



# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT - FINAL

STRATEGIC PERFORMANCE - PLACE  
FEBRUARY 2023

Design Opinion	 Substantial
Design Effectiveness	 Moderate

IDEAS | PEOPLE | TRUST



# CONTENTS

EXECUTIVE SUMMARY .....	63
DETAILED FINDINGS .....	66
APPENDIX I - DEFINITIONS.....	69
APPENDIX II - TERMS OF REFERENCE .....	70

## DISTRIBUTION

<b>Paul Dodson</b>	Director of Strategy, Performance and Governance and Returning Office
<b>Georgina Button</b>	Strategy, Policy and Communications Manager
<b>Jackie Longman</b>	Strategic Theme Lead - Place

**BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.**

## REPORT STATUS

<b>Auditors:</b>	Lucy Burgum
<b>Dates work performed:</b>	14 November 2022 - 22 November 2022
<b>Draft report issued:</b>	30 November 2022
<b>Final report issued:</b>	7 February 2023

# EXECUTIVE SUMMARY

## BAF REFERENCE:

Design Opinion



Substantial

Design Effectiveness



Moderate

Recommendations



## SCOPE

### BACKGROUND

- ▶ The Council's Corporate Plan runs from 2019-2023 but was updated part way through this in 2021. The Council's objectives remain under the three themes of Place, Prosperity and Community whereby their key outcomes are listed. The Place Strategy outlines the outcomes the Council has set out to achieve in order to ensure it protects and improves the environment for residents and visitors, alongside securing sustainable growth and new infrastructure.
- ▶ In order to achieve this, the Place Strategy notes six key areas:
  - Environmental Protection and Enhancement
  - Housing and Infrastructure Delivery
  - Flood Reliance
  - Air Quality and Pollution
  - Environment and Climate Change
  - Central Area Masterplan Projects (CAMP)

The Strategy identifies five outcomes as well as ten Strategic Partners (including Homes England, DEFRA and Environment Agency) and nine key Stakeholders (including Residents and Businesses, Coastal Groups and Parish, Village and Town Councils). Performance against the targets in the Place strategy is to be reviewed by Members and the Corporate Leadership Team (CLT) on a quarterly basis and reported formally to full Council at the end of each financial year.

### AREAS REVIEWED

The purpose of the audit was to undertake a cyclical deep dive review into effectiveness of the actions underpinning the Place Thematic Strategy and the success of these actions.

As part of this audit, we:

- ▶ reviewed the Place Strategy and Corporate Plan to assess whether outcomes are consistent and there is a clear link between the two documents
- ▶ assessed the updates made to the strategy to confirm whether there was sufficient consideration and approval
- ▶ evaluated the Council's latest performance in relation to its outcomes to assess whether it is reported and discussed appropriately and
- ▶ confirmed that any areas reported as being below target are identified and action plans are in place.

### CRR REFERENCE

R3 - Failure to target services/influence partners effectively to support identified housing needs of increasing aging population



## AREAS OF STRENGTH

During this audit, we identified the following areas of good practice:

- ▶ During the 2021 Corporate Plan update, the corporate outcomes for 'Place' were refocused and reprioritised from 12 to five and associated Key Performance Indicators (KPIs) were updated. We found that the key areas remained targeted within the update to ensure the Council was still able to meet the objectives outlined in the original thematic strategy and the intent behind the 12 original outcomes were incorporated within the five new ones. All statutory obligations outlined in the original thematic strategy remain a focus within the update but there is also a greater focus on Climate Action as the Council declared a Climate Emergency in 2021
- ▶ Following the update and adoption of the Corporate Plan 2021-23, the Council published updated 'Thematic Outcomes' documents for each of the three thematic areas: Place, Prosperity, and Community. The corporate outcomes are consistent between the updated Corporate Plan 21-23 and the Place 'Thematic Outcomes' document. Although the underlying Place thematic strategy hasn't been updated since 2019, the KPIs and targets have been updated and approved in line with the 2021 Corporate Plan update and these are reported in the quarterly corporate performance reports to Performance, Governance and Audit Committee (PGA). Furthermore, all areas that the Council reported they would monitor progress against in the refreshed Place 'Thematic Outcomes' document are being monitored within the performance reports to PGA
- ▶ The Council has a 'Scrum Board' for each thematic strategy which is a monthly meeting supported by a workspace created on Trello (a visual work management tool utilised by the Council). We reviewed the Place Scrum Board workspace and observed that the five corporate outcomes are listed and have a colour assigned. Partners, Working Groups, Partnerships and Projects for the Place Strategy are listed, and colour coded to the relevant corporate outcomes. All work being carried out on projects, projects awaiting sign-off or with hold-ups and completed projects are also listed and colour coded. Project and KPI owners are required to provide progress updates on the Scrum Board every month. This provides the Strategic Theme Lead with clear oversight on progress and if updates are not provided it highlights concerns and both financial and workforce resource gaps. This is especially important as the Place Strategy is largely governed by statutory and regulatory requirements
- ▶ Since our review of the Community Thematic Strategy in November 2021, the design of the quarterly performance report to the PGA has been improved. The format for the appendix was revised following feedback from the Committee before Q4 21/22 reporting and now incorporates a summary page to show high level delivery. This provides a visual guide to the progress status of the outcomes and the KPIs for each thematic strategy.



## AREAS OF CONCERN

We have raised one key finding:

- ▶ When Councillors request more detailed information on Place KPIs from responsible officers in the PGA meetings, these are not always actioned or followed up and there is inadequate follow up when KPI's fall behind target (**Finding - Medium**)



## CONCLUSION


- ▶ Our review has found that the Council undertook sufficient discussion and review when developing the updated corporate outcomes in 2021. Although the underlying Thematic Strategy wasn't revised, the KPIs and targets have been updated and approved for the Place theme and these are reported in the quarterly corporate performance reports to the PGA.
- ▶ However, the governance around performance monitoring and review could be improved. Corporate performance reporting could be expanded to include monthly updates to ELT to allow greater management oversight of progress and risks faced by the Council and to ensure follow up and accountability when

actions fall behind target. Actioning Councillor's requests following PGA meetings could also be improved and a more formal process, for example an action log, should be implemented to ensure more detailed information requested is obtained and sufficient oversight is in place.

- ▶ This has led to a final assessment of substantial assurance over the control design and moderate assurance over the control effectiveness.

# DETAILED FINDINGS

## 1 Performance, Governance and Audit Committee

TOR Risk:	Where performance falls below targets, there are no plans for remediation
Significance	 Medium

### FINDING

Performance against the corporate outcomes and KPIs for the Place Strategy are reported to the PGA quarterly. A report is presented by the Director of Strategy, Performance and Governance (or their delegate) to each meeting summarising the key issues and highlighting the indicators that have been annotated as 'At Risk' for the quarter. An Appendix is also provided which documents the progress against targets for each KPI and any concerns affecting the corporate outcomes in more detail. Once the report has been received, the Chair opens the Committee for discussion.

We observed the virtual recordings of the PGA meetings held in June and September 2022 and found clear engagement from Councillors on the corporate performance report. However, where actions have fallen behind target in one quarter, these are not formally followed up at the next PGA meeting. We have seen evidence that Members query KPI's that are not on track or where there are discrepancies and updates are then provided. However, if actions behind target are not queried, updates are not provided.

In addition to this, we have observed two Place KPIs that have not progressed since Q4 of 19/20:

Firstly, an action reported as 'Not started' in the Q1 22/23 corporate performance report, 'Delivery of Management Plans for all MDC owned Public open spaces', was reported as 'Not met' in the performance report to the PGA in Q4 of 19/20. Although the action was worded slightly differently, it included developing management plans to enable the Council to apply for the Keep Britain Tidy 'Green Flag' Award. This highlights that this action has not progressed in at least two years.

There is another Place KPI reported as 'At Risk' in the Q1 22/23 report, 'Implement Air Quality Management Area (AQMA) Action Plan 2020-2025' where action could have been undertaken earlier. The Q1 22/23 commentary states that the delivery remains suspended following an unsuccessful bid for grant funding in 2020/21 and the Council is currently awaiting the outcome of Essex County Council (ECC) assistance in the grant application for the 21/22 funding round. There are 24 Action Plan Measures within the Air Quality action plan. We have reviewed these and have identified at least five 'quick wins' the Council could have implemented to ensure progression with the Action Plan whilst awaiting the outcome of the funding application. These include:

- 'Set up a working group with bus operators in Maldon',
- 'Promotion of the existing 'free bus service' operated by Tesco under the terms of an S106 agreement',
- 'Update MDC team talk',
- 'Update Maldon District design guide AQ document', and
- 'Research local freight hub'.

In the discussion at the September 2022 PGA meeting, officers outlined that discussions were reinstated regarding the AQMA and funding had been made available. A meeting took place with ECC w/c 22/9/2022 to determine next steps and an update on that meeting would be circulated to Members outside of the meeting. Although progress has commenced following the meeting in September 2022, 'Implementation of AQMA Action Plan Measures' has been ongoing since the performance report to the PGA in Q4 of 19/20.

In our observations of the virtual recordings of the PGA meetings held in June and September 2022 we also found that when more detailed information around associated action plan delivery was requested by Councillors this was not always provided. This was the case for all three themes but only Place examples have been detailed below:

- In the June 2022 meeting, one Councillor stated that it was asked in the previous meeting (March 2022) if any money for fly tipping clearance had been recovered by the Council and this was not followed up after the meeting or reported within the June 2022 meeting pack. The Officer responsible apologised and confirmed statistics would be provided for the next meeting. We can confirm that this was provided within the Q1 Corporate Performance Report to the PGA in September 2022
- In the June 2022 meeting, it was asked how many respondents returned the 'Prom Park & Riverside Park' and 'Maldon is a Clean and Tidy District' resident and business satisfaction surveys and if the number of respondents could be included within the graphs on the face of the corporate performance report. The Officer informed the Council that this was possible and that the number of respondents would be circulated after the meeting. We cannot confirm whether this information was circulated after the meeting but can confirm that the number of respondents were not documented within the Q1 Corporate performance report to the PGA in September 2022 as requested by the Councillor
- We observed during the June 2022 meeting that following the Officer's response regarding the satisfaction surveys, the Chair commented that it was important that the Councillors receive more detailed data when requested implying this is not always obtained.

The Council has a 'Scrum Board' for each thematic strategy which is a monthly meeting supported by a workspace created on Trello (a visual work management tool utilised by the Council). Project and KPI owners are required to provide progress updates to the Scrum Board every month and these are documented on the Trello workspace. Further value could be obtained from the Scrum Board if it were to include another section documenting Councillors' queries or further information that needs to be provided to PGA. This would ensure Officers responsible are aware of Councillors' requests and they are actioned in a timely manner.

There is a risk that if Place KPI's, in particular, do not remain 'on track' and there is not adequate oversight and follow up of these, that the Council will not meet statutory and regulatory requirements. Furthermore, if queries and requests by Councillors are not followed up after PGA meetings that they will not have sufficient oversight over delivery of the corporate outcomes and may not be satisfied or assured that corporate performance is being managed effectively.



#### RECOMMENDATION

- A. Where an action has fallen behind target in one quarter, this should be followed up by the PGA in the next meeting to ensure progress is being made
- B. Queries that Officers are unable to answer at the PGA meeting and requests for more detailed information should be noted within the minutes of the meeting as actions. These actions should be followed up at the next meeting to ensure the Councillors receive the information requested, for example through the use of an Action log
- C. The Council should consider documenting Councillors' queries or further information needed to be provided to PGA on the Scrum Board to ensure Officers responsible are aware of these and they are actioned in a timely manner.




#### MANAGEMENT RESPONSE

Committee clerks record a list of queries. However, matters arising will also be added to PGA committee agendas by May 2023, to ensure member challenge and feedback is captured. These will be included in the quarterly performance clinic to ensure they have been addressed / directors to follow up where they have not - officers to feedback committee meeting updates through scrum meetings.

Responsible Officer: Cheryl/ Eloise

Implementation Date: June 2023

## 2 Management Oversight

TOR Risk:	Performance against the delivery of the outcomes noted in the Strategy are not regularly monitored and reported against
Significance	 Low



### FINDING

Performance against the corporate outcomes and KPIs for the Place Strategy are reported to the PGA quarterly. The Council run a quarterly performance clinic with the directors/ Corporate Leadership Team (CLT) ahead of the reports being finalised for PGA, where the directors will request updates and hold senior officers to account on delivery of corporate outcomes. Minutes from these meetings show clear discussion of thematic outcomes and follow up actions are requested.

The Council has service plans in place for each area which outline their responsibilities towards the corporate plan, and these should be used to identify risks to performance. However, the current reporting mechanisms do not support robust management oversight of these. As performance is only discussed quarterly at the performance clinics there is not a formal governance structure in place to allow monthly management oversight of progress or risks to delivery of the corporate outcomes faced by the Council.

We were also made aware during our review that with the current governance arrangements in place, the onus for delivering on the place outcomes within the corporate plan sits largely with the Strategic Lead for Place rather than the Directors who hold the corporate outcome actions within their service plans, and it is often difficult for the Strategic Lead to raise poor performance with more senior KPI owners.

There is a risk that without monthly Executive Leadership Team (ELT) or CLT oversight of service plans and thus corporate performance, KPIs and KPI owners will not be monitored adequately, and the Council will not meet statutory and regulatory requirements.



### RECOMMENDATION

- A. The reporting mechanism for corporate performance should be refreshed to ensure there is sufficient management oversight of KPIs and action plans. Delivery towards corporate outcomes should be monitored through service plans by Directors and a highlight report presented monthly to ELT
- B. When progress against KPIs is found not to be 'on track', action plans should be developed with feasible actions and realistic and achievable timeframes for implementation. These should be followed up at every ELT meeting until completed
- C. Directorate leads should regularly check in with KPI owners for any KPIs not on track and support them to implement the agreed actions.



### MANAGEMENT RESPONSE

These will be picked up through the updates to the service plan template, which includes monthly service plan performance reporting with mitigations on risks and resource against KPIs

Responsible Officer: Cheryl/ Georgina

Implementation Date: June 2023



## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

### RECOMMENDATION SIGNIFICANCE

<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX II - TERMS OF REFERENCE



### KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

- ▶ There was a lack of discussion and review in the identification of the outcomes identified within the Strategy and they do not sufficiently target key areas
- ▶ The outcomes in the Place Thematic Strategy do not sufficiently link to the overarching Corporate Plan of the Council
- ▶ Performance against the delivery of the outcomes noted in the Strategy are not regularly monitored and reported against
- ▶ Where performance falls below targets, there are no plans for remediation



### SCOPE & APPROACH

The following areas will be covered as part of this review:

- ▶ Review of the updates made to the strategy, ensuring sufficient consideration and approval
- ▶ We will review the Council's latest performance in relation to its outcomes and assess whether it is reported and discussed appropriately
- ▶ We will confirm that any areas reported as being below target are identified and action plans are in place
- ▶ Review of the Place Strategy and Corporate Plan to ensure outcomes are consistent and there is clear link between the two documents

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

FOR MORE INFORMATION:

**Greg Rubins**

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2022 BDO LLP. All rights reserved.