


Crawley Borough Council

Audit Committee

Agenda for the **Audit Committee** which will be held in **Committee Room B - Town Hall**, on **Monday, 30 September 2019** at **6.30 pm**

Nightline Telephone No. 07881 500 227



Head of Legal, Democracy and HR

Membership:
Councillors

M W Pickett (Chair), J Millar-Smith (Vice-Chair), R D Burrett,
M G Jones and K Sudan

T G Belben

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The order of business may change at the Chair's discretion

Part A Business (Open to the Public)

	Pages
1. Apologies for Absence	
2. Disclosures of Interest	
In accordance with the Council's Code of Conduct, Councillors of the Council are reminded that it is a requirement to declare interests where appropriate.	
3. Minutes	3 - 8
To approve as a correct record the minutes of the Audit Committee held on 23 July 2019.	
4. Fraud and Investigation Team Report	9 - 12
To consider report FIN/480 of the Operational Benefits and Corporate Fraud Manager.	
5. Progress Report and Risk Management	13 - 32
To consider report FIN/481 of the Audit and Risk Manager.	
6. Supplemental Agenda	
Any urgent item(s) complying with Section 100(B) of the Local Government Act 1972.	

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Crawley Borough Council

Minutes of Audit Committee

Tuesday, 23 July 2019 at 7.00 pm

Councillors Present:

M W Pickett (Chair)

T G Belben, R D Burrett, M G Jones, K Sudan and T G Belben

Also in Attendance:

A Brittain Associate Partner, Ernst and Young LLP

Officers Present:

Chris Corker Operational Benefits and Corporate Fraud Manager

Gillian Edwards Audit and Risk Manager

Karen Hayes Head of Corporate Finance

Mez Matthews Democratic Services Officer

Stuart Small Investigations Officer

Paul Windust Chief Accountant

Apologies for Absence:

Councillor J Millar-Smith

1. Disclosures of Interest

The following disclosures of interests were made:

Councillor	Item and Minute	Type and Nature of Disclosure
Councillor Burrett	Fraud and Investigation Team Report (Minute 3)	Personal Interest – He was a West Sussex County Councillor
Councillor Jones	Fraud and Investigation Team Report (Minute 3)	Personal Interest – He was a West Sussex County Councillor
Councillor Sudan	Fraud and Investigation Team Report (Minute 3)	Personal Interest – She was a West Sussex County Councillor

2. Minutes

The minutes of the meeting of the Audit Committee held on 19 March 2019 were approved as a correct record and signed by the Chair.

3. Fraud and Investigation Team Report

The Committee considered report FIN/476 of the Operational Benefits and Corporate Fraud Manager, which focused on activity for the period from 5 March 2019 to 1 July 2019. The Operational Benefits and Corporate Fraud Manager presented the report and introduced the Committee to the Investigations Officer who was also in attendance.

The report indicated that the Team had continued to perform successfully. The Committee was provided with details of cases investigated and a discussion took place on the Team's work generally.

The Committee was provided with clarification as to when a fraud case would be classed as "Housing Investigations (General)" and noted that a Single Person Discount data match exercise had recently taken place which had resulted in the removal of 65 discounts.

The Committee sought and received clarification on a number of points raised, including the Council's ability to back-date repayments as a result of fraud or overpayments, the status of students in relation to Council Tax, the Team's average annual fraud case load, situations which would trigger a home visit with regards to housing fraud, as well as how the Team determined whether to pursue prosecution or repayment as a result of fraud.

The Committee noted that the Council proactively encouraged the public to report suspected fraud and were informed that an article relating to housing fraud was due to be included in a future publication of *Crawley Live*.

The Council Tenancy Amnesty which had taken place in 2015 had been very successful and it was suggested by a Committee Member that another Amnesty be considered to encourage the recovery of Council houses. It was moved by Councillor Jones (seconded by Councillor Sudan) that the Corporate Management Team be requested to consider that another Council Tenancy Amnesty be conducted, and that the outcome of that discussion be brought back to a future meeting of the Committee.

The proposal upon being put to the Committee, was declared to be CARRIED.

RESOLVED

1. That the Fraud and Investigation Team Report be noted.
2. That the Corporate Management Team (CMT) consider undertaking another Council Tenancy Amnesty and that CMT's decision be reported back to a future meeting of the Committee.

4. Progress Report and Risk Management

The Committee considered report FIN/475 of the Audit and Risk Manager. The purpose of the report was primarily to update the Committee on the progress made towards the completion of the 2018/2019 and 2019/2020 Audit Plans, and to report on the progress made in implementing the previous recommendations. The report also included an update on the Council's Strategic Risks.

The Committee discussed and noted all the Audit Plan reviews in progress, along with other work as detailed in the report. The Audit and Risk Manager briefed the Committee on the progress made towards the completion of the Audit Plans and, in relation to the following areas, the Committee:

Work Completed in the Current Period:

- Received clarification on the audit assurance classifications.
- Noted that reference to "Community Centres" should be deleted and replaced with "Housing Benefits".

Progress Report (Appendix A to the report):

- Noted that the audit opinion assurance for Corporate Health and Safety should be amended to read "satisfactory".

Follow-Up Audit: Data Centre Migration Project:

- Noted that all the recommendations suggested by Actica Consulting (who had undertaken an independent review of the project) had either been implemented or were already in place, and as such no further work with regards to this follow-up audit were required.
- Acknowledged that the way in which Actica Consulting summarised assurance levels relating to value for money differed to the way in which it was categorised by the Council's internal Audit Department.
- Noted the steps the Council were pursuing in relation to the outside organisations involved in the project.
- Requested that a copy of Actica Consulting's full report be circulated (as Part B) to all Councillors. The Head of Corporate Finance therefore agreed to discuss the possibility of circulating the report with the Head of Digital and Transformation.

Follow-Up Audit: Community Grants:

- Were informed that the new Community Services Manager was now in post and new measures had been put in place. Further information would be brought back to the Committee meeting in September, including how the systems had been changed to ensure they were more robust and that segregation of duties were appropriate.
- Raised concern that the Cabinet Member responsible for Community Grants at the time of the Audit had not been informed of the high priority finding. It was agreed that the former Cabinet Member discuss the matter with the Head of Corporate Finance.
- It was suggested that Cabinet Members be informed when a system under their portfolio had identified a high priority finding following an Internal Audit. The Audit and Risk Manager agreed to consider introducing a procedure to inform the relevant Cabinet Member.

Agenda Item 3

Audit Committee (4)
23 July 2019

The Head of Corporate Finance provided an update on Strategic Risks. The Committee sought and received clarification on several points in relation to the Town Hall Project, including the use of consultants and project costs as well as the risk levels assigned to the detailed design specification and project budget. Following a query from the Committee, the Head of Corporate Finance agreed to discuss the possibility of extending the Section 106 Agreement deadline for the Three Bridges Railway Station improvement project with the Head of Economy and Planning.

RESOLVED

That the Committee receive the report and note progress to date, as at 30 June 2019.

5. Audit and Risk Manager's Annual Report 2018/2019

The Committee considered report FIN/474 of the Audit and Risk Manager.

The Committee acknowledged that the Annual Report had been produced in accordance with the requirements set out in the Public Sector Internal Audit Standards. The Audit and Risk Manager considered that in their overall opinion, for the period in question, "substantial" assurance could be given that there was generally a sound system of internal control designed to meet the Council's objectives, and that the controls were generally being applied consistently.

In response to a question from the Committee, the Audit and Risk Manager advised that she was satisfied that the introduction of the Council's Risk Management Strategy in 2015 had not adversely affected operational risk management. The Committee was assured that in almost all cases managers were able to articulate how they have considered risks as well as recording risks formally when appropriate.

RESOLVED

That the Audit and Risk Manager's Annual Report for the period 2018/2019 be noted.

6. Annual Audit Fee Letter for 2019/2020

The Committee considered a letter from Ernst and Young on the Annual Audit and Certification Fees for 2019/2020. The letter was attached as Item 7 to the agenda.

RESOLVED

That the Annual Audit Fee Letter for 2019/2020 be noted.

7. Audit Results Report: Year Ended 31 March 2019

The Committee considered the Audit Results Report for the year ended 31 March 2019 which was included as Item 8 to the agenda. The report set out the current status of the audit, indicating that subject to satisfactory completion of items identified in the report, Ernst and Young had completed its audit of the Council's financial statements for the year ended 2018/2019.

The Committee considered matters raised, and in doing so, noted that it was proposed to issue an unqualified opinion on the financial statements and that in terms of value for money, the report was satisfied that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

Agenda Item 3

Audit Committee (5)
23 July 2019

The Committee sought and received clarification on a number of issues raised. The Associate Partner for Ernst and Young thanked the Council's Head of Corporate Finance and the Chief Accountant for their assistance and hard work.

RESOLVED

That the Audit Results Report for the year ended 31 March 2019 be received and noted.

8. Approval of the 2018/2019 Statement of Accounts

The Committee considered report FIN/477 of the Head of Corporate Finance which sought the Committee's approval of the 2018/19 Statement of Accounts, to comply with the statutory deadline of 31 July 2019.

The 2018/19 Statement of Accounts was attached as Appendix C to the report.

The Committee received clarification on a number of issues referred to in the Statement of Accounts including further details on the debtor types included under "Central Government Departments" identified in Section 19 (Debtors). Following a query from a Committee Member, the Chief Accountant assured the Committee that the figure identified as "Cash Overdrawn" under Section 20 (Cash and Cash Equivalent), did not imply that the Council ever intentionally used its overdraft.

The Committee took the opportunity to thank the Head of Corporate Finance and Chief Accountant for answering its queries, and thanked the Finance Team for the amount of work they had undertaken and their success in producing the Statement of Accounts within a short period of time.

RESOLVED

1. That the 2018/19 Statement of Accounts be approved.
2. That the rationale why the unadjusted audit difference had not been corrected be approved.
3. That the Chair of the Committee be authorised to sign the 2018/19 Letter of Representation.
4. That the Chair of the Committee be authorised to sign the 2018/19 Statement of Accounts on behalf of the Council.

Closure of Meeting

With the business of the Audit Committee concluded, the Chair declared the meeting closed at 9.05 pm

Chair

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Agenda Item 4

Crawley Borough Council

Report to Audit Committee

30 September 2019

Fraud and Investigation Team Report

Report of the Operational Benefits & Corporate Fraud Manager - Report no. FIN/480

1. Purpose

- 1.1 This report describes the activity of the Corporate Fraud & Investigation Team for the period 2 July 2019 to 11 September 2019. All outcome figures are taken from closed cases. Year to date figures are also included in the report for 2019/20.

2. Recommendations

- 2.1 That the Committee note the report.

3. Reasons for the Recommendations

- 3.1 The Committee has a responsibility to oversee the Council's anti fraud and corruption arrangements. A major part of those arrangements is the activity of the Corporate Fraud & Inspection Team in identifying, investigating and taking action against cases of fraud.

4. Information & Analysis

4.1 Active Caseload

The fraud team are currently investigating the following case types

Case Type	Number of Cases
Non domestic rates	3
Council Tax Reduction Scheme	11
Housing Investigations	30
Housing Right to buy	9
Fly Tipping	1
Council Tax Single person Discount	5
Taxi	1
Total	60

The above cases are all at various stages in the investigation lifecycle and will be reported on when the cases are closed.

Agenda Item 4

4.2 Housing Fraud

During the reporting period the team have achieved the following:

	<u>In period</u>	<u>2019/20 (YTD)</u>
Properties recovered	3	3
Prevented allocation (inc homeless applications)	3	7
Stopped Right to Buy (actual discount value)	3 (£173,982)	5 (£337,682)
Notional value of savings	£361,700	£517,682

The previous Audit Commission through their 'Protecting the public purse' studies conservatively estimated, that for each property being misused and not available to the Local Authority it cost the Authority £18,000 per year per property. Housing vulnerable families in Bed & Breakfast on a temporary basis is very expensive and can cost in excess of £100 per night. The Audit Commission figure is therefore used for recovering properties and preventing false applications.

The Right to Buy figures are the actual discounts which would have awarded had the sale of the property gone through.

4.3 Single Person Discount

The investigators and inspectors throughout the year will routinely look into referrals received from the public or other means suggesting there are 2 adults resident and therefore not eligible to the discount.

	<u>In period</u>	<u>2019/20 YTD</u>
Discounts removed	8 (£3,974)	29 (£16,105)

4.4 Council Tax and Business Rates

The team continue to investigate and inspect Council Tax and Business rates.

New billable CT or Rates – Inspectors are constantly looking for properties or businesses that are not on the valuation list and therefore not being billed. Legislation does not require occupiers to report new properties.

	Council Tax		Non Domestic Rates	
	In period	2019/20	In period	2019/20
New billable CT or Rates	£381,502	£618,872	£987,600	£1,550,274

5. **Housing Amnesty**

- 5.1 At the previous meeting the committee requested CMT be asked if another Housing Amnesty should take place. I have been informed by CMT that the time is not right at the moment due to work ongoing around 5 year tenancies.

Agenda Item 4

6 Implications

6.1 There are no implications from the report.

7 Background Papers

7.1 None

Report author and contact officer: Chris Corker, Operational Benefits & Corporate Fraud Manager (telephone 01293 438598)

ENDS

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Crawley Borough Council

Report to the Audit Committee

30th September 2019

Progress Report and Risk Management

Report of the Audit and Risk Manager – FIN/481

1. Purpose

- 1.1 The Committee has a responsibility to review the Internal Audit Progress report to ensure that action has been taken by relevant managers on risk based issues identified by Internal Audit.

2. Recommendation

- 2.1 The Committee is requested to receive this report and note progress to date, as at 6th September 2019.

3. Reasons for the Recommendation

- 3.1 The Committee has a responsibility to ensure that action has been taken by relevant Managers on risk based issues identified by Internal Audit.

4. Internal Audits

4.1 Work Completed

Since the last report, as at 30th June 2019, the following reviews have been completed.

Audit Title	Audit Opinion
Section 106 and Community Infrastructure Levy (CI)	Substantial
Commercial Properties	Substantial
Publication Scheme Review	N/A

4.2 Work in Progress

The reviews in progress and other work that we have undertaken in the period are shown at Appendix A.

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4.3 High priority findings in this period

There were no high priority findings identified in this period.

4.4 Follow up Audits

We have not undertaken any follow up reviews in this period.

4.5 Freedom of Information (FOI) Requests

Between 1st July and 6th September 2019 we have processed 163 requests, and of these, 3 responses were sent to the requester outside of the 20 working day deadline. This was largely due to the complexity of the requests.

5. **Corporate Risks**

5.1 **Failure to deliver key infrastructure projects as planned, on time and within budget, such as:**

(a) **Town Hall and District Heat Network**

The Council are working with Westrock in delivering a potential mixed use development which would see the provision of a new town hall, commercial office space and residential units on the town hall and adjacent car park site. A recommendation on the preferred option was presented to Cabinet early in 2017 and was approved at Full Council on 22nd February 2017. This proposal will require a partial demolition of the current building to allow for the development of a new Town Hall within the site. Planning permission for the New Town Hall was granted in June 2018, and for the District Heat Network in November 2018. Project Agreements with Westrock were signed in October 2018; A2 Dominion (Social Housing provider) agreed to take on the Babcock's Car Park Site in December 2018 (works have now commenced); and the business case for the District Heat Network was also signed off in December 2018. The majority of staff have now been decanted from the proposed demolition area, and these moves are currently being finalised. Tender prices for the DHN and the New Town Hall were received in June and July respectively. Tender evaluation is complete and next design stages are to commence in September under Letters of Intent commissions. Subject to final evaluation, it would be the intention to enter into contract during the autumn of 2019. A risk register for the scheme is updated by the project team on a fortnightly basis and will be shared with the Audit Committee.

(b) **LEP Infrastructure – Crawley Growth Programme**

CBC, together with WSCC (the lead body) was successful in securing £14.6 million of Local Growth Fund from the Coast to Capital LEP in autumn 2017, as part of the Crawley Growth Programme – a £60m package of public and private sector funding.

The principal purpose of the Crawley Growth Programme investment is to help bring forward regeneration sites to achieve new homes, jobs, and commercial space. The above resources are being invested in sustainable transport, highway and public realm infrastructure in the town centre and Manor Royal. The Worth Park Avenue cycle path, the Crawley town centre signage scheme and the Real Time Passenger Information upgrades at bus shelters across Crawley have already been completed. Some additional town centre signage has been installed and new signage for Queensway and Memorial Gardens will be installed once the Queensway public realm scheme is complete. The Queensway scheme (£2.2m) is due to be completed by the end of October on time and on budget.

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The County Council led Eastern Gateway scheme – the next phase of the Town Centre Regeneration Programme - is due to complete its detailed design phase by the end of this year with the works scheduled to commence next spring. The Eastern Gateway scheme is a programme of traffic calming, pedestrian crossing upgrades, cycle route development and public realm enhancement on The Boulevard, College Road and Southgate Avenue. The overall aim is to improve the living environment and pedestrian / cyclist connectivity to key opportunity sites (the new Town Hall scheme, County Buildings, Telford Place etc)..

The Crawley Growth Programme commenced in autumn 2017 and its delivery period has been successfully extended up to end March 2025, It is founded on dialogue and active partnership working with stakeholders such as Metrobus, the Manor Royal BID, Gatwick Airport Ltd, Network Rail and site developers. It is being overseen by the Crawley Growth Board, chaired by CBC's Chief Executive. Key decisions on CBC led schemes going forward will be subject to Cabinet approval and associated due process.

Design work continues on several other Crawley Growth programme schemes, including the Station Gateway public realm scheme, Manor Royal – London Road highway junction improvements and Manor Royal sustainable transport improvements.

(c) **Three Bridges Railway Station**

On 11th February 2015 [SHAP/43](#), Cabinet approved the allocation of £430,000 of S106 funding towards the delivery of improvement works to the Station Forecourt. Network Rail have formally agreed to extend the S106 funding spend deadline to end March 2021. This funding remains on track to be spent by the deadline.

Councillor approval was granted in June 2016 to reallocate £1.5 million of Borough Council capital programme funding, originally earmarked for the Queens Square regeneration scheme, to the Three Bridges station improvements programme. These funds are being combined with the above S106 resources along with over £1 million of Community Infrastructure Levy (approved by Cabinet on 7th February 2018).

The Three Bridges station scheme Programme Manager has been working closely with GTR Southern and Network Rail in order to progress delivery of the scheme to detailed design stage with the aim of submitting a planning application by the end of this year. GTR Southern and Network Rail have both joined the Three Bridges Project Steering Group alongside Crawley Borough Council and West Sussex County Council. On 21st March 2018 Cabinet approval was secured to commence work on the detailed design stage. Comprehensive traffic modelling work began in autumn 2018 and this has been informing the development of the detailed designs for the scheme. Proposals are almost complete and a public consultation phase is intended to commence on 7th October through to 30th October. Subject to that consultation and to the subsequent planning application process, the current aim is for the scheme works to commence by autumn 2020.

A comprehensive risk register is overseen by the Project Board of the Crawley Growth programme.

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(d) **Delivering the affordable housing programme**

The Administration has pledged to build as much affordable housing for local people as possible. Delivery is being programmed through the Strategic Housing Board and scrutinised at CMT and through the Corporate Projects Assurance Board. Current projections for the next 4 year delivery period (2018-2021) indicate that delivery can be maintained at a similar level to the previous 4 year monitoring period at just over 1,000 new affordable homes. Approximately 2/3rds of this delivery will be by the Council and the remainder by other Registered Providers of affordable housing.

The officer Strategic Housing board meet on a regular basis and review the use of 1-4-1 receipts; any future risks will be highlighted through the Quarterly Monitoring Reports to Cabinet and in the Councillors' Information Bulletin. Spend is currently on track.

Mitigating actions have been taken to address the impact of the four year 1% rent reduction on the HRA to ensure the delivery programme can be maintained. These included setting affordable rather than social rents for new development, discounted sale as an alternative tenure option, and some re-profiling of the delivery programme. HRA and 1.4.1 receipt funding is currently fully committed, however, the HRA debt cap has been abolished providing the opportunity for additional Prudential borrowing. This will enable The Council to proceed with a number of sites to maintain its own build programme. Additional borrowing to provide more affordable housing on Telford Place was agreed by Full Council on 27th February 2019.

The decision to leave the EU may impact upon the costs of housing schemes as future restrictions may increase labour costs, this will be monitored over the coming years.

Perhaps the greatest risk to the delivery of affordable housing lies beyond the medium term, once the current programme has been delivered. This reflects the fact that the majority of larger sites within the Council boundary that can easily be built will have been developed. This will leave smaller sites that are more challenging in nature, or finding other opportunities. Work is commencing that will seek to identify these future sites and opportunities.

(e) **Future Income Streams and Transformation Agenda**

In preparation for the New Town Hall the Council has agreed a wider transformation programme to prepare the organisation for a new era and to help us meet future demand, needs and financial pressures. The pillars (in addition to the New Town Hall) within the plan are Digital Transformation, New Ways of Working, Values and Behaviours, Redesigning Services, Commercial Approach (a separate risk is being created for this) and Reducing Bureaucracy. At a programme level, the key risks are:

- The interdependencies between the areas of work not being recognised. The capacity required by the transformation programme could take resources away from core delivery which could impact on performance, finance and reputation
- Services are not prepared for the move to the new town hall putting performance at risk, impacting negatively on service provision and/or creating non-planned for additional costs (or reduced income)
- Staff are not prepared for the move to the new town hall impacting on motivation recruitment and retention
- Technology does not support the desired ways of working impact on performance, finance and morale

Agenda Item 5

To manage these risks, a Transformation Board at CMT level has been created. It brings together and oversees a high level plan to ensure coherence, manage interdependencies and change, allocate resources and ensure delivery. A full revised risk analysis is to be undertaken once current negotiations on the New Town Hall are completed as outcomes will affect analysis.

A further senior management group – Corporate Project Assurance Group - has also been created (September 2018). Its role is to ensure appropriate governance of projects and assure that key projects beyond the transformation programme are not adversely impacted from the constraint of capacity and resources. In fulfilling this role the group has reviewed a wide range of current projects following an initial risk analysis. In doing so it has made changes to strengthen the governance structures for projects, for example the IT Boards Terms of Reference and membership has been changed, and a new Major Procurement Board has been created. As set out in the Capital Strategy (agreed at Council on 27 February 2019), this group will now shift to a more forward facing stance in overseeing delivery of the Capital Strategy whilst maintaining its focus on governance.

(f) **Disaster Recovery and Business Continuity.**

A report to Cabinet on 9th September 2015 recommended a more resilient hosting of data by providing a resilient, energy efficient, cost effective and available hosting environment for the IT systems to support our services. A partnership contract has been agreed with Surrey County Council for them to host at the data centre. Since June 2017 100% of Virtual servers and 98.4% of has applications have been migrated to the Surrey Data Centre.

A 2nd Phase of work is now being planned to move additional Physical infrastructure to the Surrey Data Centre, including additional storage to support Electronic Information Management (EIM) and backups.

The Bewbush Centre has been designated as the Council's main alternative 'warm' site should there be no or limited access to the Town Hall building. There is a link from this building to the Surrey Data Centre so that most IT systems will remain operational in the event of the Town Hall being out of operation and it will be possible for staff to access the CBC network via this link. There is corporate Wi-Fi installed at Bewbush which will allow access for up to 70 users at the Bewbush Centre using laptops or tablets together with a small number of desktop network points.

The Bewbush Centre has been designated as the Council's main alternative site should there be no or limited access to the Town Hall building. Departments have recently been refreshing service business continuity plans to ensure arrangements are in place for service continuity in the unlikely event of significant disruption.

(g) **A balanced budget is not achieved in the medium term resulting in an increased use of reserves, which is not sustainable.**

The Budget and Council Tax 2019/20 [FIN/462](#) report to Cabinet on 6th February 2019 showed that we achieved a balanced budget despite a 89.72% reduction in revenue support grant, efficiencies were identified and the Budget Advisory Group scrutinised growth bids which were accepted. The budget Strategy report was approved by [Cabinet on 31st October 2018](#), in addition projections are being constantly updated. Decisions made by West Sussex County Council that impact on Districts and Boroughs such as the amount of recycling credits paid will be a further demand on future budgets, the removal of the current sum paid would result in an increase of Council tax of £11.36 per Band D property.

Agenda Item 5

The proposed Fair Funding Review from 2020/21 has now been delayed for a year and the future of Local Government financial settlements are unknown. As a result it is very difficult to plan for the future and as a result there is a high possibility of the need to transfer either to or from reserves in 2021/22. However it is likely that there will be a significant budget gap from 2021/22 when resources are moved around the public sector with more resources being put into schools, social care and policing.

Because of financial constraints, any growth items will have to be funded from savings, efficiencies or increased income, therefore there are increasing challenges over the medium term to incorporate future growth.

Projections will be updated when the outcome of Town Hall tendering is finalised. The Corporate Management Team continue to work with staff and contractors to identify and implement improved ways of working and to focus on the aim of dealing with matters first time. In addition the Chief Executive together with the Head of Corporate Finance have undertaken a 'Budgets Challenge' exercise with all Heads of Service – this has resulted in savings and efficiencies which will assist in meeting future budget gaps. This process will be repeated in the coming financial year together with a review of vacant posts.

The refreshed transformation programme of service improvements and efficiencies achieved through service reviews will continue with the aim of continual streamlining of internal processes to reduced waste and duplication, and also to focus on the defined purpose of each service. The transformation programme includes an increased focus on achieving new sources of income by applying a commercial lens where possible.

The impact of the decision to leave the EU may have a detrimental impact on the Council's objectives and finances, this will be reviewed as part of future budget strategy reports and the annual budget report.

(h) **Recruitment, Retention and succession planning.**

Recruitment and retention of key specialist and professional roles is challenging. The impact of a period of pay restraint in the public sector combined with an increase in salary levels generally in the South East has led to problems with recruitment and retention in roles such as Finance, IT, and some Housing roles. HR staff are working with managers to ensure we promote these roles effectively, HR have supported on a number of interview assessments to ensure the best possible outcome.

With the introduction of the apprenticeship levy, the Council are in direct competition with organisations who can offer greater levels of remuneration in the way of benefits and incentives. To mitigate the risk of low recruitment levels the HR team have worked with recruiting managers to design tailored apprenticeships and have expanded the range of professions for which apprenticeships are available. HR have undertaken a comprehensive rewrite and redesign of apprenticeship promotional materials, the website, vacancy adverts and job descriptions. HR have increased the activity promoting apprenticeships by visits to schools and attendance at career fairs. The apprenticeship levy will require continuous resourcing and ongoing promotion and will be an area of continued challenge for the Council in attracting apprentices.

There is a recruitment and retention scheme which will allow time limited salary uplifts on appointment but this is only a temporary incentive and temporarily can cause pay inequality within teams. There are a number of benefits available to employees and by raising the profile to prospective employees and raising the profile to existing staff of incentives including different ways of working can support with recruitment incentive and retention.

The Corporate Management team will be discussion succession planning and putting processes in place to plan for the future.

Agenda Item 5

The Job Evaluation Scheme has been amended to create a further grade at the top of the scale to assist with the recruitment and retention of third tier managers.

(i) **Possible 'no deal' Brexit**

On 31 January 2019 the Secretary for State for Housing Communities and Local Government wrote to all Leaders and Chief Executives of English Local Authorities setting out a local authority preparedness checklist. This stated that councils will want to assure themselves that they have undertaken necessary EU Exit Impact Assessments, relevant planning and the preparation of appropriate mitigation plans in the scenario of a no-deal Brexit. The areas listed were:

1. All statutory services for which the council is responsible
2. All regulatory services for which the council is responsible
3. The impact (direct or indirect) of any border areas [this would include Gatwick as an airport]
4. The impact on supply chains (in the delivery of statutory services)
5. Data handling (impact of data held in the EU)
6. Local partnership working (for instance ensuring plans are in place to support vulnerable or managing increased community tensions)
7. Communications (to provide community assurance and provision of timely information)

A separate draft working document has been prepared looking at the implications of a no-deal Brexit to the council. This is a substantive assessment that includes all the areas listed above, but one that by the very nature of Brexit is constantly changing and being updated.

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Internal Audit Plan 2019/2020

Progress Report as at 6th September 2019

Audit	Audit Plan Year	Audit Opinion- Assurance	Number of High Priority Findings	Comments
A. Work Completed in the Current Period				
Section 106 Agreements and Community Infrastructure Levy (CIL)	2019/20	Substantial		
Commercial Properties	2019/20	Substantial		
Publication Scheme Review	2019/20	N/A		Minor updates needed and ongoing
B. Work In Progress				
New Town Hall	2019/20			Ongoing advice to Project Team
Corporate Project Assurance Group	2019/20			Provide audit and risk support
Business Impact Assessments	2019/20			
Business Continuity	2019/20			
Procurement	2019/20			
FOI Requests – day to day work				
C: Follow Ups				
Other Work				
Mid Sussex District Council	2019/20			Work is ongoing.

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**TOWN HALL PROJECT
RISK REGISTER**

File Ref:	Town Hall Development	Created by:	Mike Pidgeon
Name of Doc:	Risk Register	Date Created:	02/03/2017
Version No:	V17	Monitored by:	Project Board
File path:	T:\Town Hall Project\townhallprojectriskregister .doc	Date Printed:	18/09/2019
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Likelihood	Impact
5 = Very High	5 = Catastrophic
4 = High	4 = Critical
3 = Significant	3 = Moderate
2 = Low	2 = Marginal
1 = Very Low	1 = Negligible
Risk Score = Likelihood x Impact	
All risks with a score of 10 or more are considered serious	

Risk ID	Risk Description	Original Risk	Target Risk	Current Risk	Mitigating Actions	Review Date/Comments
	Design & Construction Risks					
D1	Listing of existing Town Hall building	2 5 10	1 1 1	1 1 1	<ul style="list-style-type: none"> COI granted and risk now only that demolition work not completed by March 2023. 	
D2	Planning conditions requires amending which impacts on financial viability of the scheme.	2 4 8	1 1 1	2 3 6	<ul style="list-style-type: none"> Pre app meetings held between Westrock and planning officers Conditions for the scheme have been identified and so that ownership and dates can be agreed. Planning conditions project tracker created for WR. 	
D3	Errors in detailed design specification	2 4 8	1 4 4	3 4 12	<ul style="list-style-type: none"> Consultant Architects appointed as our client to oversee design brief. Board to monitor mitigation actions to reduce costs, use of value engineering and errors 	Stage 4 Comments provided to Design Team (187 comments to be signed off or carried forward for

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						contractor negotiation)
D4	<p>Phase 1 demolition works delay construction programme due to;</p> <ul style="list-style-type: none"> • lack of clarity between roles, hours of working and retention of materials • Drainage and sewers are damaged during demolition • Town Hall comms link relocation works delay construction programme • Decommissioning of old comms room. • NEW RISK - Telephone cable in demolition zone • NEW RISK - CBC Services Decommissioning Program not completed prior to demolition handover 	3 5 15	1 2 2	3 3 9	<ul style="list-style-type: none"> • Works/moves programme to allow sufficient contingency should programme slip • Progress ahead of construction programme • Staff move complete and waiting to commence service utilities work. • Requirements to be outlined in tender documents for demolition contract • Insurance liabilities to be established with WR • Detailed works/moves programme agreed and signed off by Project Board/CMT • Works/moves programmed to allow sufficient contingency should programme slip • Coms link in place with completion of relocation work scheduled for Feb 2019 • Decommissioning of Old Comms Room in demolition zone outstanding – ICT dealing with contractors 	<p>RISK CHANGED FROM 2 4 8</p> <p>RISK ID D4 and D5 combined</p>

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					<ul style="list-style-type: none"> • ICT contacting Open Reach for a survey (Sept 2019) • Decommissioning Program in place for completion end of Oct 2019 	<p>NEW RISK</p> <p>NEW RISK</p>
D5	Combined with D4					
D6	<p>CBC lacking the necessary experience and/or skills to complete the development.</p> <ul style="list-style-type: none"> • ICT & AV • Commercial letting & Mgt • Acoustics • FM & BMS 	2 3 6	1 2 2	2 3 6	<ul style="list-style-type: none"> • Consultant Architect and other consultants appointed to supplement in-house resources and expertise. • Appointment of new DCeX, handover given and greater involvement from CeX • Identified areas for additional support and advice 	
D7	Members facilities do not meet their requirements	2 3 6	1 2 2	2 3 6	<ul style="list-style-type: none"> • Regular consultation with Members and Member Working Group • Member sign-off to this element of the final design brief of these elements • Working Group to re-establish for Stage 4 design work with additional consultation with all Members. 	

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D8	Staff facilities / infrastructure do not meet their requirements.	2 3 6	1 2 2	2 3 6	<ul style="list-style-type: none"> Regular consultation with staff via a number of formats Close liaison with staff groups during stage 4 design stage Desk ratio demonstrates meeting needs and will work with staff to co-ordinate remaining elements. Will be delivering office etiquette guidelines and trails for new ways of working Managers Conference and staff drop in sessions took place April 2019 Managers Conference / Inform Session / Staff drop in session planned for October/November 2019 	<p>Managers Conference and staff drop in sessions took place April 2019 with 230-240 staff attending</p> <p>Town Hall FAQ's updated following feedback from Managers conference and Staff drop in sessions June 2019</p>
D9	Customer facilities do not meet their requirements	2 3 6	1 2 2	2 3 6	<ul style="list-style-type: none"> Crawley Homes Tenants Panel have been consulted. Will undertake a consultation with customers Will offer significant improvements to current arrangements. Sufficient time to trail new arrangements for customers. 	

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D10	Commercial office space including car park specification/design not attractive to potential occupiers.	2 4 8	1 2 2	2 3 6	<ul style="list-style-type: none"> • Design set at required level to attract commercial occupiers • Will ensure communal space and entrance area is attractive and floors will meet Grade A requirements. • Received feedback from commercial agents as part of the One Public Estate exercise • Impact of demolition area and public square may deter occupiers in first few years. 	
D11	Provision of the internal wall during the demolition period does not meet planning conditions	3 3 9	1 1 1	3 3 9	<ul style="list-style-type: none"> • Discussions with demolition contractor to ensure requirements are outlined in tender documents 	
D12	Building as completed not to required quality/specification	2 4 8	1 2 2	2 3 6	<ul style="list-style-type: none"> • Establish robust project management structure • Maintain regular contact between CBC/developers to monitor construction against design specification • Regular design team meetings held to ensure Stage 4 designs meet requirements. • Developers appoint Clerk of Works/Site Agent to oversee construction 	

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D13	District Heat Network not being progressed impacts detrimentally on overall scheme	2 2 4	1 2 2	3 3 9	<ul style="list-style-type: none"> Initial network to be constructed as part of phase 1 of the scheme with ability to extend Sufficient resources/project management allocated to project. Planning approval Nov 2018. Business case approval Dec 2018 Alignment of project plans to include links to Babcock site. 	
D14	Delivery of improved car park facilities, allocated spaces and management plan.	1 1 1	1 1 1	2 3 6	<ul style="list-style-type: none"> Car Park improvements part of development plan and costs. Need to review spaces allocations and control systems Car Park management plan to be submitted to planning. 	
D15	Impact of construction Phase 1 and Phase 2 to residents and commercial tenants	3 3 9	2 3 6	3 3 9	<ul style="list-style-type: none"> Project agreement includes timescale to build phase 2 Initial rental income projection incorporates phase 2 development impact 	
D16	WSCC Eastern Gateway project impact on infrastructure		2 2 4	3 3 9	<ul style="list-style-type: none"> Early coordination with WSCC and Contractor on program dates 	NEW RISK

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D17	Condition of Trees in service road impact to the design and construction of the DHN		1 1 1	2 4 8	<ul style="list-style-type: none"> Specialist advice to be obtained before commencement of phase 1 development. Coordination of works in line with DHN program. 	NEW RISK
Legal or Contractual Risks						
L1	Errors or omissions in legal or contractual documentation	2 3 6	1 2 2	1 3 3	<ul style="list-style-type: none"> Internal/External procurement and legal advice taken on all aspects of the contractual arrangements. Legal agreements signed 18Oct having sought external advice throughout negotiations. 	
L2	Decision gateways and need for CBC authority result in delays making key decisions	2 4 8	1 4 4	2 4 8	<ul style="list-style-type: none"> Clear decision making leads identified at member and officer level agreed by Cabinet Robust project management and Governance structure established Continued working with consultants to ensure work to timeline. 	
L3	Westrock unable to obtain development funding for project Phase 2 (market housing)	2 4 8	1 2 2	2 4 8	<ul style="list-style-type: none"> Project agreement will stipulate time period, with CBC having the option to develop. 	
L4	Impact of changes to construction market and costs to the project.	2 2 4	2 2 4	2 3 6	<ul style="list-style-type: none"> Soft market testing to consider construction and build options to reduce time for procurement 	Stage 3 Soft market testing costs within budget.

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L5	Impact of changes to values of offices/housing	2 3 6	1 2 2	2 3 6	<ul style="list-style-type: none"> Valuations obtained, these will be refreshed during the project 	
L6	Health & Safety – ensure compliance during and after the construction period and for the future.	2 3 6	1 2 2	2 3 6	<ul style="list-style-type: none"> Robust project management from construction contractor(s) Consultation programme to include all relevant authorities with regard to health & safety matters 	
Financial Risks						
F1	Project exceeds budget	2 4 8	1 4 4	3 4 12	<ul style="list-style-type: none"> Budget agreed and clearly communicated in Final design brief Regular Project Board and Steering Group meetings to review and keep cost projections up to date Identify robust contingencies sums Identify value engineering opportunities Looking at procurement options to secure contractors at earliest opportunity through market testing. 	
F2	Cost of Project borrowing affected by interest rate fluctuations	2 4 8	1 4 4	1 4 4	<ul style="list-style-type: none"> Projections are currently estimating interest rates higher than the current market. 	<p>RISK CHANGED FROM 2 4 8</p> <p>Treasury advice received July 19 advised interest rates unlikely to increase.</p>

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F3	Business Rates for new Town Hall higher than estimated (cannot guarantee the valuation)	2 4 8	1 2 2	2 4 8	<ul style="list-style-type: none"> • Current projections based on business rates at existing rates and smaller Town Hall. • Will work with valuation office when building works progress. • Will minimise liability of vacant offices by delaying completion statements 	Business Rates team liaising with Valuation Office July 19 regarding business rates liability reduction for demolition zone.
F4	CAT B design specification exceeds budget.	3 3 9	1 4 4	3 3 9	<ul style="list-style-type: none"> • Regular design meetings and budget reviews scheduled. 	
Communication Risks						
C1	Loss of support/ opposition for project (Members)	2 3 6	1 2 2	3 3 9	<ul style="list-style-type: none"> • Robust communication and stakeholder consultation plan • Maintain involvement throughout and set out clear responses/justification to consultation responses in order to manage expectations • Regular consultation with Members to ensure scheme as finally proposed has cross-party support. • Local elections May 2019 • Members Working Group 1st October 2019 	Continued support following May election
C2	Loss of support / opposition for project (Staff)	2 2 4	1 2 2	2 2 4	<ul style="list-style-type: none"> • As above (4a) but tailored approach • Delivered some small scale additional benefits for staff during decant period 	Managers Conference and staff drop in sessions took place April 2019 with

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						230-240 staff attending and providing feedback Air Conditioning installation on 1 st and 4 th Floor. Kitchen extension on Ground and 1 st Floor
C3	Loss of support / opposition for project (public)	2 2 4	1 2 2	3 2 6	<ul style="list-style-type: none"> As above (4a) but tailored approach Regular press releases More likely increase around demolition 	Communication plan updated
C4	Management of the project does not meet required standards for audit & risk. Procurement rules met for contracts	3 4 12	2 2 4	2 2 4	<ul style="list-style-type: none"> Sub Group created to consider risks, audit and procurement to ensure compliance with requirements. Regular support and attendance from team External Audit briefed 	