduced government funding under its Income Generation strategy. The pandemic has paused any further commercial investments and the move to unitary will happen in April 2023.
- 10.2. Oversight of corporate projects is undertaken by the Senior Leadership Team (SLT), supported with advice from Finance, Legal, HR teams. During 2022/23 the focus has been on delivering LGR workstreams, but majority of projects were delivered or expected to progress according to schedule.
- 10.3. Regular Financial Performance reports and updates are reported to senior Officers and Councillors, including Scrutiny Board. The Business Partners undertake monthly forecasting with Heads of Service and the resulting reports are then reviewed by the S151 Officer. Monthly updates are provided to the Senior Leadership Team with quarterly updates reported publicly through Cabinet.
- 10.4. The Council has established robust planning and control cycles that cover strategic and operational plans, priorities, and targets. The Council actively engages with internal and external stakeholders in determining how services should be delivered. Budgets are prepared in accordance with objectives, strategies and the MTRS.

The Council led in developing the Police and new Somerset Council joint working protocol on Unauthorised Encampments to ensure both agencies to encourage both police and local authority staff to use the full range of powers open to them.

The Community Safety Partnership Officer ran a familiarisation session with Avon & Somerset Constabulary officers to support them to use the Mendip One Team Virtual Meeting Room on the Professional Choices platform hosted by Somerset County Council. This enables the sharing of sensitive information in a confidential manner but to the benefit of stakeholders supporting vulnerable people in the community and assists in delivering the best outcomes possible.

11. E) Developing capacity, including the capacity of the Council's leadership and the individuals within it

11.1. In order to deliver the Council's priorities within a strong governance framework the Council requires a workforce that is appropriately skilled and qualified. Due to the shifting requirements of local government and the changing demands put on the Council, it's essential that the capacity of the Council's workforce is reviewed and updated.

11.2 Many development opportunities have been introduced with many officers given the opportunity to act up and develop skills whilst ensuring there is capacity to delivery the councils statutory services and those required as the LGR progresses, this included officer taking on LGR Lead Roles, appointing another assistance CEO, and upskilling numerous team leaders to take on some Head of Service responsibilities.

11.3 Within the Community Health Service one officer successfully completed the Office for Product Safety and Standards Regulatory Leadership programme which has been a benefit to the individual and the organisation. Another has attained the Drinking Water Inspectorate (DWI) certification of persons scheme qualification for sampling private water supplies enabling them to continue to deliver services where legislation has mandated training recently. A third is enrolled on the Level 3 Award for Animal Licensing Inspectors due to complete the course in time for the 1st of April 2023 when all inspections need to be undertaken by a qualified officer.

The Environmental and Community Protection Service developed and published a self-help pack and presentation on how to tackle trespass by unauthorised encampments for parish councils and private landowners.

Rest Centre Training and Tactical and Strategic Emergency Planning Exercises were delivered by the Somerset Civil Contingencies Unit (CCU) and attended by operational and senior staff. This was to ensure we were more prepared and had resilience in the event of incidents and emergencies in readiness for the winter period and will serve well to upskill offices as they transfer to the new Somerset Council.

During the year a cadre of staff have gained or refreshed their First Aid at Work and Fire Safety Awareness, providing support as staff returned to the office and also delivering activities within the community e.g., Market officers.

Another member of staff also gained here Mental Health Awareness training and is able to deliver accredited training and awareness sessions both internally and externally.

Training lead by the Council was provided by Stand Against Racist Incidents (SARI) for staff, others district officers and external partner agencies on recognising and how to report all forms of hate crime. Additionally, the Council

continues to attend the Somerset Hate Crime and Community Cohesion Partnership.

11.4 Induction sessions with new starters are still delivered through MS Teams on a quarterly basis. These sessions give all new starters the opportunity to meet the Council Leader and Chief Executive and hear about the Council priorities. It gives the opportunity for the new starters to ask questions to these senior leaders and meet other starters. The attendance levels are high on these compared to the sessions when they were held on site prior to COVID.

The majority of corporate training has been delivered virtually. Over the year we have delivered Equalities Induction to new starters, Equality Updates, Political Awareness, Retirement Planning, Hate Crime Awareness – we opened up this training to colleagues across Somerset. Skill and behaviour-based training such as Excel, Word, Planning and Organising was delivered virtually in small groups.

We've provided training around wellbeing and mental health through our connections with Somerset ICS.

Again, with our connections to Somerset ICS and the County Council, we've been able to provide ILM Level training both Coaching & Mentoring and Leadership & Management.

We've also provided cross council training, working with Sedgemoor District Council, we shared training on change and other topics.

Over the summer, we helped deliver Behaviour & Culture workshops as part of the LGR programme and some of our staff have signed up as Culture Navigators.

11.5 The Council looks for good practice from other areas and other authorities in order to help improve its leadership and service delivery. Following a management restructure in 2017/18, the Council has invested heavily in staff training across a range of areas included personal/executive coaching, political awareness and TMS profile workshops for both staff and politicians. Management succession planning from an Officer perspective is supported by the rolling programme known as Head of Service Assistants, and from a member perspective by the continuation of Cabinet Assistants and recently recruited Scrutiny Assistants – fixed terms roles for those interested to gain more experience at senior roles.

11.6 In 2018/19, the Council launched ***Shape our Future***, a joint development programme for Officers and Members. With sessions covering a variety of topics, Shape our Future has allowed Officers and Members to share ideas and learn from each other. The programme has brought the organisation together to consider and agree what sort of council we need and want to be, to set our future values, and define how we are going to achieve our ambitions. The values, developed in consultation with staff and Members, are reflected in the Council's Corporate Plan. During 2022/23 the Council's organisational development

programme has continued, with the main emphasis being on supporting the organisation to respond to the challenges of Covid 19 and external change drivers, whilst continuing to deliver high quality services.

- 11.7 The Council will continue to make use of external reviews of its practice to deliver better outcomes. The Council holds Investors in People status and is accredited as a Timewise organisation by The Timewise Foundation.
- 11.8 Training programmes for Council employees are identified from regular 1-2-1's, team meetings, performance coaching reviews, new online induction process and personal development programmes. A Training Needs Assessment is completed annually to inform the corporate training programme and ensure the most effective use of the training budget.
- 11.9 New Members to the Council receive induction training in key areas (including the Constitution, ethical governance, decision-making processes, and the Council's Code of Members' Conduct). Member training and development has taken place in the last year against the backdrop of the Covid 19 pandemic. This has meant that training has had to take place online and continues to do so. There has been an increase in Members taking up opportunities of individual learning via webinars and courses run by the LGA and other bodies. There have been more Officer briefings to assist Members in gaining the essential knowledge they need and formal training sessions by outside training companies have also been offered.

11 10 Member Development Group

The Member Development Group (MDG) comprises of Councillors: Richard Pinnock (Chair), Alison Barkshire, Adam Boyden, John Greenhalgh, Damon Hooton, and Heather Shearer.

Member training and development took place in the last year against the continued backdrop of the Covid 19 pandemic. This meant that training continued to take place virtually by means of online facilities. Members have continued to take up opportunities of individual learning via webinars and courses run by the LGA and other similar bodies. A number of officer briefings were held to assist Members in gaining the essential knowledge they need and formal training sessions by external training providers and organisations were also offered. Members will be aware that briefings have been provided in relation to the Local Government Reorganisation in Somerset.

Member Development Activity during 2022-23

Members have continued to be encouraged to identify training opportunities. They were interested in via the Local Government Association (LGA) and other similar organisations. There have been several Officer led training sessions and briefings over the course of the year. These are detailed in the table below and cover a range of matters including Domestic Abuse, Phosphates and Section 106

Agreements. In addition, Members also received a briefing from Somerset County Council's Gypsy Liaison Team.

As 2022 23 is Year 4 in the cycle it is the lightest in terms of development training for members

Training was provided to Members in year and is summarised in the table below:

Date	Development Session	Number of Attendees
28.06.22	LGA Annual Conference	2
12.07.22	Suicide Awareness	0
01.11.22	Scrutiny Board briefing about update to a Contract ahead of Cabinet meeting	7
23.11.22	Briefing to Planning Board on the Glastonbury Town Deal	8
13.12.22	Audit Training with SWAP on Fraud	
25.01.23	Local Plan II Members Briefing	26
Monthly	Somerset Re-organisation updates	

11.11 There is not a Scrutiny Board Annual Report 2022-23 as this is prepared for the May 23 Council which will not happen due to the fact we will be within the new Somerset Unitary Council.

The below summary provides an outline of the work undertaken by Scrutiny Board Members over the course of 2022-23 municipal year.

As stated last year in terms of scrutiny Board training has been progressed via the coffee session approach with being able to discuss development of the board and its focus. The Council did a piece of work to get on paper their concerns and aspirations for the Scrutiny, we then looked at the realities of what Scrutiny actually had power to do and started to pull out areas that they felt they wanted to focus on. At further meetings these thoughts were developed and looked at how they prioritised and articulated what they wanted to do. This was then fed into the Scrutiny workplan which became larger but meant that the Board felt that they had more input.

Work was also done with Scrutiny on using the forward plan effectively and how to ensure appropriate scrutiny takes place. This saw the board looking at items on the Forward Plan and assessing where appropriate scrutiny might take place by some other group (e.g., Members Equality Group looking at the Equalities Priorities and Plan) and so not require them to look at it, thus allowing them to focus on other areas. Over the 22/23 year and in

the context of the upcoming transition to a Unitary, the Scrutiny Board met 4 times; however, the May meeting was inquorate, and attendance was generally low throughout the year, During this time however, members managed to cover a sizeable amount off work.

The Board reviewed the following:

- Performance of the SPARK Somerset Voluntary sector funding agreement
- Performance of the CAB partnership
- Outreach Inreach service performance
- Conclusion of Access, Breaking the Cycle of Disadvantage, Climate & Ecological, Contracts, Policies & Strategies, Glastonbury Town deal task & finish working groups
- Quarterly corporate performance reports
- Budget monitoring reports
- The Council's performance in the monitoring and regulation of 2022 Glastonbury festival
- Fusion contract
- Council's complaint process

In addition, the Board made recommendations for the proposals for the Glastonbury Public Spaces Protection Order.

11.12 Monitoring and evaluation of course come via the quarterly reporting. As an example, the new Corporate Delivery Plan the challenge to Cabinet was that they would not be able to resource delivery in light of Local Government Reform (LGR). Cabinet's response was that they recognised the demand from LGR would rise but considered the reduced plan could be met and they had budgeted for additional costs of implementation, they would however monitor the matter regularly. The quarterly performance reports now map the progress of the Delivery Plan and are scrutinised by Scrutiny, Cabinet members meet with SLT monthly to keep up to date on the impacts of LGR on delivery to be able to make adjustments where required.

In summary all staff and all Councillors are offered training and or coaching, with any agreed professional memberships reimbursed to staff.

11.13 As previously advised the Council was re-assessed in 2021 and gained the Investors in People accreditation for a further 3 years. It also gained Disability Confident Employer in 2022. This accreditation demonstrates the Council's commitment to employing and supporting a diverse workforce. The Council is sharing best practise such as the Timewise Accreditation with the Somerset District Councils and the County Council and working towards how that can support employees in the new Council. Ongoing training for Council staff for their work tasks and providing support in change and wellbeing practises.

11.14 The Council must position itself to deal with the impact of changes in national policy and legislation. Such changes could be resource hungry and to this end the Council has maintained a robust level of general balances and earmarked funds for both corporate capacity issues. These reserves along with the revenue contingency budget provide financial resilience for the organisation.

- 11.15 We continue to work with SWAP to ensure that the Council has taken the steps necessary to reduce the risk of non-compliance with the regulation.
- 11.16 Working in partnerships is increasingly important to the Council and is used as an additional method of improving and growing the skills base for delivering the Council's objectives.

12. F) Managing risks and performance through robust internal controls and strong public financial management

- 12.1. Performance management is a key component of the Council's approach to achieving its stated outcomes. Part of this process involves identifying and, where appropriate, mitigating risks, ensuring that performance and risk management processes are in place throughout the organisation with additional rigorous processes to ensure sound financial management.
- 12.2. The Council has in place a performance management framework which covers performance against corporate priority objectives and service level performance. Each corporate priority, as set out in the Corporate Plan has a number of supporting objectives which in turn translate into projects and service level actions.
- 12.3. The Council reports publicly on performance against objectives through quarterly reports to Scrutiny and Cabinet. The reports also include a number of metrics including Freedom of Information requests and HR data. There is also a summary of financial data and work is underway to align the objectives of the emerging new Corporate Strategy more closely with the MTFP. At a service level, each group has in place a business plan and regularly reports on performance against this plan to relevant Portfolio Holders. We have re-established the Corporate Risk Management Group and the vice chair of Audit Committee attends this group.
- 12.4. There are quarterly budget monitoring updates to Councillors, via Cabinet, and monthly updates highlighting any significant variances to senior Officers. Group Managers produce monthly revised forecasts, and any issues are highlighted on the corporate summary. Any identified potential under or overspends, were flagged and appropriate action was taken where required. This year due to effective budget management the out turn has resulted in an underspend of £0.9m which increases the general fund balance. The issues relating to the Council's longer-term financial position are recorded in the Corporate Risk Register, bearing in mind the issues and balances will transfer to the new Unitary.
- 12.5. The Council also undertook robust scrutiny of the 2022/23 budget, and this was set at Full Council in February 2022.
- 12.6. Managing risks is the responsibility of the whole organisation. Risk management is the process of identifying significant risks to the achievement of the Council's strategic and operational objectives, evaluating their potential consequences, and implementing the most effective way of mitigating them. The aim is to reduce the frequency of risk events occurring (where possible) and minimise the severity of their consequences if they do occur. It is also about considering opportunities (positive risks) as well as negative risks (threats) and using these to assist innovation in Council services. High level risks are included on the Strategic Risk Register with the register reviewed on a quarterly basis by Group Managers, the Senior Leadership team, and the Corporate Governance Group ahead of the Audit Committee.
- 12.7. Whereas the management of lower-level risks are recorded and monitored by services at various levels in the organisation, including by the Group Managers.

- 12.8. Each service area and project hold its own risk register which define the risks related to their service areas and assign individuals to be responsible for their management. All services risks are scored on the same basis of likelihood and impact and high scoring service risks are escalated, through a set policy, to Corporate Management Team for consideration of whether they should be included on the Strategic risk register.
- 12.9. Service risks that are high scoring or appear on, or are referenced on, the strategic risk register require a greater focus on mitigating action planning with those actions assigned a time scale and an owner. The Council recognises that in order to seize opportunities and make successful changes some risk is inevitable and must be effectively managed.
- 12.10. There were no new risks in 2022-23 and two risks were closed: SR 42 and SR60

Open Risks

- SR52: **A failure by the Council, working in conjunction with its partners, to provide an adequate local response** to civil emergencies such as Grenfell and pandemics could impact public safety and service provision, as well as having legislative and reputational implications.
- SR53: **Failure of a contractor within our main business services to deliver all their contractual obligations or cease to trade** leading to the Council being unable to secure or deliver ongoing provision of key frontline services, potentially impacting on more vulnerable customers and the council's reputation.
- SR36: **Long term financial planning** - Failure to deliver a balanced budget and sustainable long-term financial plan will put at risk future public service delivery to the residents of the Mendip District. While this would affect all residents, it will have the biggest impact on the vulnerable.
- SR59: **As a result of a lack of resource, technical knowledge, adequate cyber security measures and training and awareness for staff and members, the council is unable to detect and protect from threats to internet connected systems which could include hardware, software and data from cyber-attacks.** This could lead to unauthorised access to personal data and disrupt service delivery leading to financial loss, service disruption, data breaches and/or damage to the reputation of the organisation.
- SR41: **Due to external factors, including local government reorganisation and transition, the Council is unable to**

retain, sustain or recruit the appropriate skilled resource, professional expertise, and sufficient staff capacity. This would result in a negative impact on service delivery, and the ability to deliver priority outcomes.

SR50: **Inability to plan and deliver strategically and operationally** due to rapidly changing national political legislative, economic, and fiscal uncertainties and drivers leading to failed delivery of business plans and corporate priorities.

SR61: Due to a range of external factors, including a lack of government policies & different timescales for achieving net zero (2050 nationally vs 2030 locally), as well as limitations in the scope of influence of Council activity on the wider climate and ecological emergency, **the council is unable to meet its commitment to net zero carbon emissions by 2030.** This would result in an increase in negative climate and ecological effects across the district.

Closed Risks in 2022/2023:

SR60: A failure to deliver waste collection services to our customers due to waste contractor Suez ability to meet contractual arrangements, such as HGV resource and recruitment, resulting in reduction in waste collections (refuse, recycling, and garden) across the district and causing reputational damage.

SR42: Due to failure to implement and mainstream good Information Governance (IG) across the organisation, as well as with elected members, key partners and third-party suppliers, there is an increased risk of breaches in data protection and other critical information management issues, which can lead to investigation by the Information Commissioner Office, fines, and significant reputational damage. This includes significant changes to data protection legislation under the GDPR, which came into effect in May 2018.

It should be noted that Local Government Reform LGR means Mendip risks will be migrated to the new Somerset Council risk register where they will be added or amalgamated with other Councils risks. There is a separate risk register for the LGR Programme.

12.11. The MTFP is reviewed and updated on a regular basis to ensure the S151 Officer, Senior Leadership Team and Members are aware of the financial standing of the authority in terms of delivering against cost reduction or revenue raising targets. Performance against budget is reported to Cabinet on a quarterly basis with monthly updates on issues and any significant variances explained.

- 12.12. Risks are identified when undertaking Internal Audit reviews and reported when necessary. A risk-based Audit Plan is drafted annually following consultation with Officers, Members, and the S151 Officer. The Audit Plan is approved at Audit Committee prior to the financial year.
- 12.13. Organisational performance against the authority's corporate strategy objectives is reviewed by the Senior Leadership Team and by the Scrutiny Board on a quarterly basis and reported to Cabinet.

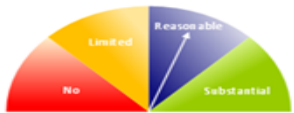
13. Implementing good practises in transparency reporting and audit to deliver effective accountability

- 13.1. A Forward Plan is prepared giving details of all the Key Decisions likely to be taken by the Cabinet or other decision-making body's over at least the next four months, and where reasonably practicable, over a period of twelve months. This will be updated on a monthly basis, with a new Forward Plan being produced at least 14 days before the start of the period which it covers. The current plan will be included as an agenda item for information at each meeting of Cabinet.
- 13.2. Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 defines a key decision as an executive decision which is likely:
- to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates;
- Or
- be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.
- 13.3. The Council has decided that the relevant threshold at or above which the decision is significant will be £100,000 for capital / revenue expenditure or savings.
- 13.4. The Council aims to ensure that its decision-making reports are written, presented and communicated to the public and other stakeholders in a fair, balanced and easily comprehensible style, appropriate to the intended audience. This includes providing the required level of detail and information to ensure transparency and to enhance public scrutiny.
- 13.5. Performance and financial information are prepared in a consistent and timely basis and the statements allow for comparison with other similar organisations.
- 13.6. The Council's S151 Officer or Chief Finance Officer has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function. The MTFP is reviewed and updated on regular basis to ensure the S151 Officer, Senior Leadership Team and Members are aware of the financial standing of the authority in terms of delivering against cost reduction or revenue raising targets. Performance against budget is reported to Cabinet and any significant variances explained. In 2022/23 an internal audit schedule that focussed on

areas of risks identified by services along with those identified by SWAP themselves using its wider partnership connections was agreed. Audit findings, including any significant risks, along with the agreed management action were reported to Audit Committee who in turn ensure recommendations are acted upon. Internal Audit recommendations are followed-up and reported to Audit Committee, further follow-up is planned if recommendations haven't been actioned in full. Audit reports once completed are discussed with the S151 Officer and service manager as appropriate. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit Committee, on a quarterly basis.

13.7. For 2022/23 there were 14 Mendip specific reviews and 17 joint Local Government Reform LGR reviews. SWAP's overall opinion is one of reasonable assurance.

Internal Audit Annual Opinion – 2022/23: 'At a Glance'







Annual Opinion

There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

- Medium risk rated weaknesses identified in individual audit engagements
- Isolated high risk related weaknesses identified for isolated issues
- No critical risk rated weaknesses identified
- Internal Audit is broadly satisfied with management's approach to resolving identified issues

The Headlines

	No Significant Risk identified in year after testing the controls in place. The type of work undertaken coupled with LGR priorities has also resulted in a reduction in formal actions being raised as actions/advice has been provided during the course of our work or we have assessed the likelihood of completing actions given the remaining time at the Council.
	14 reviews delivered as part of the 2022/23 MDC Internal Audit Plan. Includes assurance, advisory, grant certification and follow up reviews.
	Chief Internal Auditor Sign off on Grants Two reviews undertaken to provide Chief Internal Auditor sign off on grant monies received by the Council. Work undertaken in these areas can still be used to inform out annual opinion.
	LGR Advice and Assurance work being undertaken. 17 projects are being undertaken to support the Somerset Councils in delivering Local Government Reorganisation (LGR). 10 are complete, 5 in progress/ongoing/Draft and 2 are waiting to start. In particular reviews covering; Business Continuity, Risk Management and ICT coverage, provide us with oversight on the internal controls being set up both within the existing authorities and for the new authority.

Assurance Opinions	21/22	22/23*
Substantial	1	1
Reasonable	3	3
Limited	2	1
No Assurance	0	0
Advisory/Grant	8	8
Follow Up	4	1
LGR	-	17
Agreed Actions	21/22	22/23
Priority 1	2	-
Priority 2	13	5
Priority 3	18	9
Total	33	14

*Final Reports only

Issues raised in the limited assurance Audit re creditors will be addressed in the new Unitary Exchequer service and in particular the default position being the use of Purchase Orders, unless within a specified exemption.

13.8. The External Audit Opinion for 2022/23 will be an unqualified Audit

13.9. Internal and External Audit reports once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit Committee, on a quarterly basis. Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to Audit Committee.

13.10. External Audit recommendations are reported to Audit Committee, following the completion of their annual audit process. Follow-ups of recommendations are also reported. Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards.

13.11 The Council monitors the implementation of external audit recommendations. Assurance reports are regularly presented to Audit Committee and Ernst and Young

summarises the Council's performance in implementing recommendations effectively and within agreed timescales. However, progress is also monitored through other relevant Committees and Scrutiny functions. The latest Outstanding Audit Recommendations Report will be taken to Mendip's last Audit Committee on 6 March 2023.

Formal reports by S151 or Monitoring Officer	None issued
Outcomes from Standards Committee or Monitoring Officer investigations	There have been no formal Monitoring Officer or Standards Committee investigations during the year
Proven frauds carried out by Councillors or members of staff	None in 2022/23
Objections received from local electors	None as yet but draft Accounts /AGS are not published until end of May on current requirements
Local Government Ombudsman referrals Upheld	3
Internal audit reports	No high-risk areas identified.

In conclusion Mendip District Council will continue to implement good practice as part of the next annual review in 2022/23.

14. Significant governance issues

There has been a significant impact on council services staff and some finances as a result of the LGR reorganisation. The narrative in the Statement of Accounts goes into more detail in this area. The response to the covid crisis has added assurance to the effectiveness of the Council's business continuity plans, IT networks resilience, communications strategy, and governance. Despite the many challenges, the Council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible.

In addition to the specific areas highlighted through the audit process, there were some issues highlighted in prior years that were likely to impact on the Council's governance arrangements and therefore were included in the relevant AGS. These actions along with the new actions and current progress are listed below. Any key actions not complete will stay in future AGS and continue to be monitored.

14.1. Ongoing Issues/Projects identified

Issue/Project	Owner	Progress	Risk	Action
Local Plan	T Aarons	In Progress	<p>The changes to the National Planning Policy Framework mean that the Council must increase the number of homes it must build each year. The number proposed is well beyond current delivery levels and means that, from December 2019, the council no longer has a five-year housing supply. This means the Council is now determining housing applications in accordance with the 'presumption in favour' set out in national policy, including speculative applications outside Local Plan Part I and II.</p> <p>The Council also faces new requirements regarding the Local Planning Process under the changes, including a requirement that no plan should be more than five years old, which will place additional pressures on it to review the way it plans and the work it carries out to support the delivery of homes. The policy places a responsibility on the Council to get homes built without giving it any mechanisms to influence the way that developers deliver. This places it at risk of failing to deliver and being penalised by government. Progress on applications and delivery has also been impacted by Phosphates mitigation.</p> <p>Local Plan Part II underwent external examination with PINS in the summer of 2019. From this more housing</p>	<p>Planning officers have undertaken joint scoping and costing work to bring forward a new single Plan for Somerset. Officers will continue to monitor the new NPPF and the housing delivery on the ground and will develop an action plan based on the final changes directed by Government.</p> <p>Local Plan Part II and the new Single Plan Local Plan review will be worked on alongside each other.</p> <p>In response to the formal claim the most practical way forward under consideration is that the sites for 505 dwellings are identified as part of the new Somerset Plan process. Officer discussions led by Mendip on options around the LPP2 plan review will take place and would need to involve the new Unitary</p>

			<p>sites were required to be found. Cabinet adopted Local Plan part 2 in December 2021, following the further review by PINS.</p> <p>There were no Mendip Local Plan consultations in 2022-23 pending preparation of a new unitary development Plan. A Joint Statement of Community Involvement was published in February 2023. Consultations were also undertaken on Supplementary Documents and work on design codes, including a greenspace SPD in October-November 2022 to support the adopted Plan. The Council also supported Neighbourhood Plan work in Wells and Shepton Mallet.</p> <p>The Council received a pre action protocol letter of a Statutory Review on behalf of Norton St. Philip Parish Council (NSPPC/ Claimant) pursuant to Section 113 of the Planning and Compensation Act 2004. In summary, the letter requested that MDC consent to the quashing of Policies NSP1 and BSK1, leaving the remainder of LPP2 in force as adopted.</p> <p>The formal claim was issued by NSPPC on 28th January 2022 against MDC as the Defendant seeking to challenge the legality of MDC's decision to adopt LPP2 on four grounds of which the first two were upheld. The result of the judgement is the following sites have been deleted from the LPP2. No weight or regard can now be given to these policies in the determination of planning applications.</p>	Somerset Council and other stakeholders.
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			<u>Policy MN1 Land at White Post, Midsomer Norton</u> <u>Policy MN2 Land at Underhill Lane, Midsomer Norton</u> <u>Policy MN3 Land east of the A367, Midsomer Norton</u> <u>Policy BK1 Land off Great Dunns Close, Beckington</u> <u>Policy NSP1 Land off Mackley Lane, Norton St Phillip</u>	
5 Councils	R Bates	Commercial Renegotiations	<p>Historic negotiations concerning the truing-up process have been concluded, independently reviewed and the first of three installments paid.</p> <p>The focus or 2022/2023 was to meet the LGR minimum viable products (MVP) for all services. A review of the contract was undertaken in late 2021 to understand the scope of exit required to meet the MVP, it was agreed that an exit of IT and Customer Services (face to face and contact centre, excluding Revs and Bens contact centre) would enable the MVP. A decision to pursue to exit of services was agreed by the CEO LGR Board in 2021/22 and formal requests for impact assessments submitted in May 2022 to Capita. The requests also included request for change for those services remaining being delivered by Capita post Vesting Day but required service changes to enable MVP within those services.</p>	Land Charges, Revenues and Benefits and the contact centre for Revenues and Benefits remains being delivered by Capita. In 2023/2024 discussions will commence regarding exiting the contract and associated plans developed to enable a smooth contract end and exit in September 2025

			<p>Negotiations with Capita regarding exit were delivered via the Capita LGR Programme Board, aligning to the programme and contractual governance arrangements.</p> <p>Agreement to exit the services were agreed by both Somerset County Council Executive and Mendip District Council Cabinet at various stages of 2022/2023. The exit of IT and Customers Services concluded on Vesting Day.</p> <p>Land Charges, Revenues and Benefits and the contact centre for Revenues and Benefits remains being delivered by Capita. In 2023/2024 discussions will commence regarding exiting the contract and associated plans developed to enable a smooth contract end and exit in September 2025</p> <p>.</p>	
5 Councils	R Bates	Update Working towards transition	<p>Commercial negotiations continued in 2022/23 with a focus on IT services which ran concurrently to a revised T.O.M roadmap for all services covered by the contract.</p> <p>The concluding significant changes as a result of the negotiations are:</p> <p>1. Insourcing of Information Technology following an agreed full exit from Capita Information Technology with an IT Mendip cutover to Somerset IT scheduled for the start of March</p>	Commercial negotiations are largely concluded with result that the significant service still to be provided by Capita for the remainder of the contract is Revenue and Benefits. This is being dealt with by the LGR Revenue and Benefits workstream in finance

			<p>2.Customer Services will be insourced with exception of Revenue and Benefits.</p> <p>Land Charges and Revenue and Benefits will stay with Capita for the remainder of the Contract</p>	
Politics	S Brown	Ongoing	<p>Change in political make up both at national and local levels within Somerset County, inevitably leads to adjusted aims and priorities.</p> <p>It is key that work continues to engage with partners to ensure relationships are not damaged and the direction of travel is not adversely affected.</p>	<p>The impact of Unitary will be far reaching in all areas including, new Political and services & staff structures, roles responsibilities. Although much work was done in preparing the stronger Somerset business case inevitably there will be associated strengths, weaknesses, risks, and opportunities from the decisions made to create the new unitary. On the financial side includes data collection and plans for funding packages, balance sheet, assets, and system issues.</p> <p>During 2022/23 a significant amount of work for staff with the other Somerset councils. The new authority is required to be delivered on a very tight timescale, whilst maintaining existing services.</p>

<p>Funding, including the impact of Covid 19 -As highlighted in the last statement business Rates Retention / Funding Reform</p> <p>In addition, 0 we have the Impact of Covid 19</p>	<p>SLT</p>	<p>In Progress</p>	<p>The settlement was better than might have been expected. The Fair Funding review was established to set a new baseline funding allocation for local authorities based on up-to-date needs and resources. The council plays an active part in feeding into such national working groups as in the case of Fair Funding.</p> <p>The government have delayed the review of relative needs and resource and the 75% business rates retention will no longer be implemented in 2022/23 to allow councils to focus on meeting the immediate public health challenge posed by the pandemic.</p> <p>Linked to the fair funding review, a reset of the baseline has been expected for some time. This would remove the historic growth that Councils have received through the sharing of business rate growth since the introduction of the Business Rates Retention Scheme. Currently 50% of growth has been retained by Councils and the rest by the government.</p> <p>The impact of the final scheme if it removes the growth income may cause additional budgetary pressure on the new Unitary Council.</p> <p>Covid 19 In 2022-23, the Council had little on-going costs. We have contributed to additional costs incurred by Somerset Waste Partnership and a small amount of</p>	<p>The Council has sought expert advice and as information becomes available will reflect the impacts in the MTFP of any baseline reset and its negative financial impacts.</p> <p>Due to the delays in the reforms any change will be issues for the new Council.</p> <p>The Council was in a successful pool in I for 2022/23 and achieved better than the budgeted income.</p>
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Shape Housing Company	T Aarons	In Progress	<p>The Housing Company was essentially dormant in recent years. The 2022 accounts are approved and submitted to Companies House. Shape Housing Ltd will de-register for VAT</p> <p>The bank account balance was transferred from Shape Housing to the Council.</p> <p>An application to strike-off the company has been made.</p>	<p>Provided no objections to the strike off the Company will be struck off early in next financial year and Ear marked reserves and monies transferred will clear the debts.</p>
Review in light of impact of Covid 19 the Commercial Strategy, especially in relation to Commercial Acquisitions	R Bates	In Progress	<p>As the purchases will be funded by borrowing, recognising the need to adhere to revised prudential indicators and statutory guidance for reporting on Investments and associated Minimum Revenue Provision (MRP). The revised MRP policy provides a prudent mechanism to repay the debts.</p> <p>As previously advised key changes to the Prudential and Treasury Management Codes – Authorities are not permitted to borrow primarily for financial return.</p>	<p>The Council has adopted strict criteria when purchasing Investments to reduce the risk of default and is assisted and guided by its advisers on the opportunities and quality of its investments. Credit checks are run yearly on existing tenants and pre purchase on any proposed new tenants. The situation with existing tenants is being closely</p>

			<p>Authorities are not required to sell current commercial investments. , however, should determine exit viability for commercial investments in lieu of taking borrowing.</p> <p>It is possible for schemes that meet Council objectives and relate to Housing and possibly green energy in district then PWLB funding may still be available, and advice was sought from our treasury advisers.</p>	<p>monitored by the property team and S151 Officer.</p> <p>Mendip’s commercial portfolio has held up extremely well through the pandemic with minimal impact on rents/ income. The portfolio will now be combined with the other portfolios across the new Somerset Council area. The combined portfolio will now be reviewed and monitored by the new Council. Any devaluation (now reported in the Unitary Treasury Management Strategy for commercial properties) /rent issues from the impacts of Covid 19 will be a concern, although property is a long-term investment so the outcome will depend on severity and length of any economic downturn and the resulting state of the property market.</p>
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Strategic Developments	R Bates	In Progress	<p>Strategic developments are for the benefit of the community and the timescale long to completion; therefore, the financial risk is that returns will be lower, and funding is tied up. Therefore, there is an opportunity cost as the money spent will not be available to invest for a commercial return e.g., purchase of additional Investment properties.</p> <p>Development itself is inherently risky and will require close co-operation with external partners and internal resource to oversee the developments.</p>	<p>The Council balances economic and non-economic benefits and will weigh up all factors to provide the best overall outcome.</p> <p>At present the Council has sufficient funds via its reserves, internal and external borrowing, but this will be monitored, and options provided in the event of any conflict.</p> <p>Any decision on best use of resources will take account of cost and benefit analysis and the potential s24 requirements to protect the interests of the new Unitary Council</p>
The Council is less reliant on Capita going forward as more services were / will be insourced. However, some key functions such as IT, revs	SLT	In Progress	It is acknowledged that if contractors fail, it will require the deployment of a significant amount of the Council's resource to address. Due to the significance of this risk, it is proposed that, whilst it is linked to SR42 'failure to implement and mainstream good Information Governance (IG) and Information Management (IM)', it merits inclusion on the Strategic Risk Register in its own right.	Customer services has moved to SCC and SW&T so now not at risk from contractor Exit of Capita ICT (insourced to Somerset ICT) will reduce the risk further. Risk now reduced to the Revenues and Benefits

<p>and benefits and Customer Services remain with Capita. Therefore, the issue of Failure of a main business services support contractor remains. So, the risk is the Council is unable to secure ongoing provision of key frontline services Core contractor</p>				<p>service only, which is the core business of Capita and has good breadth across many local authorities, hence minimizing risk in this area.</p> <p>The new Unitary Council will mean all contracts will be reviewed, especially in the light of Somerset having its own ITC network</p>
<p>Impact of Other partner public sector organisations financial pressures</p>	<p>SLT</p>	<p>In Progress</p>	<p>There are financial risks due to financial difficulties at other public sector and partner organisations some of whom have already had to use unallocated reserves to fund services.</p>	<p>The Council works with and in some instances relies on other Partner Public Sector institutions whose budget constraints may mean they review the services they are able to provide. This in turn may mean the public sectors' partners are unable to fund work such as Strategic and other infrastructure projects.</p>

<p>Review the Council's Corporate Plan and MTFP in light of the implications of the Covid 19 Pandemic to confirm sufficient reserves and that the Council demonstrates a going concern basis</p>	<p>R Bates</p>	<p>In Progress</p>	<p>Review potential impacts on the Corporate Plan of Covid19</p> <p>In addition to review and revise the MTFP for impacts of the delay in Fair funding, rates reform and the financial consequences of Covid 19. In so doing the Council will model (accepting a high degree of uncertainty) the possible financial consequences of the reduction in income and additional expenditure from the pandemic over 2022/23 and into future years. Changes are still anticipated to arise for local authority funding from the overhaul of the business rate retention scheme which funds a major part of all local authority income as well as the Fair Funding Review, which is the mechanism that will be applied to balance the respective relative need to spend of each authority, based on various demographic and geographical factors. The long-awaited green paper on funding for Adult Social Care is also still to be published The S151 Officer has reviewed cash flow and the level of Council reserves from scenario modelling.</p>	<p>The MTFP has been updated with the best available information to reflect the impact of Covid 19 and the S151 Officer has reviewed the Council's reserves and balances which are confirmed as sufficient in the s151's going concern report. From April 2023 this will be relevant only to the new Council's finances.</p> <p>However, although easing there remains a degree of uncertainty as to long term financial and social impacts of Covid 19. The outcome will depend on how quickly the economy recovers and will be linked to the ability to control and treat any further outbreaks of Covid 19.</p>
<p>The IT Programme for 2022/23</p>	<p>R Bates</p>	<p>In Progress</p>	<p>The IT Programme of project in 2022/2023 focussed on work to deliver LGR priorities principally the insourcing of Mendip IT from Capita to Somerset County Council in preparation for becoming a Unitary.</p>	<p>As advised With the Unitary decision in Q2 in 2021/2022 some IT projects have been closed as there was no longer a return on investment and resource was realigned to</p>

				<p>focus on the delivery of Unitary outcomes.</p> <p>In 2022 23 the insourcing of ITC from Capita to Somerset County Council IT is due from 3 March and completing early in the next week.</p>
LGR Unitary	SLT	In progress	<p>Local Government Reorganisation (LGR)</p> <p>With the announcement by Government last year of its intention to create a new unitary Council in Somerset from 1st April 2023, the five councils in Somerset found themselves working to a fixed timeline to deliver the necessary structure to provide a service to the residents of Somerset by that date, to fund the work to create the new organisation and to continue to delivery existing services up until that point.</p> <p>The Chief Executive was invited to attend Scrutiny to discuss the implications of this and has also provided monthly briefing to all Members on progress. Scrutiny Board has also received financial updates as part of the S151s reporting to the Board and a paper covering the proposals to form a joint Scrutiny Board, with representation from all councils, to ensure appropriate checks and balances to the work carried out by the agreed Joint Implementation Board.</p>	<p>Balancing the need to deliver Business as usual including the revised corporate directives which reflect the reality of the Council no longer existing from April 2023. The workstreams stepped up in intensity and commitments during 2022 23 and there is a risk that the uncertainty caused by the re organisation lead to some exodus of skilled staff during the year or in the future which although not impacting the delivery from the LGR workstreams to date may on the longer term and thus lead to a reliance on temporary staff. Existing temporary staff will usually need to be retained for a period after Vesting Day.</p>